



Feng Tay Group

2015 Corporate Social Responsibility Report

Stepping up to a sustainable community



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Letter from President

Our vision is to foster a group of people who are committed to the value of work, supported by family, and proud of the company; to create a corporate culture based on the quest for innovation and quality; to manage Feng Tay to be an everlasting manufacturer steadily making reasonable profits; and to constantly engage in environmental protection and give back to society.

Improve Operational Performance

Since the establishment, Feng Tay has operated on four intrinsic values: Integrity, Discipline, Diligence and Craftsmanship. Because of the efforts from our employees, our consolidated revenues and earnings per share both reached new highs in 2015, creating NTD 55.8 billion (USD1.69 billion) in consolidated revenues, 17% higher than in 2014, and NTD 7.11 (USD0.22) in earnings per share after tax.

Provide Safe and Fair Workplace

At Feng Tay, employees are our essential partners to help us move forward. We strive to provide a safe workplace and a clear career path to our employees. As of the end of 2015, we have recruited a total of 33,055 new employees. The average monthly turnover rate of the Group decreased to 1.8% in 2015 from 2.2% in 2014. The average monthly turnover rate of new employees declined to 0.7% in 2015 from 0.8% in 2014. The average number of training hours received per employee was 43.5 hours, 39% higher than in 2014. To provide attentive care for employees' children, nursery schools have been established at the Headquarters in Taiwan and production plants in China and Vietnam, and crèches have been established in India.

We consider employee safety as our first priority and endeavor to create a safe and healthy workplace. In 2015, the occupational injury frequency rate was 0.8% lower than in 2014. However, the occupational injury severity rate was 131% higher than in 2014. The commuting injury frequency rate was down by 15%, while the commuting severity rate was up by 2%. The data indicate the deficiency of our safety awareness, preventive measures and management skills. Therefore, in addition to the existing ESH committees, in which shop floor workers participate and provide feedback for improving workplace safety, a quarterly review meeting on ESH management performance is held at the Headquarters to engage all supervisors at the manager level or above. GMs at production plants are required to use all management mechanisms to implement the occupational safety management system. In 2016, we plan to set up an independent safety monitoring system at each production plant, as part of our continuous effort to help all employees sharpen their attention on workplace safety.

Strengthen Community Partnerships

As we have improved our operational performance, we also continue to support social welfare activities and fulfill our responsibilities as a corporate citizen through the programs of the foundations we established in Taiwan and China, as well as the efforts of our production plants in each region. In 2015, the Feng Tay Cultural and Educational Foundation in Taiwan provided

financial aids to 580 students, from elementary school to college, and organized sports and music events. The Foundation received "Hui Fong Award" from Yunlin County Government for its excellent performance in social welfare and education activities, as well as "The Social Education and Public Interest Group Award" from the Taiwan Ministry of Education. In China, the Da Feng Cultural Foundation and production plants are dedicated to improving local educational resources and supporting health care and social welfare activities. The production plant in Indonesia continues to carry out the Blood Donation Program and to make onsite clinic available to local residents. It also donated solar powered lighting equipment to 3 communities, and engaged in river clean-up activities. In Vietnam, the production plants provided financial aids to 17 less privileged families in 2015. Through the "Beyond" program in India, we strive to help improve the environment, health and educational resources for the neighborhood, including offering free after-school and English tutoring programs to provide local students with better education resources. In addition, we helped set up a Kairasi clinic to provide medical services in remote villages, serving around 4,000 patients in 2015.

Engage in Environmental Protection

In accordance with the Group's "Energy and Water Efficiency Management Guidelines," Feng Tay continues to implement energy-saving projects. We have set up specific environmental impact reduction targets for our major footwear production plants, increased our use of renewable energy and gradually installed solar power systems in China, Indonesia, and India. In Taiwan, we have incorporated green building features into the design for reconstruction of Phondy plant. We also obtained excellent results in our environmental impact reduction program. Based on the 2013 levels, for every pair of shoes made, the greenhouse gas emissions were 26.7% lower than in 2013, water usage was decreased by 22.5%, wastewater discharge was 35.7% less than in 2013, and energy usage was reduced by 10%.

Regarding the waste disposal incident at the Headquarters' landfill site in 2014, the landfill site was established between 1992 and 1996 in compliance with government regulations and closed in 1997 when the Waste Disposal Act was amended. In recent years, the riverbank that borders the closed landfill site was eroded by typhoons and heavy rains and, as a consequence, some buried waste was washed away. Two citations were received in 2014 from Yunlin County Environmental Protection Bureau for the washed-away waste. Guided by our business philosophy and corporate social responsibility, we immediately made a cleanup plan and completed the waste removal project in December 2015. After an onsite inspection, Yunlin County Environmental Protection Bureau removed the closed landfill site from the official list of control sites. A total of 17,800 metric tons of waste was removed at a cost of NTD 160 million (USD 4.5 million). In the future, we aim to reduce waste at the source and gradually decrease the use of less eco-friendly disposal methods such as incineration and landfilling.

Looking ahead, we will continue to uphold our vision, to persist in our belief – "to care for the community and give back to society," and to move toward a sustainable future. We would like to thank you for your interest in Feng Tay's sustainable development, and look forward to receiving your suggestions to help accelerate our progress.



Richard Wang
President
Feng Tay Group

I. Overview



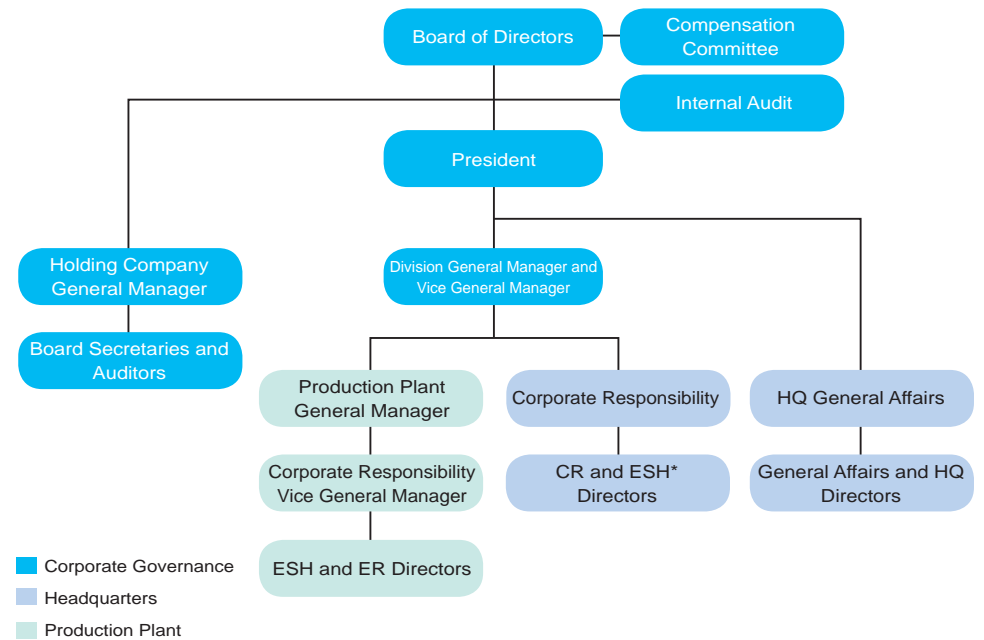
1.1 Reporting Boundary

Overview	This report discloses Feng Tay Enterprises Co., Ltd.'s social responsibility performance in 2015. The reporting boundary includes Feng Tay Group headquarters in Taiwan and all production plants, but excludes the holding, retail, trading and miscellaneous companies. The financial data are the consolidated financial statements of Feng Tay Enterprises Co., Ltd. and its subsidiaries.
Reporting Period	From January 1, 2015 to December 31, 2015
Reporting Entities	<p>Taiwan</p> <ul style="list-style-type: none"> Feng Tay Enterprises Co., Ltd. <p>China</p> <ul style="list-style-type: none"> Fujian San Feng Footwear Co., Ltd. Fujian Xiefeng Footwear Co., Ltd. Fujian Lifeng Footwear Ind. Dev. Co., Ltd. Fujian Great Hope Footwear Co., Ltd. Xie Feng Mold Co., Ltd. Putian, Fujian Suzhou Yufeng Plastics Technology Co., Ltd. <p>Vietnam</p> <ul style="list-style-type: none"> Dona Victor Footwear Co., Ltd. Dona Pacific (Vietnam) Co., Ltd. Vietnam Dona Orient Co., Ltd. Vietnam Dona Standard Footwear Co., Ltd. Vietnam Shoe Majesty Co., Ltd. Vung Tau Orient Co., Ltd. Dona Victor Molds MFG Co., Ltd. <p>Indonesia</p> <ul style="list-style-type: none"> P. T. Feng Tay Indonesia Enterprises <p>India</p> <ul style="list-style-type: none"> Lotus Footwear Enterprises Ltd. (India Branch) East Wind Footwear Co., Ltd. (India Branch)
Editorial Guidelines	The statistical data and information disclosed in this report are on an annual basis. The end-of-year exchange rate reported by U.S. Treasury Department's Bureau of Fiscal Services was used to convert local currency financial data to U.S. dollars. This report was prepared using the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines (Core Level) and the Apparel and Footwear Sector Supplement (AFSS) (pilot version). GRI and AFSS Content Index is provided in the Appendix.
Publish	Feng Tay Enterprises Co. Ltd. publishes its corporate social responsibility reports every year. An electronic copy of this report is available at http://www.fengtay.com . Current Issue: May, 2016 Last Issue: June, 2015

Contact Information	Any questions or suggestions regarding this report or our practices in corporate social responsibility are welcome and may be sent to: Feng Tay Group / Corporate Responsibility Department Address: No. 52, Kegong 8th Road, Douliou City, Yunlin County 64064, Taiwan Telephone: +886 5 537 9100 Fax: +886 5 537 9105 Website: www.fengtay.com
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1.2 Organizational Structure of Corporate Responsibility

Feng Tay established a Corporate Responsibility (CR) Department in January, 2010. The Department has the responsibility to oversee the management of environment, safety and health (ESH) conditions and employee relations (ER) at production plants. The corporate responsibility program at the Headquarters is jointly carried out by the General Affairs and Human Resources department, which also help the Company's highest governance body respond to stakeholders' concern.



*CR: Corporate Responsibility
ESH: Environment, Safety and Health

1.3 Stakeholder Identification and Communication

The stakeholders of Feng Tay include shareholders, employees, customers, communities, governments, suppliers, media and advocacy organizations.



1.3.1 Communication with Stakeholders

Feng Tay's primary communication channels and measures are as follows:

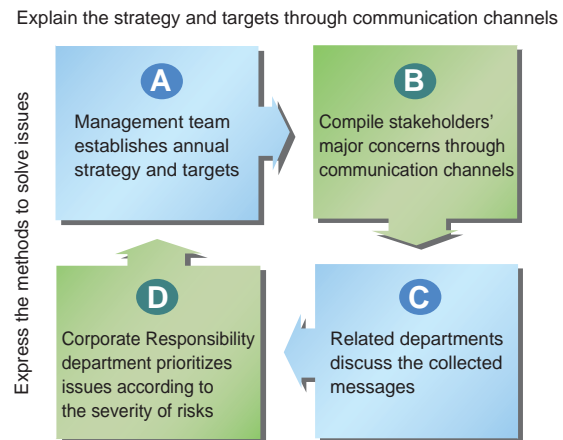
Stakeholders	Major Concerns	Communication Channels and Measures
Shareholders	<ol style="list-style-type: none"> 1. Information disclosure 2. Operating performance 3. Risk management 4. Corporate governance 5. Sustainability 	<ol style="list-style-type: none"> 1. Disclose monthly revenues, monthly earnings and shoe production and sales volumes 2. Disclose quarterly financial report and estimates of shoe production and sales volumes 3. Disclose corporate governance and material information on the website of the Market Observation Post System. 4. Hold the annual shareholders meeting and publish the Annual Reports 5. Participate in the investor conference and investor forum 6. Publish the company profile and sustainability report 7. The investor relations section of the company website 8. Spokesperson
Customers	<ol style="list-style-type: none"> 1. Human resources development 2. Labor safety and health 3. Code of conduct 4. Product pricing, security, quality and delivery 	<ol style="list-style-type: none"> 1. Maintain intensive and extensive contacts through emails 2. Present monthly score cards 3. Participate in the quarterly business review 4. Make improvements according to the feedbacks from customers

Stakeholders	Major Concerns	Communication Channels and Measures
Customers	<ol style="list-style-type: none"> 5. Research, development and innovation 6. Sustainability 	<ol style="list-style-type: none"> 5. Accompany customers to production plants for walk-through and trial production 6. Participate in training sessions arranged by the customers 7. Release the DVD featuring Feng Tay
Employees	<ol style="list-style-type: none"> 1. Salary and welfare 2. Occupational safety and health 3. On-the-job education and training 4. Career development 5. Employee-employer relationship 	<ol style="list-style-type: none"> 1. Support the Labor Association 2. Support the Employees Welfare Committee 3. Hold the ESH meetings 4. Conduct the employee satisfaction survey 5. Set up the General Manager Mail Box and "Grievance and Suggestion System" 6. Hold face to face meetings of employees and management team 7. Publish the corporate culture book and release the DVD featuring Feng Tay 8. Internal announcements
Communities	<ol style="list-style-type: none"> 1. Environmental protection 2. Care for the community 3. Give back to society 4. Human resource cultivation 	<ol style="list-style-type: none"> 1. Employees involve in the activities of public welfare 2. Regularly conduct environmental testing 3. Provide internships to college students 4. Sponsor community activities 5. Sponsor public welfare activities 6. The CSR section of the company website
Suppliers	<ol style="list-style-type: none"> 1. Environmental regulations 2. Quality and pricing 3. Supply chain management 	<ol style="list-style-type: none"> 1. Conduct supplier audits 2. Feedback for further improvement 3. Host supplier exhibitions
Governments	<ol style="list-style-type: none"> 1. Corporate governance 2. Labor rights 3. Occupational safety and health 4. Environmental protection 	<ol style="list-style-type: none"> 1. Official documents 2. Set up internal regulations according to the law 3. Disclose corporate governance and material information on the website of the Market Observation Post System 4. File periodic reports required by governments 5. The CSR section of the company website
Media and Advocacy Organizations	<ol style="list-style-type: none"> 1. Corporate governance 2. Operating performance 3. Expansion and investment plans 4. Community involvement 5. Employee-employer relationship 6. Occupational safety and health 7. Environmental protection 	<ol style="list-style-type: none"> 1. Media interview 2. Appoint a spokesperson for public communication 3. Disclose monthly earnings and shoe production and sales volumes 4. Disclose quarterly estimates of shoe production and sales volumes 5. Disclose corporate governance and material information on the website of the Market Observation Post System. 6. Set up internal regulations according to the law 7. Sponsor public welfare activities 8. The company website

1.4 Material Aspects and Boundaries

In order to assure that the report contents meet the stakeholders' expectations, Feng Tay complies stakeholders' major concerns and identifies the major issues.

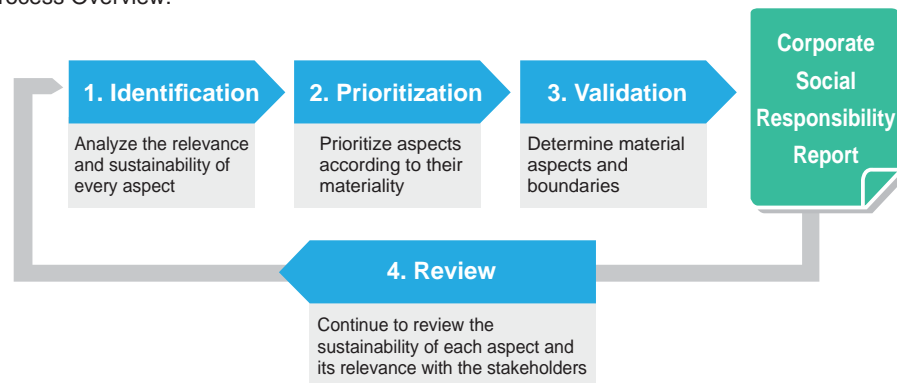
1.4.1 The procedures for identifying major issues:



1.4.2 Process of Defining Material Aspects and Boundaries

Through analysis of major issues, we defined the material aspects and boundaries in accordance with G4 sustainability reporting guidelines, and thereby determined which information to disclose in the report.

Process Overview:



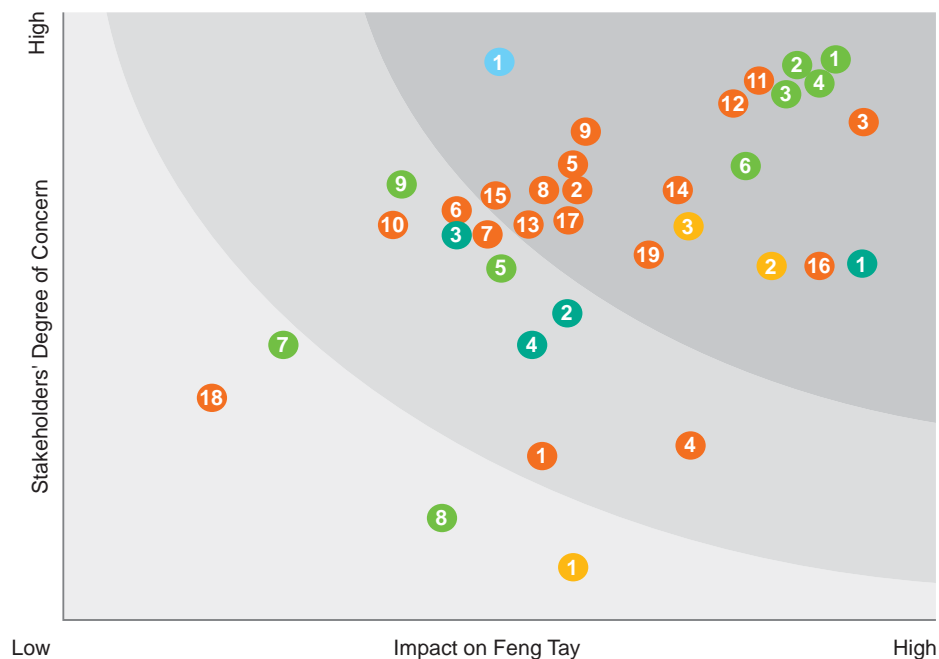
1.4.3 Material Aspects and Boundaries

Our material aspects and boundaries of where impacts occur for each material aspect in 2015 are identified as follows:

Category	Material Aspects	Internal					External		
		Feng Tay	Production Plants				Supplier	Customer	Community
Economic	1. Economic Performance	●	●	●	●	●			
	2. Market Presence	●	●	●	●	●			
	3. Indirect Economic Impacts	●	●	●	●	●			●
	4. Procurement Practices	●	●	●	●	●	●		
Environmental	1. Energy	●	●	●	●	●			
	2. Water	●	●	●	●	●			
	3. Emissions	●	●	●	●	●			●
	4. Effluents and Waste	●	●	●	●	●			●
	5. Products and Services	●	●	●	●	●			
	6. Compliance	●	●	●	●	●			
	7. Transportation	●	●	●	●	●			
	8. Overall	●	●	●	●	●			
	9. Environmental Grievance Mechanisms	●	●	●	●	●			●
Social	1. Employment	●	●	●	●	●			
	2. Labor/Management Relations	●	●	●	●	●			
	3. Occupational Health and Safety	●	●	●	●	●			
	4. Training and Education	●	●	●	●	●			
	5. Diversity and Equal Opportunity	●	●	●	●	●			
	6. Equal Remuneration for Women and Men	●	●	●	●	●			
	7. Supplier Assessment for Labor Practices	●	●	●	●	●	●		
	8. Labor Practices Grievance Mechanisms	●	●	●	●	●			●
	9. Non-discrimination	●	●	●	●	●			
	10. Freedom of Association and Collective	●	●	●	●	●			
	11. Child Labor	●	●	●	●	●			
	12. Forced or Compulsory Labor	●	●	●	●	●			
	13. Supplier Human Rights Assessment	●	●	●	●	●	●		
	14. Human Rights Grievance Mechanisms	●	●	●	●	●			●
	15. Local Communities	●	●	●	●	●			
	16. Anti-corruption	●	●	●	●	●			

Category	Material Aspects	Internal					External		
		Feng Tay	Production Plants				Supplier	Customer	Community
			China	Indonesia	Vietnam	India			
Social	Society	17. Compliance	●	●	●	●	●		
		18. Supplier Assessment for Impacts on Society	●	●	●	●	●	●	
		19. Society Grievance Mechanisms	●	●	●	●	●		●
Product Responsibility	Product	1. Product and Service Labeling	●	●	●	●	●	●	
		2. Customer Privacy	●	●	●	●	●	●	
		3. Compliance	●	●	●	●	●		
Others		1. Contribution to Society	●	●	●	●	●		●

1.4.4 Results of Materiality Analysis



Economic

- 1 Economic Performance
- 2 Market Presence
- 3 Indirect Economic Impacts
- 4 Procurement Practices

Environmental

- 1 Energy
- 2 Water
- 3 Emissions
- 4 Effluents and Waste
- 5 Products and Services
- 6 Compliance
- 7 Transportation
- 8 Overall
- 9 Environmental Grievance Mechanisms

Social

- 1 Employment
- 2 Labor/Management Relations
- 3 Occupational Health and Safety
- 4 Training and Education
- 5 Diversity and Equal Opportunity
- 6 Equal Remuneration for Women and Men

Social

- 7 Supplier Assessment for Labor Practices
- 8 Labor Practices Grievance Mechanisms
- 9 Non-discrimination
- 10 Freedom of Association and Collective
- 11 Child Labor
- 12 Forced or Compulsory Labor
- 13 Supplier Human Rights Assessment
- 14 Human Rights Grievance Mechanisms
- 15 Local Communities
- 16 Anti-corruption
- 17 Compliance
- 18 Supplier Assessment for Impacts on Society
- 19 Society Grievance Mechanisms

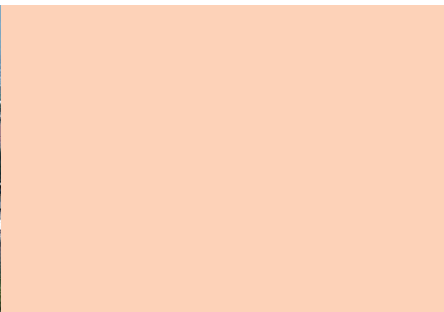
Product Responsibility

- 1 Product and Service Labeling
- 2 Customer Privacy
- 3 Compliance

Others

- 1 Contribution to Society

II. Corporate Profile



2.1 An Overview of Feng Tay Group

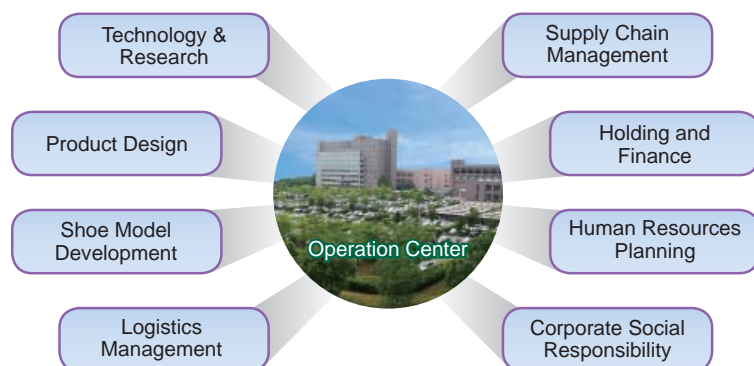
Founded in 1971, the Feng Tay Group is a world leading footwear manufacturer headquartered in Taiwan, with factories spread over China, Vietnam, Indonesia and India. We have also extended our operations to development and manufacturing of other sporting goods such as soccer balls.

Overview	
Date of Establishment	July 29, 1971
Chairman	Chou-Hsiang Wang
President	Chien-Hung Wang
Scope of Business	Feng Tay's core business is athletic shoes manufacturing. We also engage in development and production of casual shoes, inline skates, ice skates, ski boots, snowboard boots, cycling shoes, golf balls, soccer balls, helmets and sticks for ice hockey, baseball bats, shoe parts, shoe molds and tooling, as well as wholesale business of daily goods.
Headquarter	No.52 Kegong 8 th Rd., Douliou City, Yunlin County 64064, Taiwan, R.O.C.
Global Locations	Taiwan, China,, Indonesia, Vietnam and India
Capital Stock*	NTD 5.96 billion (USD 181 million)
Total Assets*	NTD 28.7 billion (USD 870 million)
Equity Attributable to Shareholders of the Parent*	NTD 13.1 billion (USD 397 million)
Number of Employees*	More than 100,000

*As of the end of 2015.

2.1.1 Operation Center

Feng Tay Group locates its headquarters in Yunlin Science and Industrial Park in Taiwan. The operation center at the headquarters performs the following functions and thereby continuously improves core capabilities to maintain our competitive advantage in the shoe manufacturing industry.



2.1.2 Production Plants

Region	Production Plant	Year of Incorporation	Primary Products
China	Fujian Lifeng Footwear Industry Development Co., Ltd.	1988	Athletic shoes
	Fujian Xiefeng Footwear Co., Ltd.	1989	Athletic shoes
	Fujian San Feng Footwear Co., Ltd.	1992	Athletic shoes / Sandals / Slippers
	Xie Feng Mold Co., Ltd. Putian, Fujian	1991	Molds & Tooling
	Fujian Great Hope Footwear Co., Ltd.	1989	Ice Hockey Equipment (Skates/Helmets/Sticks)
	Suzhou Yufeng Plastics Technology Co., Ltd.	2009	Air soles
Indonesia	P.T. Feng Tay Indonesia Enterprises	1992	Athletic shoes / Sandals / Slippers / Molds & Tooling
Vietnam	Dona Victor Footwear Co., Ltd.	1994	Athletic shoes
	Dona Victor Molds Mfg. Co., Ltd.	1999	Molds & Tooling
	Dona Pacific (Vietnam) Co., Ltd.	2000	Athletic shoes
	Vietnam Shoe Majesty Co., Ltd.	2003	Causal shoes
	Vietnam Dona Orient Co., Ltd.	2003	Athletic shoes / Air soles
	Vung Tau Orient Co., Ltd.	2005	Golf balls / Soccer balls
	Vietnam Dona Standard Footwear Co., Ltd.	2006	Athletic shoes / Sandals / Inline skates / Snow boots / Cycling shoes / Causal shoes / Slippers
India	Lotus Footwear Enterprises Ltd. (India Branch)	2007	Athletic shoes
	East Wind Footwear Co., Ltd. (India Branch)	2010	Athletic shoes

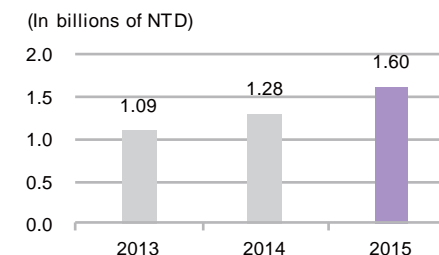
2.2 Competitive Niche

2.2.1 Research & Development

Feng Tay Group has been deeply cultivating its proficiency in shoe manufacturing business for more than 40 years. Over the years, we have developed from a traditional footwear producer to a technology-driven manufacturing corporation. At the Headquarters, more than 1,000 project managers, engineers, and technicians work at the Product Development Center. They continuously improve the quality and add value to our products, and gradually enhance partnership with our customers. In 2015, a Product Creation Center was established in Vietnam to carry out product development for our production plants in the region. We invested about NTD1.6 billion (USD 48 million) in research and development in 2015, an increase of 25% over 2014.

During the past three years, ours investments in research and development are given at right:

Investment of Research and Development



2.2.2 Innovation

The facts that Feng Tay values innovation are shown in the innovation achievements. In 2015, Feng Tay had the following major results:

- Successfully developed a light-weight, durable and full-coverage Flyweave football shoe that satisfies the needs for speed and stability in high-intensity sports.
- Developed highly abrasion-resistant TPU material for Flyweave shoe upper. The avant-garde function and trendy design have received praise from Olympic athletes.
- Used Hyperposite, a composite material, to provide more support and enlarged air sole to upgrade the function of basketball shoes.
- Applied a resin injection molding technique in the process of making composite baseball bats, which has entered mass production.
- Continued to develop and test automated machines for application in mass production. At our production plants in China, automated production lines were set up to test the optimal manufacturing process. The productivity of the automated production lines has already surpassed that of the traditional manual production lines.



2.2.3 Mass Production

Feng Tay Group began its multinational operations in 1988. Skilled employees and continuously-improving management ability provide a solid support to R&D and innovation. Shoe productions totaled more than 88.4 million pairs in 2015, 10% higher than in 2014. Of the total shipments, the production plants in China, Vietnam, Indonesia, and India respectively accounted for 14%, 53%, 13% and 20%.

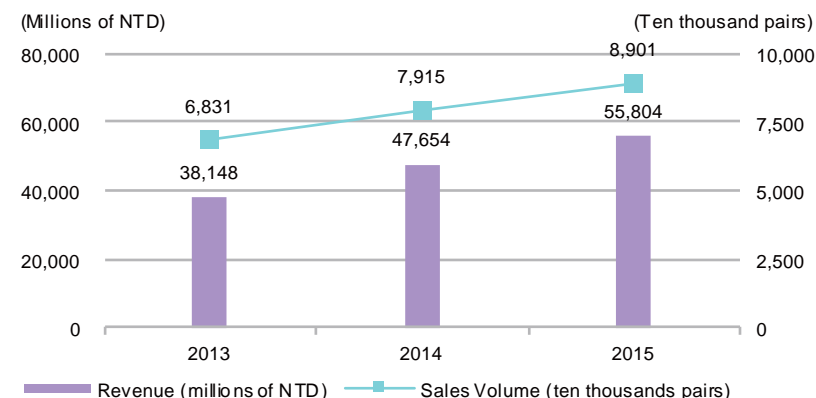
In each region, the business strategy and capacity investment of production plants are as follows:

- China: To deal with rising operating costs, Feng Tay accelerates its development in automation to reduce production costs.
- Vietnam: To grasp the business opportunities arising from the TPP trade agreement, Feng Tay continues to improve the ability to manufacture shoes that are more difficult to make. The third factory of Vietnam Dona Standard Footwear Co., Ltd. and the second factory of Vietnam Shoe Majesty Co., Ltd. have entered into mass production stage, thereby increasing the production capacity for casual shoes.
- Indonesia: The Company continues to improve the factory management effectiveness. Construction of two new factory buildings was completed in late 2015 and therefore the production capacity will increase in 2016. Furthermore, Feng Tay continues to acquire neighboring lands for construction of additional factory buildings.

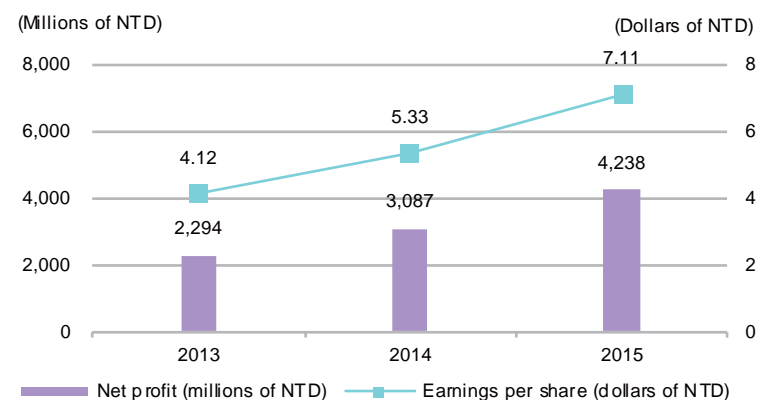
- India: The Companies continue to improve manufacturing techniques and expand the scale of operation. Besides increasing production lines in the existing industrial zone, Feng Tay has begun establishing a second industrial zone in Bargur District, Tamil Nadu.

2.3 Business Performance

2.3.1 Sales Revenue and Volume



2.3.2 Net Profit and Earnings Per Share



For detailed financial statements and annual reports, please visit "Investor Relations" section on our corporate website (<http://www.fengtay.com>)

2.4 Financial Assistance Received from Governments

Units: In thousands of USD

Region	Item	Amount
China	Incentive for the growth of tax payment	1,689
	Subsidy for industrial transformation and upgrading	525
	Subsidy for equipment purchase	256
	Incentive for the growth of export amount	183
	Subsidy for energy conservation	149
	Subsidy for electricity expenditure	50
	Subsidy for conducting early childhood education	26
	Subsidy for employee training	10
India	Subsidy for infrastructure	16
	Subsidy for employee training	112
	Subsidy for investment	233
Total		3,249

2.5 Awards and Recognitions



Region	Awards and Recognitions
Headquarters	The Feng Tay Cultural and Educational Foundation received "The Social Education and Public Interest Group Award" from the Taiwan Ministry of Education
	The Feng Tay Cultural and Educational Foundation received "Hui Fong Award" from Yunlin County Government for its excellent performance in social welfare and education activities
	Placed number one in Yunlin County's emergency response team evaluation for 6 consecutive years
China	Received honorary titles of "Advanced Home of Employees" and "Labor Pioneers" from the Putian Federation of Trade Unions
	Received recognitions for outstanding performance in business integrity in Li Cheng District, Putian city

Region	Awards and Recognitions
China	Received recognitions for outstanding performance in workplace safety in Li Cheng District, Putian city
	Chosen as the promotion site for environmental education in Li Cheng District, Putian city
Indonesia	Received recognitions for excellent performance in female employee welfare from Governor of Bandung Region
	Received the honorary title of "Best Foreign Company." from Governor of West Java Province
	Received the honorary title of "Pioneer Company" for Labor Norm Expert from Ministry of Manpower
Vietnam	Received recognitions for good performance in saving electricity from Industry & Trade Service
	Received recognitions in safety and hygiene from Labor Union of Dong Nai Province
	Received recognitions in labor safety and environment management from Department of Labor Invalids Social Affair (DOLISA) of Dong Nai Province
India	Received "Export Excellency Award" and "Largest Employer Award" from Ministry of Commerce & Industry – MEPZ
	Received the honorary title of "Leading Blood Donor" from the Minister of Health and Family Welfare Department (Tamil Nadu)

2.6 Involvement in External Affairs

2.6.1 Membership in Industry Associations

- Taiwan Footwear Manufacturers Association
- Yunlin County Industrial Association
- Taiwan Rubber & Elastomer Industries Association

2.6.2 Involvement in Public Affairs

Feng Tay Enterprises remains politically neutral and never makes political contribution to any party or candidate. However, we encourage our employees to fulfill their duties as citizens, participate in public affairs, and vote for the candidate whom they believe is the best.

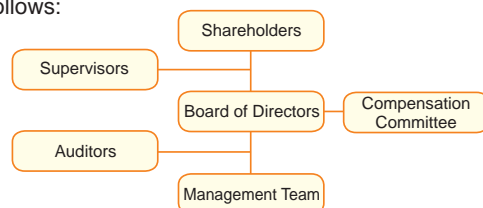


III. Corporate Governance



Feng Tay Enterprises maintains good corporate governance with spirits of integrity, compliance, operational transparency, and respect for shareholder rights.

Our corporate governance structure is as follows:



3.1 Board of Directors

3.1.1 The Responsibilities of Board of Directors

The Board of Directors, Feng Tay's highest governance body, monitors corporate long-term strategy, evaluates risks, and decides the appointments and rewards for the management team. The Board is currently composed of 2 supervisors and 10 directors, which include 2 independent directors and 1 female director. Election of Board members is conducted through a nomination process. Shareholders elect Board members from a list of nominees.

The Board Meeting is held at least once every quarter to evaluate operational performance and discuss important strategies. There were five regular meetings in 2015, with an attendance rate of 100%. All major resolutions passed at the meetings were announced on the Company website. To prevent conflicts of interest, Board members should avoid involving in discussions of any motions in which they have conflicts of interest, and should not represent other directors to vote on the motions in the Board meeting. Implementation of the conflicts of interest rule is disclosed in the company annual report of 2015.

The supervisors have the responsibilities to oversee the quality and integrity in the execution of accounting, auditing and financial reporting. They also audit, with the CPA, the major components of quarterly financial statements to ensure reasonableness and adequacy of financial statements. In addition, the supervisors are responsible for verifying the independence of the CPA and the reasonableness of major stakeholders' transactions as well as ensuring the design and effective implementation of the internal control system.

Remuneration to Board members is regulated in the Feng Tay's articles of incorporation. Details of the allocation should be resolved by the Board of Directors.

3.1.2 Board Members

Title	Name	Current Positions at Feng Tay Group and Other Companies
Chairman	Chou-Hsiang Wang	None
Director	Chien-Hung Wang	President of Feng Tay Group and Board members of subsidiaries
Director	Chien-Rong Wang	General Manager of the Second Business Division of Feng Tay Group and Board members of subsidiaries
Director	Hui-Ling Chen	None
Director	Peter Dale Nickerson	Board members of subsidiaries
Director	Chao-Chi Chen	General Manager of the First Business Division of Feng Tay Group and Board members of subsidiaries

Title	Name	Current Positions at Feng Tay Group and Other Companies
Director	Hsi-Chin Tsai	Board member of Oriental Union Chemical Corp., Oriental Union Chemical (Bermuda) Co., Ltd., Union Pacific Petrochemical Holdings Limited, Oriental Petrochemical (Yangzhou) Co., Ltd, Oriental Petrochemical (Shanghai) Co., Ltd, Oriental Petrochemical Co., Ltd, Far Eastern Union Petrochemical (Yangzhou) Co., Ltd, Tugn Da Gas (Yangzhou) Co., Ltd., Oriental Resources Development Limited, Sail venture capital Co., Ltd. Supervisor of Kuokuang Petrochemical Technology Co., Ltd.
Director	Ching-Chieh Hsieh	Lawyer of Sung Yun Law Offices
Independent Director	Chao-Hsien Cheng	CPA and Partner of Proservace & Co., CPAs.
Independent Director	Hao-Chien Huang	Supervisor of Formosa Taffeta Co., Ltd. Board member of Formosa Taffeta (Vietnam) Co., Ltd., Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd., Toa Resin Co., Ltd.
Supervisor	Shih-Jung Chen	None
Supervisor	Tsung-Ta Lu	Board member of OPUS Microsystems Corporation / Supervisor of Da Ho Venture Capital Co., Ltd. and Feng Tay's subsidiaries.

3.1.3 Remuneration Policy for Board Members and Senior Management Team

The compensations for members of Feng Tay's highest governance body and senior executives include salaries, bonus and remuneration. The remuneration policy for members of the Board of Directors and Supervisors is specified in Feng Tay's Articles of Incorporation. The remuneration to senior managers includes fixed and variable compensations. The amount of variable compensation is based on each business division's annual performance review. The annual goals for each business division are set for various units at all levels in the top-down manner. Reviews are conducted regularly to fully reflect the performances of each team and each individual member. We regularly examine the justifiability of our salary levels and compare them with those in the job market, in order to ensure that our salary rates are competitive and thereby support our efforts to attract and retain the best talent.

In compliance with government regulations, the remunerations of Board members and the senior management team are reviewed by the compensation committees and passed in the Board Meeting. Related information is disclosed in the annual report to let stakeholders fully understand how the remuneration is linked with operational performance.

3.2 Functional Committees

3.2.1 Compensation Committee

Feng Tay established Compensation Committee in 2012. The committee is responsible for evaluating the remuneration policy with respect to Board members, supervisors and the senior management team. The recommendations of the committee are used by the Board of Directors to make decision on compensations. Composed of three members (one of them serving as chairman) appointed by the Board, the committee meetings are held at least twice a year.

The duties of
Compensation
Committee

Set and review the compensation and performance evaluation policies of Board directors, supervisors and senior management team.

3.2.2 Directors of Compensation Committee

Title	Name	Current Positions at Feng Tay Group and Other Companies
Chairman	Hao-Chien Huang	Supervisor of Formosa Taffeta Co., Ltd. Board member of Formosa Taffeta (Vietnam) Co., Ltd., Formosa Taffeta (Zhong Shan) Co., Ltd., Formosa Taffeta (Changshu) Co., Ltd., Toa Resin Co., Ltd.
Member	Fong-Jane Lu	Assistant Professor in China University of Technology ; Supervisor of Taisun Enterprise Co., Ltd.
Member	Min-Sheng Chen	Chair and Associate Professor at Department of Industrial Engineering and Management, National Yunlin University of Science and Technology.

3.3 Implement on Information Disclosure

Feng Tay seeks to enhance promptness and transparency of information disclosure. In addition to regularly disclosing information as required by the laws, Feng Tay actively participates in the investment forum held by domestic and foreign brokers and investor conferences, and explains released information such as financial and operating performance to help investors better understand Feng Tay's financial position.

3.3.1 Information Disclosure Channels

Appoint a spokesperson and a deputy spokesperson	To provide communication channels with the media, shareholders and investors
Material information announcements and media interviews	To keep investors and the public informed of Feng Tay's latest developments
Investor Relations section of Company website	To provide investors with the latest information on the company's operation, finance, and governance
Attend investor conferences and domestic (and foreign) investor forum	To elaborate on the company's operation, financial position, strategic plan, and operating principles

3.3.2 Information Disclosure Milestones

- Set up a company website, in both Chinese and English versions, in January 2009, which included a section to disclose information on the company's operation, finance, and governance.
- Started to disclose information on monthly shoes production and sales volumes on the company website in December 2009.
- Started to voluntarily disclose monthly operating income and earnings per share on the website of the Market Observation Post System and the company website in January 2010.
- Started to disclose information about investor conferences and upload presentation files to the company website in 2011.
- Started to voluntarily disclose, by the 10th day of the following month, information on monthly consolidated revenue breakdown by product on the website of the Market Observation Post System in January 2013.
- Disclosed the "Self-assessment Report on Corporate Governance 2012" and the "Major Resolutions of the Board of Directors" on the company website in November 2013.

- Participated in two investor conferences in 2014.
- Starting from 2014, all motions in the shareholders meeting were voted on a case by case basis. The voting results were posted on the Market Observation Post System website and the Company website.
- In 2014, Feng Tay received the highest Rating of "A++" in the 12th Annual Evaluation of Information Disclosure of Listed Companies.
- Participated in seven investor conferences or video conferences in 2015.

3.4 Internal Auditing System

Feng Tay's internal auditors report to the Board directly. Audit Director, Audit Specialist at Group Headquarters, and auditors in the Board secretary office of each subsidiary are in charge of internal auditing.

The auditors carry out their work in an independent and objective manner with integrity. The appointment of Audit Director must be approved by the Board of Directors. The Audit Director submits periodic reports to the Supervisors and attends the Board meeting to report audit results.

Internal auditing is conducted at the Headquarters as well as in all subsidiaries according to auditing plans approved by the Board. The auditors are required to immediately report any deficiencies and anomalies to the supervisors, who will urge the management team to respond properly at the earliest possible time. These requirements have the objective of continuously improving the effectiveness of internal controls, and are used as the basis for making necessary changes to the system and regulations. The process of internal audit system is as follow:



3.5 Compliance with Regulations and Norms

3.5.1 Integrity and Discipline

Feng Tay adheres to the highest principle of integrity and discipline; every employee should uphold the ethical values, protect the company's reputation, and comply with the law.

- Employee Ethics:** We dismiss, and take appropriate legal action against, any employee who is verified of committing embezzlement, stealing company properties, intentionally disclosing confidential technical or operating information, using the company name without permission to carry out non-official business activities or any other acts that are detrimental to the company's credibility and cause the company to suffer from severe losses.
- Risk Assessment:** Internal auditors perform annual risk assessment for transaction cycles and operations to stay in compliance.
- Employee Training:** New employee training includes courses in ethics, internal regulations and legal compliance.

3.5.2 Compliance with Regulations

Feng Tay's management regulations and code of conduct were established in accordance with our business philosophy, existing national laws and customer requirements to advance core values of integrity, discipline, diligence and craftsmanship. All employees, from top executives to shop workers, are required to comply with the management regulations and code of conduct. In addition to stating the responsibilities of the Feng Tay Board and the operational procedures of internal control, the management regulations carefully specify the conditions of working environment, protection measures of employee health and safety, and corporate security procedures, in order to maintain a healthy working environment and a sound corporate system. We pay close attention to any change in domestic and international policies and regulations that might affect the Group's finance and operations. We also actively respond to customers' concerns, and require all employees to receive trainings in relevant regulations and norms. In case corporate regulations are in conflict with government laws, we follow the most stringent requirements.

In 2015, the major incidents of non-compliance with local laws are as follows:

- Group Headquarters: The Company received a citation of NTD60,000 (about USD1,800) from the Yunlin County Environmental Protection Bureau for exceedance of the effluent BOD (biochemical oxygen demand) limit value stipulated in the Water Pollution Control Act. (Detailed information on follow-up improvements is given in Section 7.6 of this report)
- Vietnam Region: Vietnam Dona Orient Co., Ltd. received a citation of about USD160,000 from the General Department of Vietnam Customs for differences between the write-off amount of imported materials and the actual amount used in production, which caused discrepancies between the Company's inventory account and the Customs' account. Dona Victor Molds Mfg. Co., Ltd. received a citation of about USD20,000 for incorrectly applying the CIT incentive rate and claiming non-deductible expenses.

Integrity and compliance with laws are Feng Tay's most valued principles. After receipt of the citation from the General Department of Vietnam Customs, we immediately reviewed our operating procedures to identify the sticking point. We also set up "Guidelines for Import and Export Operations" and document processing and management procedures. With respect to the mistake in tax filing, we have strengthened personnel training programs and set up operational guidelines. We strive to prevent the recurrence of similar mistakes in the future through effective standard operating procedures.

3.5.3 Communication and Reporting Channels

Internal:

In order to protect employee rights, employees may report to their supervisors when they have any complaint or suggestion. Employees may submit any complaint or suggestion through the "Grievance and Suggestion System" if their complaint or suggestion has not received a satisfactory response from the supervisors. (Detailed information is given in Section 4.5 of this report)

External:

The contact information of our spokesperson and transfer agent is disclosed on Feng Tay's website under "Investor Relations" and "Contact Us" sections. If stakeholders have any question or suggestion, they can send their inputs to us and we will respond promptly. We also have established a "Stakeholder Engagement" section on our corporate website, to provide a communication channel for our customers, employees as well as suppliers, and appointed designated units to respond to stakeholders' opinions.

3.6 Risk Assessment and Management

Feng Tay, an enterprise focusing on athletic shoes manufacturing, never engages in investments with high risks and leverage, and limits transactions of derivative products to forward foreign exchange contracts for hedging. Furthermore, it is clearly stated in the Group's management regulations that our capitals shall not be loaned to others and no endorsement shall be guaranteed.

The management of existing and potential risks is monitored by the Board of Directors. In addition, Feng Tay has established an independent internal auditing system to examine its risk management practices, thereby ensuring proper operation of its risk management mechanism.

Type	Risk Management Mechanism
Operating risks management	Feng Tay's major shareholders have maintained stable shareholding ratios. During 2015, there was no mass transfer of stock shares by Board directors, supervisors or major shareholders that own more than 10%. There was no serious litigation, non-litigation or administrative litigation against Group Headquarters, Board directors and supervisors, General Managers, the highest executive of the group, major shareholders that own more than 10% shares, and production plants. Furthermore, there were no mergers and acquisitions, restructuring, change of control, significant changes in business operation mode and contents, and important matters that might affect shareholders' interests.
Financial risks management	Due to dramatic changes in global financial markets, Feng Tay closely monitors the fluctuation of exchange rate and inflation, for the acute appreciation and depreciation of currencies and soaring material costs will affect our long-term profits. To maintain a steady growth of revenue and income, we make use of appropriate hedging techniques and flexible purchasing plans as well as devote ourselves to improving product quality, production efficiency and cost management.
Investment risks management	Before making an overseas investment, Feng Tay must first properly consider and evaluate local political and economic risks, environmental conditions, and cultural sentiments, and then develop management guidelines in accordance with local laws and the Group's values. All illegal acts are strictly prohibited.
Climate change management	Feng Tay regards climate change as a significant risk and takes necessary measures to respond to the challenges. We will continuously work towards meeting the policy, monitoring, measuring and reporting progress. With regard to environmental protection, we strive to: <ul style="list-style-type: none"> • Prevent pollutions, reduce waste, and keep improving. • Implement green production concept in product development and manufacturing as well as increase the use of environment-friendly materials. • Educate employees to engage in the management of environment, safety and health so that they would regard the obligation to protect environment as a part of their jobs. • Improve the quality of environment in the neighbors of plants.



IV. Human Resources

At Feng Tay, employees are our essential partners to help us move forward. Our vision is to foster a group of people who are committed to the value of work, supported by family, and proud of the company. We strive to provide a safe workplace and a clear career path to our employees. To work together toward a sustainable future, we will continue to strengthen our partnership with employees and deepen our employees', as well as their families', understanding of Feng Tay through more direct communication and care.

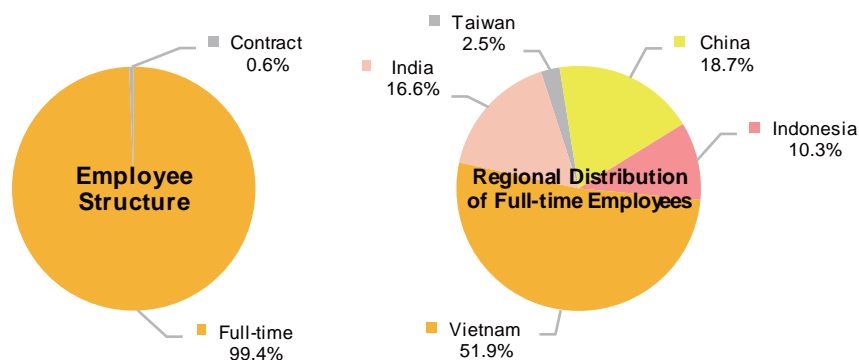
4.1 Employment

The employment policy of Feng Tay Group strictly follows national labor laws. We recruit workers through open channels and in a fair manner, without any consideration of gender, age, religion, race, political inclination, disability, sexual orientation, pregnancy status, marital status or social background. Moreover, our principles are to employ local workers whenever possible and to prohibit hiring foreign migrant workers or workers under 16 years old.

4.1.1 Employee Compositions

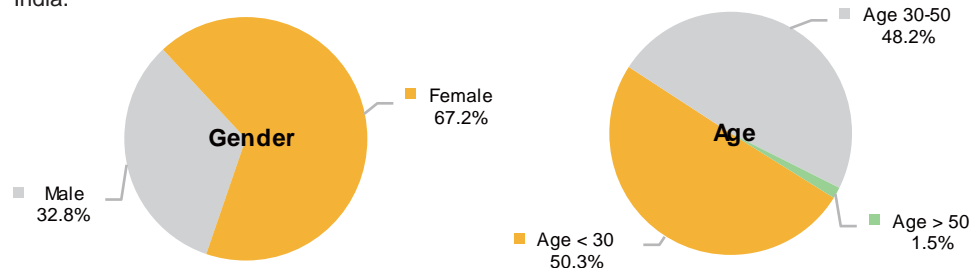
By the end of 2015, the workforce of Feng Tay Group was 102,070, of which 99.4% were full-time employees, while the others were workers of contract companies for food service, gardening and medical service. Among full-time employees, 2,550 worked in Taiwan, accounting for 2.5% of the total number of full-time employees; 18,975 worked in China, accounting for 18.7%; 10,412 worked in Indonesia, accounting for 10.3%; 52,700 worked in Vietnam, accounting for 51.9%; and 16,805 worked in India, accounting for 16.6%.

Among contract workers, 38 were in China, accounting for 6.1% of the total number of contract workers; 15 in Indonesia, accounting for 2.4%; 212 in Vietnam, accounting for 33.8%; and 363 in India, accounting for 57.7%. All employees in Taiwan worked full time.



Full-time employee compositions in all regions

Our female employees comprised 67.2% of the total number of full-time employees. In Taiwan, China, Indonesia, Vietnam and India, female employees accounted for 47.1%, 74.2%, 59.1%, 69.2% and 61.3% of the total, respectively. In terms of age, employees who were under 30 comprised 50.3% of the total. In Taiwan, China and Indonesia, the largest age group was between 30 and 50 years old. Employees younger than 30 were the majority in Vietnam and India.



Full-time Employee Composition	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	52.9%	47.1%	20.0%	61.5%	18.5%
China	25.8%	74.2%	19.4%	77.8%	2.8%
Indonesia	40.9%	59.1%	36.5%	63.2%	0.3%
Vietnam	30.8%	69.2%	57.4%	41.7%	0.9%
India	38.7%	61.3%	76.3%	23.7%	0.0%
Feng Tay Group	32.8%	67.2%	50.3%	48.2%	1.5%

Full-time employee grade levels

The workforce can be divided into four categories – top-level management, middle-level management, first-level management and non-management.

When a production plant is established, members of the initial management team are mostly dispatched from the Headquarters for the purposes of establishing regulations and systems, and helping local staff to develop leadership and management capabilities. We strive to develop local talents and appoint them to leadership positions. As of 2015, several local employees have been promoted to executive positions at production plants.

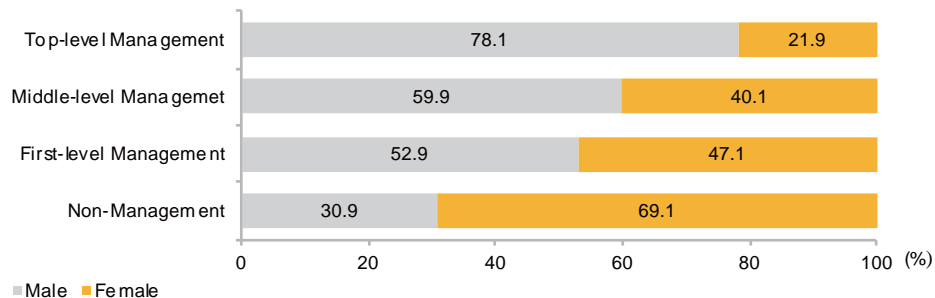


As of the end of 2015, four locals in China, three locals in Vietnam, one local in Indonesia and 2 locals in India have held the position of General Manager. 100% of top-level management in Taiwan and Indonesia were locals, 67% of top-level management in China were locals, 38% of top-level management in Vietnam were locals, and 50% of top-level management in India were locals.

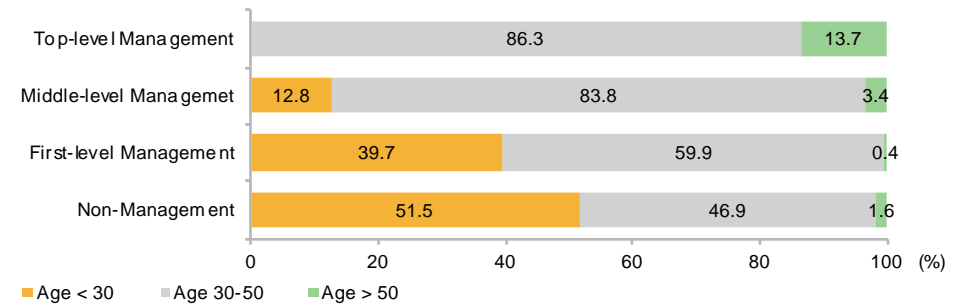
Top-level Management	Middle-level Management	First-level Management	Non-Management
<ul style="list-style-type: none"> General managers at the Headquarters Vice general managers at the Headquarters Chief directors at the Headquarters General managers at production plants Regional general managers 	<ul style="list-style-type: none"> Monitor at the Headquarters Directors at the Headquarters Managers at the Headquarters (Product Development Project Managers, Administrative Managers, Production/Manufacturing Managers) Special assistants to general managers Executive Vice General Manager at production plants Monitors at production plants Vice general managers at production plants 	<ul style="list-style-type: none"> Supervisors and Team leaders at the Headquarters Directors at production plants Managers at production plants Supervisors at production plants 	<ul style="list-style-type: none"> Engineers Technicians Staffs Specialists Clerks Operators

Among full-time employees, there were 8,494 people at management levels, accounting for 8.4% of the total workforce, with the majority of them in the 30-50 age range. There were 73 people at the top management level, accounting for 0.07% of the total workforce. At the middle management level, there were 701 people, accounting for 0.7% of the total workforce. At the first management level, there were 7,720 people, accounting for 7.6% of the total workforce. In the Group, there were 3,930 female employees at management levels, a 14.8% increase over 2014, making up 46.3% of management levels. Among all female managers, 16 were at the top management level, making up 21.9% of the top-level management; 281 were at the middle management level, making up 40.1% of the middle-level management; 3,633 were at the first management level, making up 47.1% of the first-level management.

Employee Composition by Gender

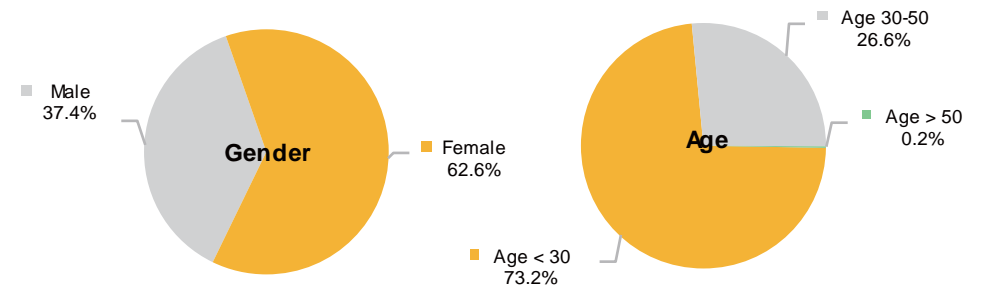


Employee Composition by Age



The compositions of new recruits:

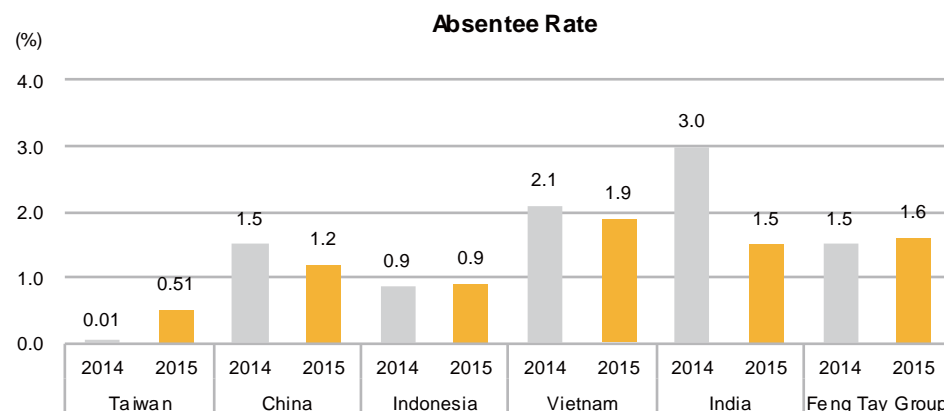
To meet our business growth needs, we recruited 33,055 new employees in 2015, of which 20,705 were female, accounting for 62.6% of the total new recruits. New female employees accounted for 47.1%, 64.4%, 44.8%, 61.5% and 69.0% of the total new recruits in Taiwan, China, Indonesia, Vietnam and India, respectively. New employees younger than 30 years of age made up 73.2% of the total new recruits, and accounted for 67.0%, 51.6%, 88.3%, 75.6% and 88.7% of the total new recruits in Taiwan, China, Indonesia, Vietnam and India respectively.



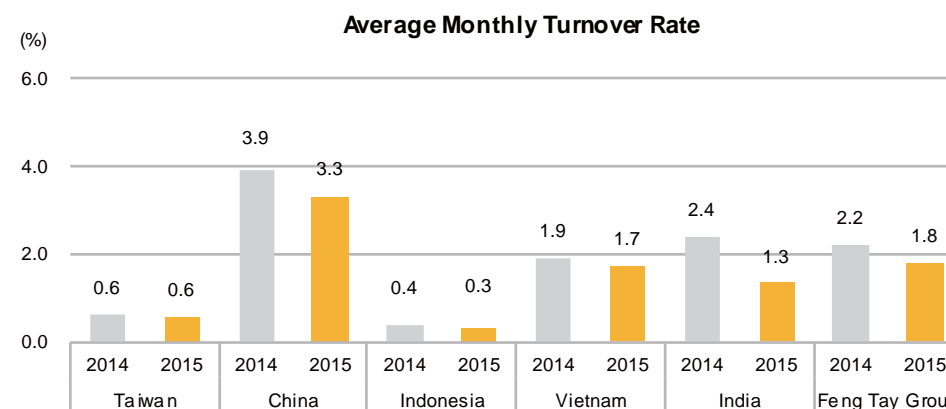
New Recruits Composition	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	52.9%	47.1%	67.0%	33.0%	0.0%
China	35.6%	64.4%	51.6%	47.4%	1.0%
Indonesia	55.2%	44.8%	88.3%	11.7%	0.0%
Vietnam	38.5%	61.5%	75.6%	24.4%	0.0%
India	31.0%	69.0%	88.7%	11.3%	0.0%
Feng Tay Group	37.4%	62.6%	73.2%	26.6%	0.2%

4.1.2 Absentee Rate¹ and Monthly Turnover Rate²

A variety of communication channels have been established within Feng Tay Group to enable the management team to listen to the employees, to solve the difficulties at the workplace, and to understand the causes that lead to their absence. The average absentee rate increased to 1.6% in 2015 from 1.5% in 2014. The absentee rate was 0.51%, 1.2%, 0.9%, 1.9%, and 1.5% in Taiwan, China, Indonesia, Vietnam, and India, respectively.



Regarding employee turnover management, once an employee has submitted his or her resignation, the human resource staff will conduct an exit interview to understand the reason for his or her resignation, and do the best to show our care and to retain the employee. The average monthly turnover rate³ of the Group in 2015 was 1.8%, compared with 2.2% in 2014, with the highest in China (3.3%) and the lowest in Indonesia (0.3%). For employees who had completed more than one year of service, the average monthly turnover rate was 0.7%, compared with 0.8% in 2014, with the highest in Vietnam (0.9%) and the lowest in Indonesia (0.2%). Employees younger than 30 had the highest turnover rate at 2.3%, while those older than 50 had the lowest turnover rate at 1.0%.



Average monthly turnover rates		Overall	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	All employees	0.6%	0.5%	0.6%	1.1%	0.5%	0.2%
	Employees with more than one year of service	0.3%	0.3%	0.4%	0.5%	0.3%	0.2%
China	All employees	3.3%	4.8%	2.8%	8.5%	2.1%	1.8%
	Employees with more than one year of service	0.8%	0.9%	0.8%	1.2%	0.7%	1.1%
Indonesia	All employees	0.3%	0.3%	0.3%	0.3%	0.3%	0.0%
	Employees with more than one year of service	0.2%	0.2%	0.3%	0.2%	0.3%	0.0%
Vietnam	All employees	1.7%	2.1%	1.5%	2.1%	1.2%	1.1%
	Employees with more than one year of service	0.9%	1.0%	0.9%	1.0%	0.8%	1.1%
India	All employees	1.3%	1.2%	1.4%	1.5%	0.7%	0.0%
	Employees with more than one year of service	0.4%	0.3%	0.5%	0.5%	0.3%	0.0%
Feng Tay Group	All employees	1.8%	2.1%	1.7%	2.3%	1.3%	1.0%
	Employees with more than one year of service	0.7%	0.7%	0.7%	0.8%	0.6%	0.8%

¹ Absentee rate refers to the number of actual absentee days expressed as a percentage of the total number of days scheduled to be worked by the workforce for the same period. Absentee days include work days lost due to injury or illness (either work or non-work related) and absences without approval. Permitted leaves of absences such as annual leaves, personal leaves, marriage leaves, compassionate leaves, and maternity leaves are excluded from absentee rates.

² Monthly turnover rate refers to the monthly number of employees who leave the company expressed as a percentage of the total number of employees.

³ Average monthly turnover rate refers to the sum of 12 monthly turnover rates in 2015 divided by 12.

4.2 Protection of Workers' Rights

Feng Tay protects the rights of all employees and stays in compliance with local laws and regulations. Appointment, discipline, attendance, leaves, salary, benefits, reward and penalty, retirement, and the compensation for occupational injuries and illnesses are clearly specified in the management regulations, which are strictly enforced.

4.2.1 Non-discrimination Policy

An individual's qualifications are the only criteria that Feng Tay Group would consider when hiring a new employee and setting the starting salary. Furthermore, subsequent evaluations, reward and penalty are solely based on performance. None of our employees would be unfairly treated because of his or her gender, race, religion, age, disability, sexual orientation, pregnancy status, marital status, nationality, political inclination, union membership, social and ethnic background or any other status that is under legal protection.

Feng Tay recruits people with disabilities to comply with the "People with Disabilities Rights Protection Act" in Taiwan. Employees with disabilities are assigned suitable work and provided with comprehensive trainings. As of the end of 2015, we hired a total of 40 employees with disabilities at the Headquarters, 60% higher than required by the regulations in Taiwan.

4.2.2 Approaches to Preventing and Handling Sexual Harassment, Harassment and Abuse

In order to prevent sexual harassment, harassment and abuse at the workplace, and uphold equal rights and dignity between female and male workers, Feng Tay Group has established the "Approaches to Preventing and Handling Sexual Harassment, Harassment and Abuse," which is posted in the main workshops and rest areas. The regulations are explained in the orientation program for new employees, and at least once a year during on-the-job trainings and management trainings. When employees or job applicants suffer harassment or abuse at workplace, they may file complaints through a special telephone hotline, an electronic mailbox or a regular mailbox, all of which are available at the Headquarters and all production plants. Once a complaint is received, the executive in charge of the case shall invite a representative of the Labor Union and the head of internal auditors to join the investigation team. A written report on the results of investigation and deliberation is sent to the executive in charge of harassment and abuse prevention for a final ruling.

4.2.3 Care for Female Employees

In addition to keeping female employees safe from harassment and discrimination at workplaces, Feng Tay has developed several protection measures and benefits. At our production plants International Women's Day is celebrated on March 8 and a series of activities are held during Women's Health Month in May. Each region also has its own special measures. In China, female employees receive free health examination every year. Female employees

who work the night shift are provided with shuttle bus service in Indonesia. In Vietnam, female employee representatives participate in festival planning committees to assure that the traditional values of Vietnamese women will be reflected in the festivals. We also hold culinary and flower design contests to further enhance our female employees' sense of accomplishment and active participation. In India, female workers do not take shift work. In addition, we offer monthly awareness training classes to nursing mothers at the Crèche and invite female police officers to give instructions on prevention of sexual harassment. To empower female employees in the workplace and to promote gender equality in society, a SAKHI program (SAKHI means "female friend" in Tamil language) is established to focus on female employee's career development and provide computer and English classes.

For employees who are pregnant or nursing babies, we provide the following measures in addition to complying with national laws:

- The company should not dismiss female employees or reduce their basic wage when they are pregnant or nursing babies.
- For employees who are not able to handle their original jobs because of pregnancy, the company should assign them to suitable jobs.
- Employees who are pregnant or working within one year after giving birth are prohibited from operating high risk machines, exposing to dust and chemicals, engaging in duties that require frequent bending, climbing or crouching, and taking shift work.
- Employees are entitled to paid maternity leave after delivery (the duration varies from two to six months in accordance with national laws).
- Nursing rooms are provided at the Headquarters and production plants for employees who are nursing babies younger than one year old to use twice a day during working time.
- Pregnant and physically challenged employees clock in through special lines to avoid crowding or waiting. Rest areas are provided at workshops for pregnant employees to use whenever they need a rest.



4.3 Overall Compensation

4.3.1 Entry Level Wage

Feng Tay Group offers a competitive salary scheme that is superior to the standard of the industry; the entry level wages are higher than the local legal minimum wage. All employees are paid based on their performance, without considering gender. The ratio of basic salary of men to women in each employee category is one to one.

Comparison of legal minimum wage and entry level wage of Feng Tay Group in 2015:

Region (Currency)	Local Legal Minimum Monthly Wage	Entry Level Wage of Feng Tay Group
Taiwan (NTD)	20,008	25,200
China (RMB)	1,350 / 1,680*	1,500 / 2,000
Indonesia (Rupiah)	2,041,000	2,043,000
Vietnam (VND)	2,700,000	2,912,000
India (Rupee)	3,906+DA**	7,563+DA

* RMB 1,350 is the local legal minimum monthly wage in Fuzhou and Putian of Fujian Province; RMB 1,680 is the local legal minimum monthly wage in Taicang of Jiangsu Province.

** DA: Dearness Allowance, an amount adjusted by the government every month based on the consumer price index

4.3.2 Incentive Bonus

Year-end bonuses based on the Group's earnings of the year are given as a way to share the good results with our employees. In addition, Feng Tay provides several kinds of job based premiums to reward employees' outstanding performances, such as performance bonus and achievement bonus.

The "Propose for Improvement" system is established at production plants in China, Indonesia, Vietnam and India. A mail box is installed at an easily accessible location to collect proposals and is checked every day. Once a proposal is adopted, the proposer is rewarded with a bonus which is added to the salary of the month. The adopted proposal is posted on the bulletin board to give recognition to the proposer and to inspire other employees. The system has fully demonstrated the creativity and continuous improvement mindset from the shop floor. In 2015, an "Improvement and Innovation Award" program was established in Taiwan to encourage employees to be constantly improving and innovative in daily work.

4.3.3 Insurance and Paid Leaves

Feng Tay provides employees with the sound insurance programs and the flexible leave policies in accordance with local laws. Insurance programs vary in different countries. In Taiwan, we provide labor insurance, national health insurance and pension plans. Employees in China and Vietnam are covered by social security, including retirement and pension, unemployment, occupational injury, illness and childbirth. In Indonesia and India where insurance is not yet popular, expenses for employees' injury and illness at the workplace are covered by the company.

Regulations on leaves differ from region to region. Employees may take leaves for various

reasons, such as official duties, personal affairs, sickness, marriage, compassionateness and maternity. Except for employees at production plants in India which have special regulations on paid leaves, all employees are entitled to paid annual leaves after one-year service.

4.4 Career Development

Feng Tay believes that our employees are the most valuable assets. In order to help our employees reach their full potential and accomplish their career development goals, we provide them with a clear career path, comprehensive professional trainings, an excellent salary scheme and a transparent performance evaluation system.

4.4.1 Job Assignment

All new employees are assigned positions according to their educational backgrounds and work experiences. Through regular interviews and department visits, we assess their adaption status and career potential to arrange suitable trainings so that they could fit into the team in the shortest time possible. Internal promotion is preferred at Feng Tay. Promotions are based on performance rather than seniority and educational background.

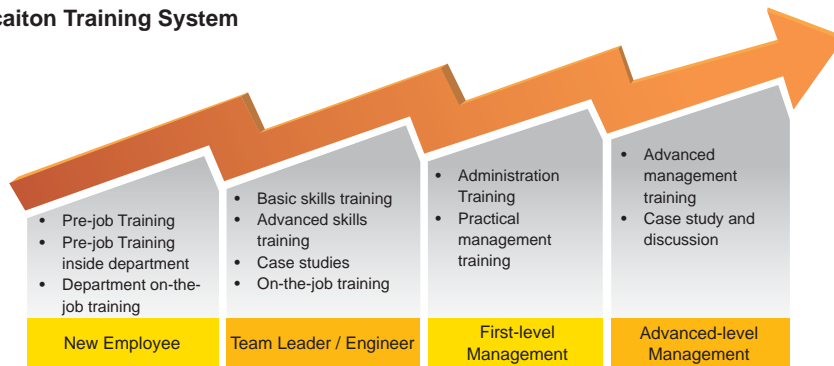
In Feng Tay's performance management system, staff performance evaluation criteria are based on position level and job duties. We carry out performance evaluation and performance appraisal interview with employees regularly. Many executives at the Headquarters and production plants were gradually promoted to their current positions from entry level by going through various challenging assignments and obtaining good performance evaluation results.

4.4.2 Education and Training

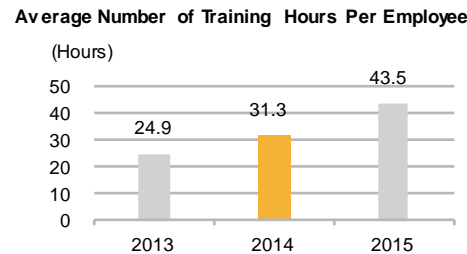
Feng Tay is deeply aware that education and training are important measures to ensure company's sustainable growth. In order to develop management and professional skills, Feng Tay implements a comprehensive training system to help employees grow with the company. We create a specific training plan for each employee, from new hires to managers, based on the employee's job-related needs and career development goals. The training plan includes one or several of the following measures: on-the-job training, mentoring, job counseling, e-Learning and job rotation. In 2015, we opened more than 30 new management training courses, covering core competencies, professional skills, business and management skills, etc. To ensure course quality and to continuously improve course materials, we have established a definite evaluation standard and used post-course survey to assess training effectiveness. To improve the capabilities of our employees and thereby strengthen our competitiveness, we strive to provide better development opportunities by regularly inviting external lecturers and encouraging employees to attend learning field trips and external training courses.



Educaiton Training System



In 2015, the total training hours in the Group accumulated to 4,356,082 hours, 52% higher than in 2014. There were a total of 763,075 attendees. The average number of training hours per employee was around 43.5 hours, 39% higher than in 2014. The average numbers of training hours per employee in all regions are as follows:



Average Number of Training Hours Per Employee	Top-level Management	Middle-level Management	First-level Management	Non-Management	All employees
Taiwan	28.3	20.7	17.8	50.5	44.4
China	45.3	103.7	19.2	41.6	40.3
Indonesia	84.0	25.4	12.7	27.5	26.4
Vietnam	34.2	19.8	21.0	36.3	35.0
India	34.6	27.1	83.2	84.0	83.4
Feng Tay Group	31.7	26.5	31.9	44.7	43.5

4.5 Labor-Management Relations

4.5.1 Internal Communication

The Feng Tay management team regards the dialogue with employees as a basic responsibility; we make use of various communication channels, including the permanent General Manager Mailbox, the Grievance and Suggestion System and the Labor Union to listen to employees' voice. To continuously improve our management system, we hold new employee orientation seminars, face-to-face meetings with employees, exit interviews and supportive conversations to understand the issues that concern the employees.

The management team strengthens its ties with employees through daily announcements and the Group anniversary celebration. Held at the end of each year, the anniversary celebration is an important event which all high-level expatriates at production plants will come back to the Headquarters to attend. The management team takes this opportunity to report to all employees the results of operations over the year that has just past and future prospects, and to reaffirm the Group's values and common goals.



New Employees Orientation Seminar



2015 Anniversary Celebration

4.5.1.1 Grievance and Suggestion System

To protect employee's rights and interests, Feng Tay established the "Grievance and Suggestion System" in 2009. Any complaint or suggestion that has been submitted to the department leader but has not received a satisfactory response will be properly handled via this system. The communication channels in this system include GM mailbox, GM Hotline voice mail, GM email, holding company GM, Labor Union, or company website.

Instructions for the grievance and suggestion system are posted on the bulletin board at every production plant for employees to understand their rights. Upon receipt of grievances or suggestions, the management will make appropriate responses according to the standard procedures, and the relevant departments and parties will be informed of the results.

In 2015, there were 294 grievance and suggestion cases, of which 291 were resolved. 85% of the cases received were related to labor practices, mainly concerning management style, work arrangement, and work environment. There were 255 grievance cases, which were 46.8% higher than in 2014. This indicates that the implementation of the Grievance and Suggestion System has helped individuals and workplaces move toward a culture of openness, transparency and two-way communications.

The grievance and suggestion cases received in 2015 are shown below:

Region	Taiwan		China		Indonesia		Vietnam		India	
Item	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion	Grievance	Suggestion
Society	0	0	0	0	0	0	2	9	0	0
Environment	0	0	0	0	0	0	1	1	0	0
Labor	9	2	106	14	8	10	70	1	30	1
Human rights	1	0	2	0	14	1	12	0	0	0

4.5.2 Freedom of Association

Feng Tay supports employees' rights to form labor unions and engage in collective bargaining with the management. Established at all production plants, Labor Unions serve as the communication medium between employees and the management to resolve issues of concern to both sides. Union dues are deducted from the wage of employees who voluntarily join a union. The percentages of employees belonging to unions are as follows:

Taiwan	China	Indonesia	Vietnam	India
100%	100%	82%	98%	96%

4.5.3 Appreciation to Employees

To appreciate employees' outstanding contributions, Feng Tay established the following incentive schemes:

- **Service Award:** At Group Headquarters, employees who have completed 8 years of service receive travel allowance. Employees who have completed 25 years of service receive trophies and souvenirs, in addition to words of appreciation from the management at the Group anniversary celebration. At the 2015 anniversary celebration, 91 employees with 25 years of service were commended and their families were invited to join in the celebration.
- **Best Kaizen Award:** To encourage employees to strive for improvement and breakthrough in their work, and thereby creating business value for the company, the Best Kaizen Award is established in China, Indonesia, Vietnam and India. Award recipients are invited to the Headquarters to receive their awards at the anniversary celebration. There were 9 recipients in 2015.



4.5.4 Employee Family Day

We hold "Employee Family Day" events at production plants. Employees of the year are recognized at the event and they can invite their families to share the moment of glory together. We also take the opportunity to explain the company's visions to employees' families to help their families understand their work and their importance to Feng Tay. We hope to obtain from employees' families the support to and the sense of identifying with the company, which will be our best backing for moving forward.



4.5.5 LEAP Employee Support Program

In India, we have launched an LEAP program to offer professional consultations to those employees who have alcohol, marriage, or psychological problems and to help them overcome their difficulties in life. In 2015, 5,213 employees participated in this program, of which 43 overcame their suicidal thoughts after consultations. To closely meet the needs of employees, the management team also holds regular meetings with the LEAP consultants to review the program implementation status and feedback from employees.

4.6 Work-Life Balance

Feng Tay promotes a balance between work and personal life. We expect all employees to enjoy a healthy and comfortable family life by improving the work efficiency and pursuing the overall performance. Under the leadership of the management team, everyone gives his or her best to finish assigned work in the shortest possible time, resulting in minimal overtime and more leisure time to spend with family.



4.6.1 Working Hours and Overtime

Overtime is only allowed under special circumstances, which may be caused by either internal or external factors such as late changes to specifications from customers, planning difficulties caused by seasonal fluctuations in orders, and material quality issues. Overtime is strictly controlled at the Headquarters and every production plant. Except for executives at top and middle management levels, an application for overtime must be approved by the employee's immediate supervisor. When there is a need for overtime, department managers are required to notify employees in advance so that the employees can make appropriate arrangements. Forced labor is strictly prohibited at Feng Tay Group. Human Resources and CR personnel check authorization forms and employee attendance records to ensure that any requested overtime is approved in advance and that maximum allowed overtime limits are adhered to. Working hours and maximum allowed overtime in all regions:

Region	Working Hours	Maximum Allowed Overtime
Taiwan	8 hours a day, 40 hours a week	2 hours a day, 24 hours a month
China	8 hours a day, 40 hours a week	2 hours a day, 36 hours a month
Indonesia	8 hours a day, 40 hours a week	3 hours a day, 14 hours a week
Vietnam	8 hours a day, 48 hours a week	2 hours a day, 30 hours a month
India	8 hours a day, 48 hours a week	2 hours a day, 5 hours a week

4.6.2 Employee Benefits

To reduce the child care burden on our employees and to help them concentrate on work, Feng Tay establishes nursery schools at the Headquarters and production plants in China and Vietnam and crèches in India to provide attentive care for children of our employees during working hours. Certified teachers of preschool education are employed to help children's physical and mental development, and to lay a good foundation for their future learning. Tuition fees of nursery schools are used for children's meals and simple education materials, and the crèches are completely free of charge. The construction and maintenance of the facilities and the salaries of teachers and supporting staff are all covered by the company. Female employees at the production plants in Vietnam who have children between three months and six years old can receive a monthly allowance of VND100,000 per child.

Headquarters: Feng Tay Nursery School



Established in 1979, Feng Tay Nursery School is the first nursery school of the Group. With an area of 8,000 square meters, it has been repeatedly awarded top prizes in the "Evaluation of Public and Private Nursery Schools in Yunlin County." Feng Tay Nursery School values the interaction between parents and teachers, and emphasizes parents' involvement, which is also its most outstanding feature. In each semester, it holds a "parents walk into school" event, in which the parents act as school teachers. By attending the event, parents are able to observe their children's school life and interaction with the classmates closely, and thereby understand them better. Moreover, the nursery school is abundant in teaching resources. There are more than 5,500 picture books and 30 kinds of musical instruments, which can foster children's abilities in reading and music appreciation since a young age. The school currently enrolls 201 students. As of the end of 2015, there are a total of 2,657 graduates. Some of the alumni are now working at Feng Tay Group, and their children are also being well taken care of at the school.

China: Li Feng and Xie Feng Nursery Schools

Li Feng and Xie Feng Nursery Schools, with areas of 10,000 and 23,300 square meters respectively, were both established in 1993. With green school environments and several kinds of educational playground equipment, both schools have been repeatedly rated as schools of exceptional quality by local educational authorities. Li Feng Nursery School offered 10 classes, enrolling a total of 288 children and had 2,219 alumni at the end of 2015. Xie Feng Nursery School offered 17 classes, enrolling a total of 470 children and had 3,651 alumni.



Li Feng Nursery School



Xie Feng Nursery School

Vietnam: Orient Nursery School

Orient Nursery School was established in 2008 with an area of 12,000 square meters. It was rated as an excellent nursery school in Trang Bom District, Dong Nai Province in 2013. In addition, the Vice Chairman of the Vietnamese Ministry of Education made a visit to the nursery school to understand Feng Tay's vision for providing such benefits to employees. The school offered 29 classes, enrolling a total of 827 children and had 1,198 alumni at the end of 2015. A new nursery school is scheduled to open in 2016 to provide good quality child care to more employees' children in Vietnam.



India: Crèches

There is one crèche in each of the four factories in India. LU1 crèche was established in 2009, LU2 crèche in 2014, EW1 crèche in 2011, and EW2 crèche in 2012. In addition to the common activity area, each crèche is equipped with breast-feeding rooms, meal preparation rooms and rest areas. These four crèches differ from the above-mentioned nursery schools in that they are capable of caring for babies as young as 52 days old. Nursing mothers who have babies under the age of 3 are able to work at ease because they can visit and feed their



babies during rest time at noon and two nursing sessions (15-45 minutes per session), with one in the morning and the other in the afternoon. At LU1 crèche, we have 17 baby caregivers and 1 certified teacher of preschool education to take care of, on average, 190 babies and children a day. At LU2 crèche, we have 5 baby caregivers to take care of, on average, 50 babies and children. At EW1 crèche, we have 10 baby caregivers to take care of, on average, 80 babies and children. At EW2 crèche, we have 1 certified teacher of preschool education, 1 teacher assistant, and 8 baby caregivers to take care of, on average, 75 babies and children.

Other Benefits

In Taiwan, the Group Headquarters has a gym and a recreation center, which provide the employees with facilities for exercise and relaxation after work. Facilities at the recreation center include an indoor swimming pool, a hydrotherapy spa, a basketball court, a tennis court, a golf short game area, barbecue equipment, a karaoke system, a banquet room, and a multi-functional room. In 2015, the gym was used over 6,000 times by employees. An employee store, also located at the recreation center, supplies various articles for daily use and brand products that are produced or exclusively distributed by our subsidiary company at budget prices.

Other benefits include gifts or allowances on special holidays, birthday and wedding gifts for employees, condolence money, free meals or meal subsidies, dormitory, and other measures implemented to meet special regional needs. For example, free or subsidized shuttle bus service is available for employee commuting at some production plants. Free uniforms are provided to employees in Vietnam and India. In Indonesia, employees may receive free medical services at the clinic established by the Group and one pair of company-subsidized eyeglasses every three years, and every year two employees go on a fully-sponsored pilgrimage trip to Mecca.

4.6.3 Employee Welfare Committee

The Employee Welfare Committee at Group Headquarters is composed of company representatives and members elected by employees. Its operating funds, derived from company contributions and the monthly welfare fee collected from employees, are used to provide gifts on special holidays, birthday gifts, emergency assistance grants, and subsidies for domestic tours, year-end party, educational seminars and club activities. Furthermore, our employees can enjoy discounts at over 154 stores which have signed special agreements with Feng Tay.

Educational seminars are held quarterly. Outside lecturers and internal instructors are invited to share their professional expertise with employees. The seminars cover a variety of subjects, including job skills, mental health, and financial management.

To promote employee physical and psychological health, we support our staff to organize various clubs by providing spaces and subsidies for club activities. By the end of 2015, we gave a total of NTD 898,320 in subsidies to 15 clubs, including badminton club, yoga club, X-games club and baking club.



4.7 Environment, Safety, and Health management

4.7.1 Organizational Structure of ESH Management

Personnel of ESH are appointed at the Headquarters and production plants as explained in Section 1.2 Organizational Structure of Corporate Responsibility. The ESH personnel at each production plant assist all departments to handle ESH related issues in accordance with the Group's policy and operational procedures. Their responsibilities include executing routine ESH operations, protecting workers' right, minimizing safety and health hazards at workplace, and submitting periodic reports to the Group Headquarters. ESH personnel at the Headquarters use these reports to evaluate the performance of each production plant, and provide advice and guidance. They also conduct audits from time to time. Another responsibility of ESH personnel at production plants is to push for improvements in response to the requirements from external parties such as customers, suppliers and governments.

Starting in 2015, a quarterly review meeting on ESH management performance is held at the Group Headquarters. A supervisor at the vice general manager level or above chairs the meeting, and all supervisors at the manager level or above at the Group Headquarters are required to attend. In the meeting, key ESH performance indicators are reviewed, the progress of major ESH projects reported, and serious incidents tracked and reviewed, with the objectives of sharpening supervisors' attention on ESH management and strengthening their management skills.

4.7.2 ESH Committee

Feng Tay has established an ESH committee at the Headquarters and at each production plant. The chairperson was elected by committee members, which include an equal number of management and worker representatives.

The committee meets at least once a month. The meeting agenda includes investigation of on-site occupational injuries and review of preventive measures, discussion of ESH projects, and safety awareness promotional activities.

4.7.3 Workplace Safety Management

To provide a safe work environment, Feng Tay has established specific workplace safety management regulations. All aisles in workshops should have an appropriate width and should be cleared of any objects, emergency exits should be free of obstacles, and fire protection equipment needs periodic maintenance. Ventilation systems, engineering noise controls, and machine safety guards are implemented to reduce health and safety risk. Manufacturing processes and equipment layout are designed ergonomically to reduce injuries from sustained postures. Personal protective equipment is provided to employees for protection when performing special tasks.

All new employees are given general safety and health trainings before starting their work. Special safety and health trainings are required prior to using particular types of equipment or performing certain tasks.

4.7.4 Health and Hygiene Management

Health and medical facilities

We set up health facilities such as health care centers or clinics at the Headquarters and all production plants. All health facilities employ certified medical professionals and are equipped with emergency medical supplies. At each production plant, health promotion activities are held and occupational medicine physicians are regularly invited to provide health and medical consultation services.



Employee canteen management

To provide safe meals for our employees, Feng Tay Headquarters and production plants impose strict hygiene standards on practices in canteens. Meals are prepared in three different ways: cooked by our full-time employees in our kitchens, cooked by contract workers in our kitchens, and cooked by contractors in their kitchens. Related personnel at the Headquarters and production plants eat at employee canteens once a week to check food quality and hygiene conditions in canteens. We also set up a Meal Quality Supervisory Committee at every canteen to monitor food quality and provide advice. Committee members are voted by employees. On

each day a set of meal from the canteen is kept at the health service office as a sample to be analyzed in case any food poisoning incidents occur. In 2015, there are no food poisoning incidents in the entire group.

- Use of organic/non-toxic agricultural products:

To provide our employees with healthy food options and to support the local farmers who adopt eco-friendly farming practices, the canteen at the Group Headquarters launched an “Organic/non-toxic agricultural product use improvement project” in 2015. Our plan is to have the percentage of organic or non-toxic agricultural products from local farmers in the total amount of produce used for canteen lunch exceed 60% by 2017, and exceed 80% by 2018. As of the end of 2015, we have already switched to organic/non-toxic rice and fruits, which accounted for around 20% of all agricultural products used for lunch.

Drinking water management

Drinking water provided to employees is obtained from three different sources: produced from tap water using drinking water equipment, produced at our own drinking water production plants, and purchased from external drinking water producers. Different testing procedures are set up for drinking water from different sources. For example, related personnel at production plants are required to conduct monthly hygiene inspections at our own drinking water production plants. The department in charge of drinking water management is different from the one in charge of drinking water quality inspection. ESH department is responsible for system operation and supervision of regulatory compliance. In addition to conducting daily testing by our own staff, the drinking water provided at production plants in China, Vietnam, Indonesia and India is tested monthly by government laboratories or government-licensed organizations, and the drinking water provided at the Headquarters is tested quarterly. If there is any concern of health or hygiene after water analysis, we will immediately stop to supply. All water quality test results are kept on file in CR department at the Headquarters for two years.

4.7.5 Disaster Prevention and Emergency Response Measures

Emergency response plans are developed at the Headquarters and all production plants according to potential risks. Emergency evacuation plans are practiced every half year at all production plants and dormitories. Emergency exits and evacuation routes are clearly marked in workshops. Buildings are equipped with automatic fire alarms and automatic fire extinguishing systems, which are inspected and tested periodically to provide protection against fire risk. Arrangements are made for some employees to attend emergency first-aid training, in order for them to give first aid in case of an emergency.

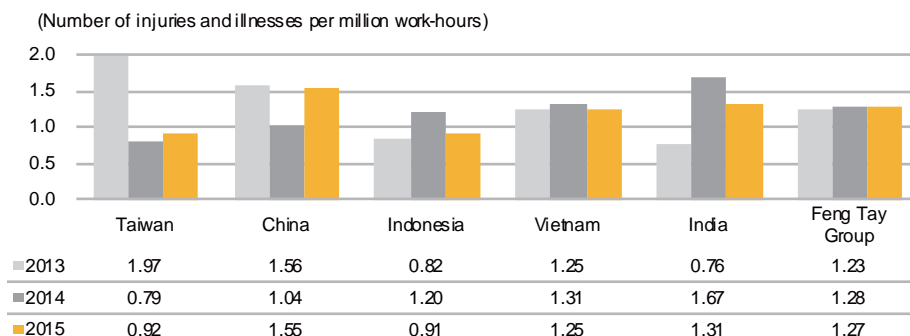
The emergency response team at the Headquarters receives training once a year, as required by law, for firefighting, emergency evacuation, and emergency response to accidents in special workplaces, and we have already continuously obtained the champion of evaluation from the Civil Defense Corp. of Yunlin.

4.7.6 Occupational Injury⁴

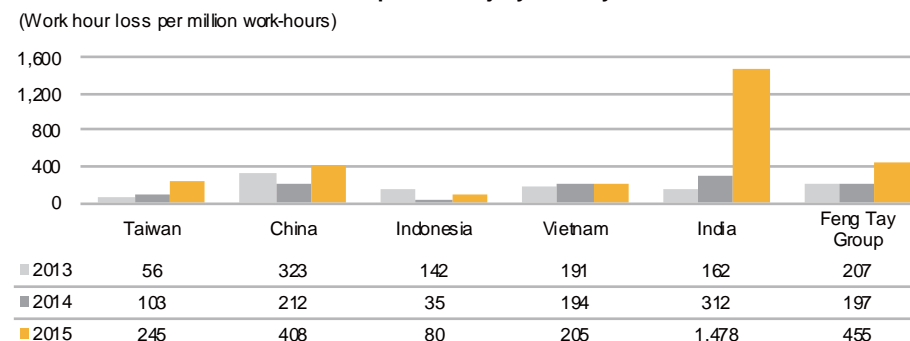
In 2015, the occupational injury frequency rate slightly decreased 0.8% over 2014, while the occupational injury severity rate substantially increased 131%. We regret to note that one fatal accident occurred at a production plant in India. As a result of management negligence, an employee climbed over a safety fence in violation of regulations to fix a machine without turning it off. Crushed by the moving machine, the employee suffered severe injuries and passed away. After the accident, we immediately strengthened all the safety protection mechanisms on similar machines at all production plants and increased the height of safety fences to prevent employees from climbing over again. We also reviewed the machine safety measures and made necessary improvements to enhance operational safety at each production plant. In addition, we set up a new internal ESH auditing system. Starting in 2016, ESH auditors will be appointed at each production plant to audit the safety performances. The occupational injury severity rate in 2015 indicates the deficiency of our safety awareness and management. We will continue to improve our supervisory organization and safety culture to build a better safety management system. In addition, supervisory personnel have participated in review meetings on ESH management performance to sharpen their attention on workplace safety and in turn to raise the safety awareness among all employees.

In 2015, the commuting frequency rate decreased 15% over 2014, but the commuting severity rate slightly increased 2%. We regret to note that, in 2015, four fatal accidents occurred at the production plants in Vietnam and two in India. We conducted investigations at each production plant and found out some employees were riding motorbikes without a valid driver's license. We have since worked with local government agencies to help those employees obtain valid driver's license and to make sure they have acquired basic driving skills. A management system has been set up and an employee is required to have a valid driver's license in order to park his or her motorbike on the factory premises. Traffic safety instructions are routinely given to employees. We also call our employees' attention to dangerous road sections where accidents have occurred frequently. Traffic accident videos are played to raise employees' safety awareness. We also plan to collaborate with local governments to improve road quality, and continue to work toward a safer workplace.

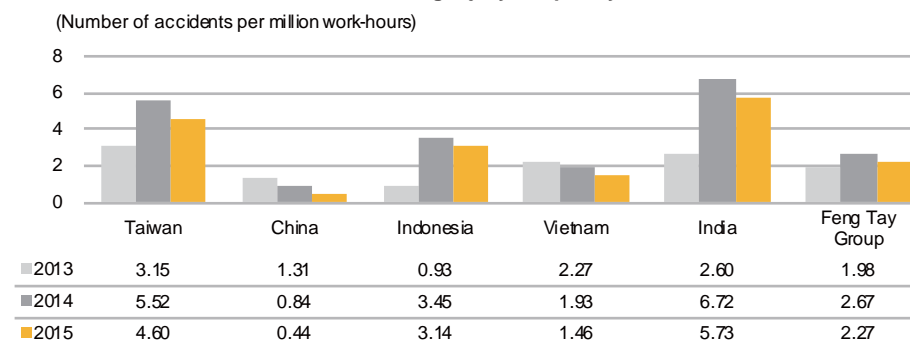
Occupational Injury Frequency Rates



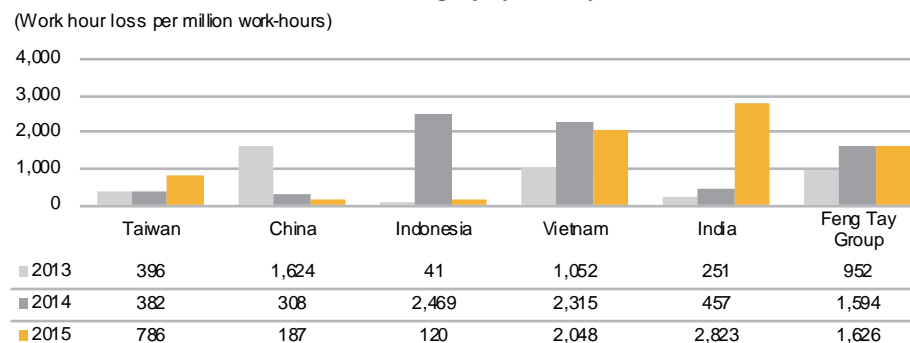
Occupational Injury Severity Rates



Commuting Injury Frequency Rates



Commuting Injury Severity Rates

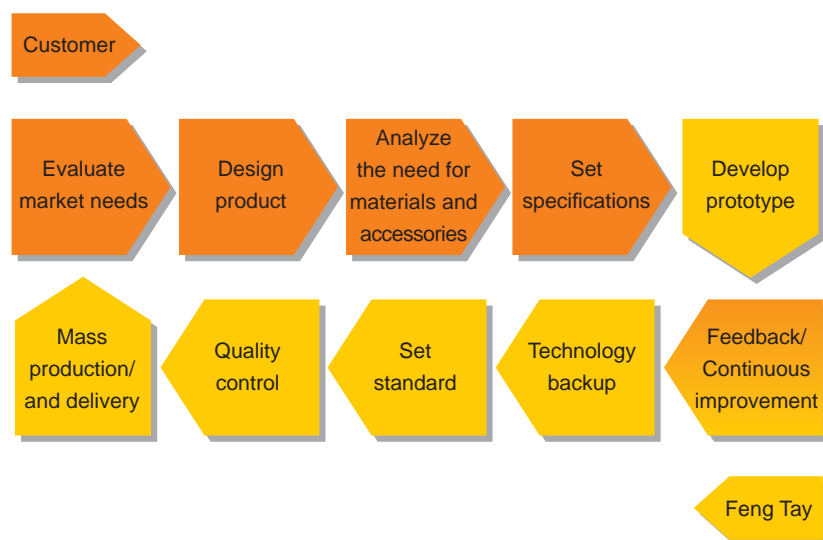


⁴ Occupational injury frequency and severity rates do not include cases incurring less than eight hours of work loss.

V. Customers Satisfaction and Product Services



Feng Tay has insisted on earning customers' trust by providing products with consistent quality and reasonable price. Making quality products at reasonable prices is not only our assurance to customers, but also our commitments to consumers. As technology evolves, designs become increasingly complex, and consumer tastes for products diversified. Therefore, we constantly make improvements to shoe model development, production process design, technology development, and production management. With decades of experience, we continuously refine and add value to our products to strengthen our partnership with long-term customers. We will strive to reduce the rate of returns for our products and, by raising awareness of product quality among employees, create a corporate culture focused on the quest for innovation and quality.



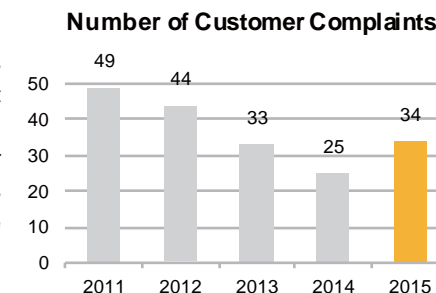
5.1 Product Quality

5.1.1 Delegation of Responsibility

We manage our operations with clearly specified division of manpower, operational process and decentralized responsibility. To assure product quality, we begin discussion on mass production plans with our customers at the initial development stage and provide timely feedbacks about product development, including materials and production process. Through the daily inspection mechanism, functional walk-through, and abnormal situation handling system (the Andon system) used by line operators, the management team is able to monitor product quality and production progress at all times, resolve unexpected issues, and help each unit to operate under the best conditions.

5.1.2 Regular Progress Reports

To maintain transparent communications with our customers, Feng Tay regularly provides them with reports on product quality and production progress, and accepts audits by our customers. When a customer's quality complaint is received either at a production plant or at the Headquarters, the top executive of the business division is promptly notified. Progress reports on the reason for complaint, the cause of quality problems, corrective measures, and attribution of responsibility are submitted regularly until the improvement plan is completed. Through this feedback mechanism and regular interactions with the customers, we are better able to meet customers' needs, and to improve product and service quality. In 2015, we received 34 customer complaints, 36% higher than in 2014. This suggests that we still have much room to improve on product quality in order to meet customers' requirements.



5.1.3 Technology Support

We are keenly aware that constantly surpassing our current technology is the key to holding a leading position in the footwear manufacturing industry, maintaining consistent product quality, and raising customer satisfaction. Best practices in manufacturing are established through testing, verification and correction at various stages before mass production. As a result, standardization and consistency are maintained in mass production even if the work is assigned to different people. In addition, Feng Tay has established automation department to develop automation technology for applications in production processes where high-risk machines are being used, the work is monotonous, or frequent repetition of the same action is required. The development of automation technology is aimed at eliminating the risks of manual operation and improving production efficiency and quality. The automation assembly line was set up at our production plants in China, and prototypes of automated machines are being tested for application in mass production as well. To continuously improve our operations, we have implemented the "Propose for Improvement" system and an improvement team at each production plant, and thereby encourage operators to participate in improvement of manufacturing operations.

In order to give our customers a marketing advantage, we keep on introducing new machinery and developing advanced manufacturing technology. For example, we developed a technique for plasticization of the golf ball core to provide better golf swing experiences and ball flight performances. We also launched a new product, the composite baseball bat, which used resin injection-molding technology to maintain a uniform thickness throughout the bat, thereby providing a better bat strength.

5.1.4 Quality Control

A laboratory is established at each production plant for material property analysis and performance testing. Advanced instruments are used to test products of various designs, material properties and market specifications. Based on the user's point of view, testing standards are set for each individual product with respect to performance, environmental adaptability and life expectancy. For example, testing of outdoor footwear is focused on flexibility, performance under different temperatures, durability and tensile strength. Analysis of material property and test data serves to facilitate prototype development and setting of standards for quality control during mass production, which enable us to create with our customers an exceptional user experience.



Product bonding test



Product flexibility test



Leather durability test

5.1.4.1 Establishment of Products Department

A quality control unit was established in the Business Division in order to elevate product values, improve comfort and lightness of shoes, minimize the rate of product returns, and reduce manufacturing costs. The Department is charged with the following responsibilities:

- To assure good and consistent quality of products on production lines.
- To refresh classic long-serving product models.
- To engage in the design of new product structure and manufacturing process, and thereby assure the quality of new products in mass production.
- To capture fashion trends and the strengths of other brands.

To continuously overcome technical challenges, optimize manufacturing technology database and ensure that the production lines follow the technical specifications, Feng Tay established Tech, Quality Assurance and Process departments. We continued to bring in and develop skilled professionals in advanced chemical engineering and footwear manufacturing technology. An inspection system is set up to ensure the implementation of best practices, provide feedback on deficiencies in operations specifications, and continue to make improvements.

5.2 Product Safety and Regulatory Compliance

As a leading footwear manufacturing company, Feng Tay is dedicated to protecting customers' intellectual property and supporting its brand customers in fulfilling their social responsibilities. Any potential health risk to users of our products is eliminated through extensive collaboration with our brand customers and material suppliers. From material development to product manufacturing, packaging and delivery, careful inspection is conducted at each step in order to meet international product safety standards, such as international SGS certification and restricted substances list (RSL).

5.2.1 Material Safety

All selected materials must comply with RSL, and tests are conducted to ensure that no material potentially harmful to human health and the environment is used during production processes and in our footwear products. If a new material is used, a report of the RSL test must be provided during the development stage. If an existing material with a different color is used, suppliers are requested to provide a report of the RSL test that is made within one year prior to mass production. Any material found non-compliant will be removed from our selected material list if the supplier cannot promptly make an improvement.

A specified number of samples are tested per month for high risk color materials to be used in mass production. When a material fails to meet customer requirements, the supplier is promptly requested to replace it with the material that is compliant with the standards. At the same time, finished and shipped products are checked for any abnormalities, and the results of inspection are reported to the customer for further actions.

Over the years, our continuous efforts to set a higher standard for suppliers have gradually improved the overall material quality. We also develop a comprehensive material database to analyze high-risk materials. Most tested samples are now selected from materials with higher risk rather than selected randomly. Thus, even though the total amount of tested samples decreased, we were still able to detect problems more effectively.

During 2011 to 2015, the numbers of samples tested and of tested samples that failed to meet the standards are listed as follows:

Year	Number of Samples Tested	Number of Tested Samples Failing to Meet the Standards
2011	830	3
2012	1,018	11
2013	680	1
2014	593	3
2015	390	4

For all products, the raw materials, tools, equipment and hazardous chemicals to be used are identified during the development stage and specified in production instructions, which are strictly followed during the manufacturing process. We also steadily increase the use of environmentally preferred materials and improve the manufacturing process to minimize the impact of our products on the environment. For example, we use naturally degradable material such as PU in shoe soles, develop Flyknit woven technology to reduce the amount of scrap material, and use water-based cement and primer. Dry filters are utilized in the production process of golf balls in Taiwan to reduce the amount of wastewater discharge. Water-based ink is used in the printing process for the upper parts of ice skates, except for Curv board and TPU material. In addition, the manufacturing process is upgraded to reduce energy waste. As an example, we introduced the resin injection molding technique in the production of baseball bats, which can greatly reduce the amount of scrap and shorten the production time in comparison with the traditional "Prepreg" method.

5.2.2 Product Safety Inspection



At Feng Tay production plants, the Purchasing management teams perform monthly inspections on locally-purchased materials and imported materials containing colors with high health risks. All the results are reported to the Headquarters. Moreover, all materials are subject to random inspections by Warehouse Department at the time of delivery. No disputed material will be used in the manufacturing of our products.

Take athletic shoes as an example, every pair of shoes must be scanned for any unintended metal object before being packaged; product packaging is under the supervision of certified employees. These measures aim to ensure the safety of our products during the delivery process. Among our growing product categories, some products need to stand for a specified length of time before testing. For instance, soccer balls need to stand for 48 hours before

accelerated durability testing, and ice hockey sticks is required to stand for one week before testing for 3M Fatigue. Furthermore, additional tests are conducted for quality assurance, such as the "Moment of Inertia (MOI)" test to ensure a balanced center of gravity for baseball bats and the compression test to ensure product stiffness.



Baseball bats compression test

5.2.3 Product Delivery Regulation

Feng Tay supports brand customers by cooperating with their procedures and requests for product labeling. Therefore, our products are manufactured in accordance with such requirements and in compliance with the national regulations upon export. In 2015, there was no noncompliance case or penalty against our products and export operations. Furthermore, we strive to consolidate loads to improve transportation efficiency for product delivery by utilizing production planning and scheduling. This helps minimize the number of shipments, and thereby reduce the amount of greenhouse gas emissions generated from transport.

5.3 Customer Confidential Information Protection

During the product development stage, shoe samples are created based on the initial design from our customers. We provide improvement suggestions throughout the development phase by considering material characteristics and functional requirements of sports shoes. We also work with customers to develop patentable technologies to gain their trust in our development capabilities and to give them a better marketing edge. At Feng Tay, it is extremely crucial for us to maintain confidentiality in order to protect our customers' intellectual property and retain our competitiveness, since we develop next generation products and technologies. Therefore, employees are required to sign confidentiality agreements upon employment with Feng Tay. In addition, to prevent leak of confidential materials, we strictly monitor and control personnel and vehicles entering and leaving the premises by implementing 24 hour security and surveillance systems. As information technology continues to advance, it becomes a challenge to safeguard product data. Fortunately, Feng Tay has already established a set of stringent and clear regulations regarding the use of cell phones, laptops, flash drives, the Internet and even the size of an email. System functions are restricted to authorized users. A valid authorization must be obtained from the top management before accessing confidential information. Internal audits are performed to assure that there are no abnormal behaviors. When working on particular technical projects with customers, we will sign confidentiality agreements with customers and suppliers to protect customers' best interests. No leakage of product information has ever occurred at Feng Tay.

VI. Supply Chain Management



Suppliers are Feng Tay's close partners. In the product life cycle, we need suppliers' involvement to create synergy in corporate social responsibility related issues, such as environmental stewardship, occupational safety and health management, and workers' rights protection. Therefore, we constantly convey our values to the suppliers. We also collaborate with brand customers to audit and monitor suppliers' practices in the above mentioned issues of corporate responsibility. Through the implementation of various management and auditing measures, we strive to help suppliers keep up material quality and delivery timing, which in turn ensures a smooth flow of production and brings forth continuing reduction in the rate of returns for raw materials from 0.23% in 2015.

6.1 Management of Suppliers' ESH and Workers' Rights

Feng Tay requires its suppliers to comply with the local legal system. Their working environment should conform to occupational safety and hygiene standards. Their workers must be paid reasonable salary and should not be forced to work overtime excessively.

To meet the requirements of brand customers, all new suppliers must pass the SHAPE (Safety, Health, Attitude of management, People, Environment) evaluation before they can do business with Feng Tay. The SHAPE evaluation consists of 5 categories and 26 specific criteria. It is conducted at suppliers' premises, with a focus on safety, health, human resources management and environment.

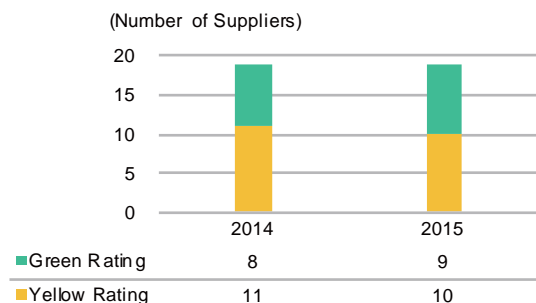
For existing suppliers, we conduct the Vendor Quality Audit (VQA) from time to time. The VQA has 11 specific criteria, of which the main categories include workplace environment, raw material storage management, employee training and emergency response.

In 2015, 44 suppliers were audited with SHPAE and VQA, enabling us to gain an understanding of suppliers' practices in corporate social responsibility. Any shortcomings discovered in the audit were recorded. Furthermore, our major suppliers were evaluated using a color rating system.⁵ and their subsequent performances were checked regularly. Currently 9 major suppliers were given green rating and 10 given yellow rating. The audit results were simultaneously sent to the supply chain management unit and the outsourcing management unit, and were included in the supplier evaluation files, which would be taken into consideration in future outsourcing decisions. We also share our experiences and achievements in corporate social responsibility with suppliers to help improve their performances. In 2015, 4 major suppliers improved their performances from yellow to green rating. For the 3 suppliers whose performances were downgraded from green to yellow rating, we worked out an improvement plan with them and tracked their progresses to ensure a timely implementation of the plan.



⁵ Green rating: zero failures in critical items and over 90% pass rate in regular items. Yellow rating: fewer than 3 failures in critical items or over 70% pass rate in regular items. Red rating: more than 3 failures in critical items or less than 70% pass rate in regular items.

Major Suppliers Audit Result⁶



6.2 Development and Use of Environmentally Preferred Materials

Environmentally preferred materials (EPMs) refer to those materials that have less impact on the environment, consume less energy during their production, and contain chemical substances that are not harmful to the human body. Most of EPMs can be recycled and reused. By collaborating with suppliers, Feng Tay continues to increase use of EPMs in production. In 2015, Feng Tay used 118 kinds of EPMs. Following are the details of EPMs Feng Tay used in the shoe manufacturing process in 2015:

- Liner materials: 41 kinds. The major items are: LJ-B0730 Recycled mesh fabric (182,705 yards) and Recycled TLN8B060 mesh fabric (25,536 yards).
- Upper materials: 57 kinds. The major items are: Recycled EPM Time mesh fabric (109,632 yards) and TLVBB058S Recycled mesh fabric (39,455 yards).
- Accessories materials: 20 kinds. The major items are TLD602 recycled shoe laces (566,425 pairs) and recycled HHA305B-50 webbing (485,350 yards).

6.3 Anti-corruption Provisions of the Purchasing Department

The Purchasing Department personnel are the Group's employees who directly interact with suppliers. Their attitudes will influence our overall assessment of a supplier. The Purchasing Department personnel are therefore required to comply with the following regulations:

- In the purchasing process, following the regulations and traditions are more important than price negotiation, which in turn is more important than purchasing efficiency.
- Negotiate with suppliers in accordance with the principles of integrity, law-abidingness, punctuality and courtesy.
- Any attempted bribery by suppliers should be firmly refused and promptly reported to the superior.
- Dining with suppliers is restricted to occasions when the payments are made by our side or by the supplier when the Purchasing Department manager also attends the meal. In the latter case, the meal expense per person should not exceed USD 10.
- Report any inevitable event hosted by suppliers before or after it occurs.

6.4 Partnership with Suppliers

6.4.1 Hosting of Materials Policy Seminar and Suppliers Fair

We treasure our interaction and communication with suppliers. Annual materials policy seminar is held to strengthen our relationships with suppliers. The Group also uses the seminar as a platform to encourage suppliers to adopt energy-efficient production equipment, reduce water use and wastewater discharge. In the seminar, the suppliers who have demonstrated outstanding performance are commended in the presence of brand customers.

- Date: November, 2015
- Numbers of suppliers participating in the seminar: 20
 - By region: 18 domestic suppliers, 2 foreign suppliers.
 - By material category: 3 leather suppliers, 4 synthetic leather suppliers, 7 textile suppliers, 6 webbing and elastic gore suppliers.
- Numbers of participants: 52

6.4.2 Fair Trade and Mutual Respect

Feng Tay interacts with suppliers in accordance with the spirit of mutual trust and respect. Following are some specific practices:

- Inform the suppliers about their overdue accounts receivable.
- Give long term contracts to the suppliers with good services.
- Ask for suppliers' agreement before cancelling an order.
- Make no claim to suppliers unless it is a critical quality issue.
- Promise to purchase the machinery or equipment developed jointly by a supplier and Feng Tay.
- Provide resources such as manpower, materials and equipment to suppliers at no charge to help them conduct research and development, make improvements, and obtain ESH certification for new machinery.

⁶ For suppliers given a green rating in the preceding year, audits can be waived for the current year.

VII. Environmental Protection

Reductions Achieved at All Footwear
Production Plants in 2015⁷:
(Per pair of shoes)



Water usage

-22.5%



Wastewater discharge

-35.7%



Greenhouse gas emissions

-26.7%



Energy use

-10.0%

Feng Tay Group pays great attention to issues of environmental protection, climate change and ecological conservation. To improve our eco-efficiency, we have established the MESH system to optimize production method, manufacturing process and management system.

In accordance with the Group's "Energy and Water Efficiency Management Guidelines," Feng Tay continues to implement energy-saving projects. We have set up specific environmental impact reduction targets for our major footwear production plants⁸, increased our use of renewable energy and progressively installed solar power systems. Based on the 2013 levels, Feng Tay commits to the following reduction targets for every pair of shoes we make: 25% of water usage, 25% of wastewater discharge, 20% of energy use and 35% of greenhouse gas emissions by 2018.

7.1 Expenditures on Environmental Protection

The 2015 environmental protection-related expenditures, totaled USD 3,478,139 are itemized in the following categories.

Category	Waste Disposal and Treatment	Wastewater and Emissions Treatment	Remediation	Prevention and Management
Expenditure (USD)	1,849,294	795,329	23,967	809,549

Category Details:

Category	Description
Waste Disposal and Treatment	Waste disposal
	Taxes and insurance costs related to waste disposal
	Installation, maintenance, and modification of waste collection facilities
Wastewater and Emissions Treatment	Wastewater treatment
	Installation, maintenance, and modification of wastewater treatment facilities
	Installation, maintenance, and modification of emissions (dust, fume, and organic solvent vapors) removal equipment and ventilation systems
	Discharge permit fees levied by Environmental Protection Bureau
	Taxes and insurance costs related to wastewater and emissions treatment
Remediation	Cleanup
	Improvement of sound insulation for noise abatement at borders of production plants
	Addition and modification of facilities for remediation purposes
Prevention and Management	Environmental monitoring
	Environmental certification fees
	Environmental protection education and training
	Installation, maintenance, and modification of secondary structures for spill prevention (such as containment plates, drains for spill prevention, etc.)

Category	Description
Prevention and Management	Making of environmental protection signs and posters
	Purchases and maintenance of instruments relates to environmental protection
	Additional cost of green purchases
	Salaries and bonuses for ESH personnel
	Improvement of facilities for energy saving

7.2 Biodiversity

Feng Tay Headquarters in Taiwan and the production plants in Vietnam and India are located in industrial zones where environmental impact assessments (EIAs) had been conducted before these zones were developed. The companies in these zones have carried out environmental protection activities in accordance with commitments made in the EIAs and local environmental laws and regulations. Our production plants in China and Indonesia are located in areas which were developed earlier, instead of industrial zones. These areas are not adjacent to any protected areas or habitats. Feng Tay Group has followed the commitments in the EIAs made by the industrial zones and by itself, and therefore has caused no additional impacts on the local ecological environment.

7.3 Energy Management

7.3.1 Energy and Water Efficiency Management Guidelines

Feng Tay Group uses its "Energy and Water Efficiency Management Guidelines" to promote the adoption of best practices in our operations, including equipment purchasing and production process, at all production plants. The main guidelines are as follows:

Category	Description
Equipment Purchasing	When purchasing new equipment, criteria such as electric power efficiency, fuel efficiency, water efficiency and greenhouse gas emissions must be taken into consideration. No purchase shall be made if, compared with the existing equipment, the new equipment has lower energy efficiency or water efficiency, or generates more greenhouse gas emissions.
Electric Power Management	Automatic power factor regulators must be installed and electrical equipment must be turned off when not in use.
Electric Generators	Only the minimum number of generators needed to meet power demand at any given time should be activated.
Lighting	Production buildings, canteens, and warehouses must make use of daylighting. Energy efficient fluorescent lamps or LED lights must be chosen for artificial lighting. General lighting shall be replaced by task lighting.

⁷ Base on the 2013 levels

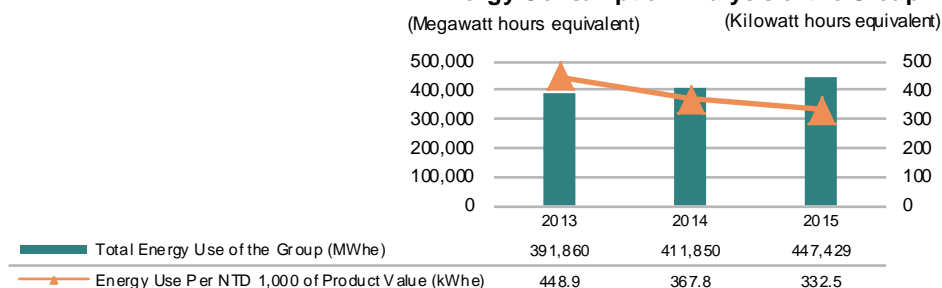
⁸ Major footwear production plants include LF, HF, and SF in China; IW in Indonesia; LU1, LU2 and EW1 in India; DV, DP, DO and DS1 in Vietnam.

Category	Description
Ventilation and Cooling	Air conditioning units in office buildings may be used only when the indoor temperature exceeds 28°C. Building roofs are painted white.
Exhaust Systems	Perform periodic inspection on exhaust ventilation pipes. The fan devices are installed according to the airflow direction system and small local dust collectors must be used in place of central dust collection systems.
Boilers and steam systems	The overall distance between a boiler and a steam-using device must be minimized. Insulation must be installed and maintained throughout the entire steam distribution system, and all steam leaks must be promptly repaired. Condensate must be returned to the boiler for steam generation.
Compressed Air Systems	A centralized air compressor system must be installed when several processes require similar air pressure and flow rate during the same period of time. If multiple air compressors are required for a single process, then the air compressors must be connected in parallel. Compressed air lines must be inspected regularly, and all leaks must be eliminated promptly.
Heating and Insulation Systems for Process Equipment	Equipment operation scheduling must be optimized to reduce heat loss during idle and preheating periods. Phylon and rubber washing machines must be insulated to reduce heat loss.
Electric Motor Systems	Variable frequency drives are utilized for adjusting motor speeds to match the demands of specific process equipment.

7.3.2 Energy Consumption⁹

In 2015, we continued to implement energy-saving projects at all production plants. Our total energy consumption in 2015 was 8.6% higher than in 2014, as a result of an 11% increase in production volume. However, the energy consumption per USD 1,000 of product value decreased from 367.8 kWh in 2014 to 332.5 kWh in 2015, a reduction of 9.6%. The average energy use per pair of shoes in all footwear production plants¹⁰ decreased to 4.5 kWh in 2015 from 4.6 kWh in 2014, a reduction of 2.2%. The data suggest that our energy-saving projects and continuous manufacturing process improvements have yielded good results.

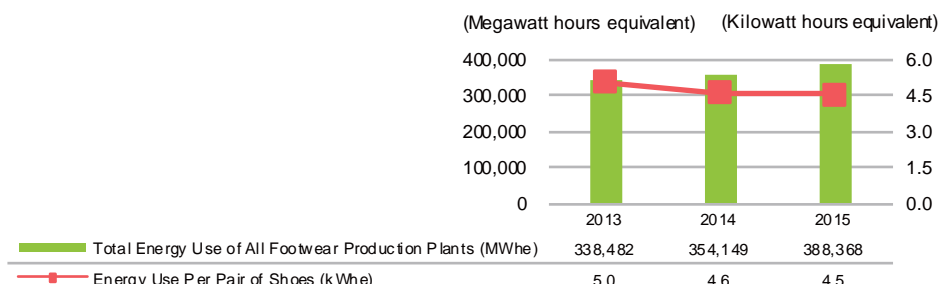
Energy Consumption Analysis of the Group



⁹ Energy consumption has been recalculated (the differences between the recalculated figures and the previously reported values are less than 0.1%).

¹⁰ All footwear production plants include LF, HF and SF in China; IW in Indonesia; LU and EW in India; DV, DP, DO, DS1 and SM in Vietnam.

Energy Consumption Analysis of All Footwear Production Plants



7.3.3 Implementation of Energy-Saving Projects

Since 2009 the Group has been following "Energy and Water Efficiency Management Guidelines" to promote electric power and fuel oil savings projects, including equipment purchasing, manufacturing process and production environment. In 2015, the Group invested USD287,791 in 50 energy-saving projects as listed below:

Category	Electricity Saving Projects	Fuel Oil Saving Projects
New Equipment Purchasing	8	1
Electric Power Management	7	0
Lighting	20	0
Ventilation and Cooling	3	0
Boilers and Steam Systems	0	2
Heating and Insulation Systems for Process Equipment	7	0
Electric Motor Systems	2	0
Total	47	3
Average Daily Electric Power and Fuel Oil Savings	6,737kWh	1,028 Liters

Electricity Savings:

A total of USD 287,791 was invested in 47 electricity saving projects in 2015, and led to a savings of 6,737 kWh (kilowatt hour equivalent) per working day for the Group. Here is one example.

- The Production Plant in Indonesia – Installation of a Timer in the Control Circuit of the Two Blower Motors at the Wastewater Treatment Plant (WWTP):

We have two 15-horsepower blower motors at the WWTP. The two motors run alternately at 30-minute intervals, resulting in a total energy consumption of 256 kWh per day. To reduce energy waste, a timer was installed in the control circuit of the blower motors. The timer circuit is set for each motor to run for 30 minutes and then stop for 10 minutes. After the installation, the concentration of dissolved oxygen in the aeration tank still complies with regulations and meets the design requirements, while the energy consumption is reduced by 48 kWh per day.

Fuel Oil Savings:

- Boiler Replacement Plans at Major Footwear Production Plants:

In 2015, we initiated a plan to phase out boilers at major footwear production plants before June 2018. The boilers, which provide heat to the molding process of shoe soles, account for about 30% of energy consumption at major footwear production plants. As fuels are burned in a boiler to convert water to steam, which flows through pipes to process machines, energy losses occur at every point along the way. Therefore, replacement of boilers with electric heating systems will not only reduces energy losses, but also eliminates the safety concerns for fuels. By the end of 2015, one production plant in Vietnam has already stopped using boilers. In China, Indonesia, and Vietnam, 6 production plants are in the process of phasing out boilers.

Major Electricity Saving Measures at HQ:

Under the pressure of increasing business volumes and workloads, the Headquarters took various management measures to reduce power consumption. In 2015, electricity consumption was cut by 11% through the following practices:

- Installed a variable frequency drive on the motor of an IP injection machine. The IP injection machine originally consumed 11 kWh per hour of electricity. Installation of the variable frequency drive reduced the consumption to 3.7 kWh per hour, resulting in energy savings of 46,253 kWh per year.
- Replaced electric heaters with heat pumps to supply hot water for dormitory showers and canteen dishwashers.
- Objects that previously were made from wax melted in the oven are now made from recycled epoxy tooling board, thereby saving energy by eliminating oven use.
- FTGB (the golf ball production unit at FT) reduced electricity consumption by using one dryer to supply materials to two injection machines, instead of just one injection machine as it was done previously.
- The exhaust duct in the air pollution control system at FTGB was thoroughly cleaned to reduce flow resistance caused by paint debris. The existing air pollution control system can now provide sufficient exhaust capacity, and therefore no extra exhaust fan is needed.
- Strengthen dormitory inspections to avoid water and electricity waste. In summer, only one water heater is operated to reduce electricity consumption in the dormitory.
- Lowered the height of light fixtures to enhance local illumination in the work area for decal application, which also helped reduce the number of light tubes used in the area. Replaced T-bar light tubes with higher efficiency T5 light tubes in the warehouse.

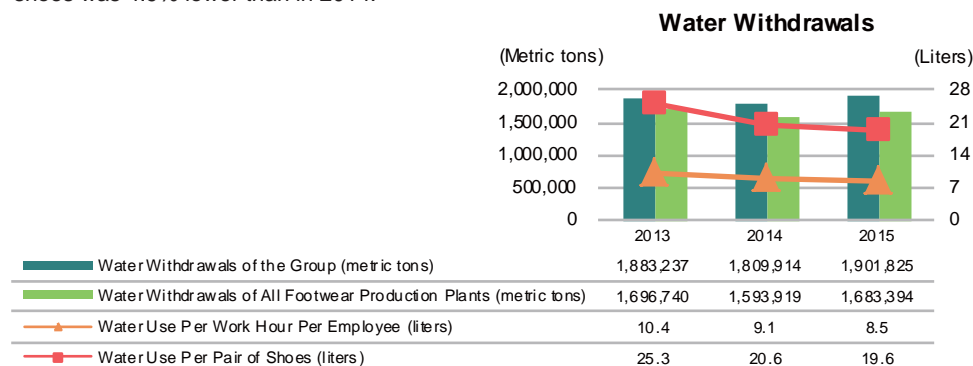
7.4 Water Management

7.4.1 Water use

Following our "Energy and Water Efficiency Management Guidelines," the Group has devoted to reducing the amount of water use and improving water use efficiency. We also look for alternative water resources, such as rainwater and recycled water, in the hope that our dependence on tap water and impacts on the environment will be reduced.

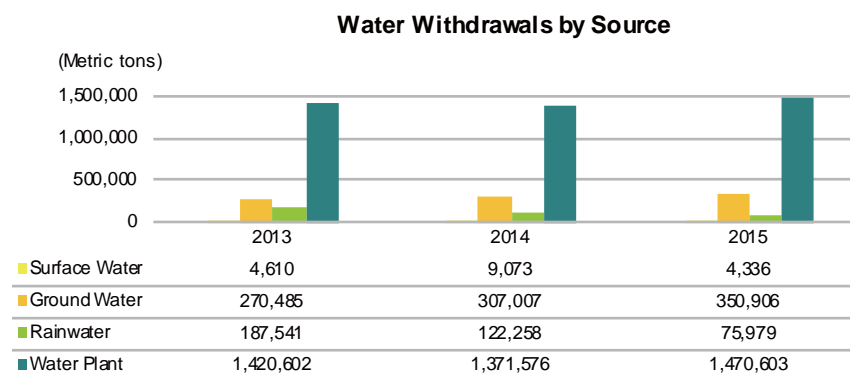
Total water withdrawals¹¹:

Water withdrawals increased by 5.1% in 2015, compared with 2014. The water use per work hour per employee¹² was 6.6% lower than in 2014. The total water withdrawal in all footwear production plants was 5.6% higher than in 2014. The average water withdrawal per pair of shoes was 4.9% lower than in 2014.



Water Withdrawals by Source¹³:

About 77% of the total amount of water used by the Group came from local water plants. Some production plants, located in areas with limited water resources and distribution of pipeline by local government, also utilize ground water, surface water and rainwater. A rainwater harvesting system was installed at the production plant in Indonesia in 2010, which has since contributed around 70% of the total water withdrawals at the plant. Due to the drought in 2015, the amount of rainwater harvested was 38% lower than in 2014.



¹¹ The amounts of water withdrawals have been recalculated and reclassified. The differences between the revised values and the previously reported figures are less than 0.2%.

¹² Water use per work hour per employee = total water withdrawal ÷ total work hours

¹³ Water withdraws by source have been revised and reclassified in 2014.

7.4.1.1 Water Saving Practices

The Group focuses on the following measures to reduce water use:

- Develop new water resources: Build rainwater harvesting systems.
- Increase the proportion of recycled water usage: Continuously recirculate cooling water for process equipment. Use treated wastewater for watering lawns and flushing toilets.
- Reduce water use: Install low-flow faucets. Regularly inspect and repair water leaks.

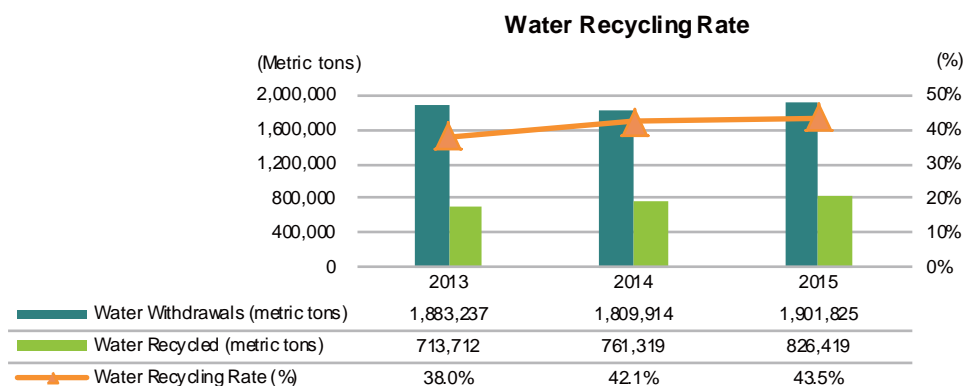
In 2015, the Group invested USD 563 in 5 water saving projects. A total of 18,414 liters of water were saved per working day. Following is an example of our major projects:

- Improvement of Water Treatment Practices at the Drinking Water Production Plant in Indonesia:

Drinking water at our production plant in Indonesia is produced with an RO system. The discharge water from the production process, which was previously considered as wastewater, was directed to the wastewater treatment plant (WWTP). In view of the fact that the discharge water from the drinking water production process is still relatively clean, we decided to redirect it to the water treatment plant, which produced water to be used for non-drinking purposes. As a result, this project not only reduced the load to the WWTP, but also saved an average of 13.3 metric tons of water per working day.

7.4.1.2 Recycled Water

The Group started to collect recycled water data in 2011. In accordance with the "Energy and Water Efficiency Management Guidelines," recycled water is used repeatedly in the production process. For example, cooling water for process equipment is 100% re-circulated and treated wastewater from the wastewater treatment plant is used for flushing toilets and watering lawns. The percentage of recycled water¹⁴ slightly increased from 42.1% in 2014 to 43.5% in 2015.



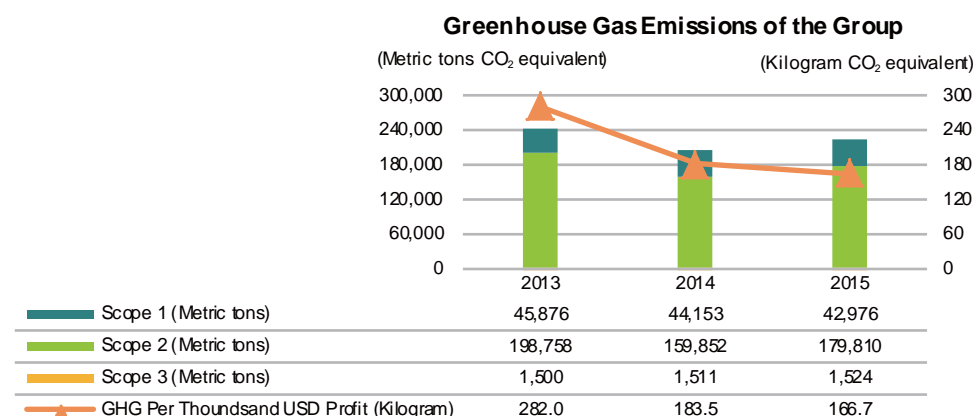
7.5 Pollution Control

7.5.1 Greenhouse Gas Emissions^{15 16}

Data on greenhouse gas emissions were analyzed in several ways. In accordance with the World Resources Institute/ World Business Council for Sustainable Development (WRI/ WBCSD) GHG Protocol Initiative, the greenhouse gas emissions are categorized into three scopes:

- Scope 1: generated from consumption of primary energy sources, such as diesel, fuel oil, liquefied petroleum gas
- Scope 2: associated with purchased electricity
- Scope 3: generated from transportation for employees' business trips, such as air travel

In 2015, our total greenhouse gas emissions increased 9% compared with 2014. Greenhouse gas emissions per USD 1,000 of production value were 9% lower than 2014. For all footwear production plants, greenhouse gas emissions per pair of shoes remained at 2.2 kilogram CO₂ equivalent.

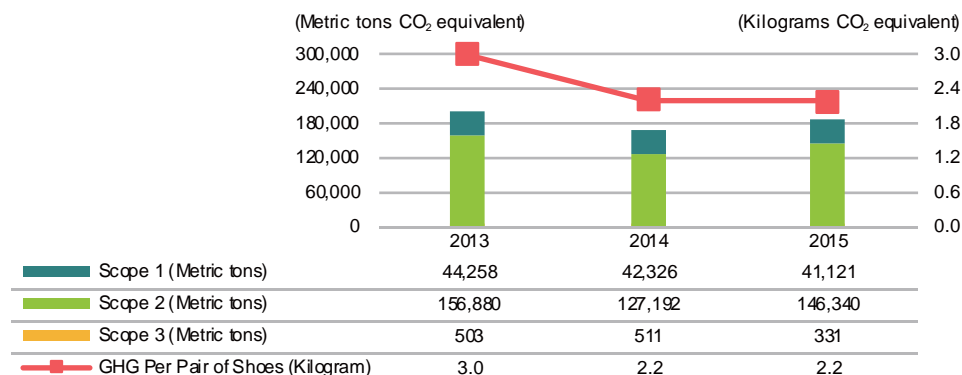


¹⁴ Percentage of recycled water = amount of recycled water ÷ total water withdrawal.

¹⁵ The amount of greenhouse gas emissions has been recalculated. The differences between the revised figures and the previously reported values are less than 0.7%.

¹⁶ Starting 2014, GHG emissions are calculated using the new CO₂ emission factor, which is provided by Center for Global Development Confronting Climate Change Initiative CARMA-Carbon Monitoring for Action.

Greenhouse Gas Emissions of All Footwear Production Plants



GHG Emissions Reduction Plan – Solar Power Systems

To reduce indirect greenhouse gas emissions from consumption of purchased electricity, the Group has established solar power systems at the production plants in India and Indonesia. Each system supplies 12.2 kW of electricity, which is used for lighting and ventilation in the canteen. In 2015, one production plant in China also installed a solar power system on the rooftop of a factory building, which is expected to enter into operation in 2016. At the Group Headquarters and the production plants in India, we utilize solar water heating systems to supply hot water for dormitory and other daily uses. At some production plants in Vietnam, we have begun to replace electric heating systems with solar heating systems to supply hot water for production processes.

In order to reduce the frequency of employees traveling to and from among the Headquarters and production plants and the consumption of vehicle fuels, we have adopted the following measures:

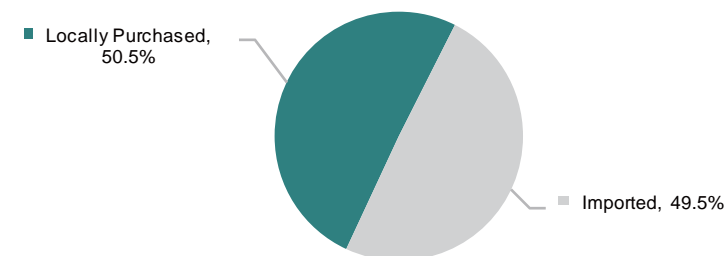
- Implementing multi-party video and phone conference systems at the headquarters and production plants.
- Carpooling among production plants located within reasonable distances of each other.
- Implementing Group-wide standardization of airplane flights taken, thereby enabling carpooling to and from airports; using public transportation such as Taiwan High Speed Rail when the number of travelers is small.



To encourage carpooling, incentives are given to the employees who do not use parking spaces at the Headquarters.

7.5.2 Raw Materials Transportation

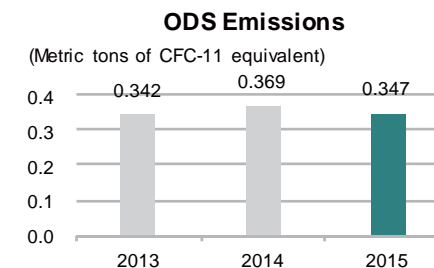
Transportation of raw materials inevitably increases the burden on the environment. Therefore, Feng Tay Group works with suppliers to reduce the amount of packaging material to the minimum that still meets the needs for protection of the shipment. We also purchase raw materials as much as possible from local suppliers to avoid long range air and sea transport. The percentage of locally purchased raw materials steadily remained at 50% or higher. Materials and commonly used chemicals purchased from suppliers in Taiwan are first shipped to the Headquarters if only small amounts are needed at each production plant. After inspection by Purchasing and Warehouse Departments at the Headquarters, all items for each production plant are grouped into one shipment to reduce shipping costs and make full use of container space. Relatively large orders are shipped directly by the suppliers from Taiwan or other countries to production plants to avoid unnecessary hauling back and forth.



7.5.3 Emissions of Ozone- Depleting Substances (ODS)

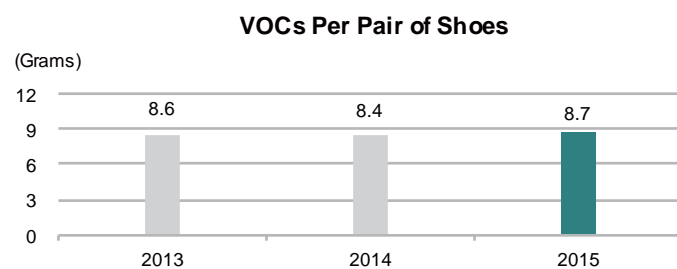
The ODS¹⁷ used at our production plants are refrigerants added into air conditioners, refrigerators, and chillers that are used to chill water for cooling in manufacturing processes. They were R-22 and small amounts of R-12, R-134a, R-404a and R-502. The Group has been gradually reducing emissions of ozone-depleting substances (ODS). The use of R-12 and R-502 was suspended. And all air-cooled chillers in major footwear production plants switched to environmentally friendly R-410A refrigerant in 2015.

ODS emissions decreased to 0.347 metric tons of CFC-11 equivalent in 2015 from 0.369 metric tons of CFC-11 equivalent in 2014. The Group will continue to undertake ODS reduction programs and is planning to replace R-22, the most commonly used refrigerant in the Group at present, with refrigerants containing substances of lower ozone-depleting potentials, such as R-404A, before 2020.



7.5.4 Volatile Organic Compounds

Since 1997, Feng Tay has generally used water-based adhesives not containing potentially hazardous VOCs. Every adhesive used in the production is rigorously tested before mass production begins. We also collaborate with suppliers to test new water-based adhesives in order to gradually lessen the usage of solvent-based adhesives. Over the years, we have successfully reduced the amount of volatile organic compounds (VOCs) emissions generated during production. In 2015, the average weight of volatile organic compounds (VOCs) used in producing one pair of shoes in our major footwear production plants was 8.7 grams, 3.6% higher than in 2014. The small increase was a result of changes in shoe models, which lead to increase in the number of shoe parts that require the use of solvent-based adhesives.



7.5.5 Wastewater Treatment¹⁸

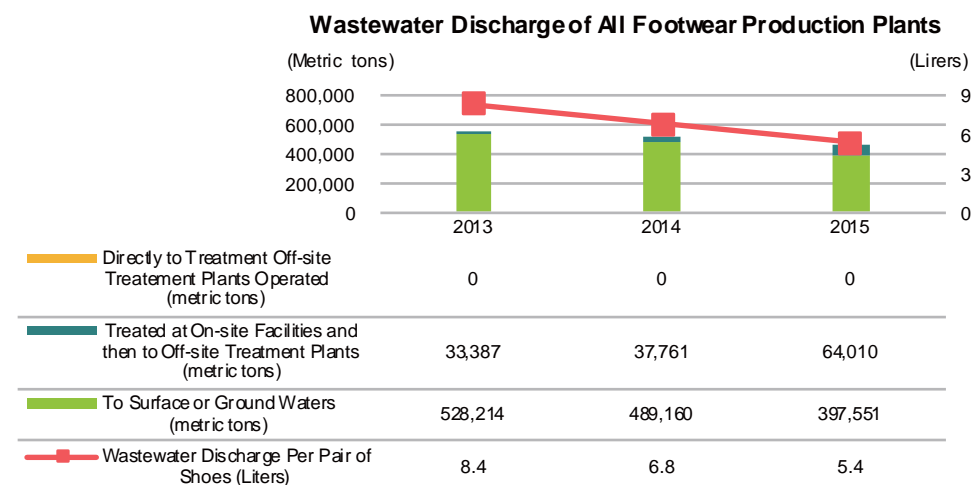
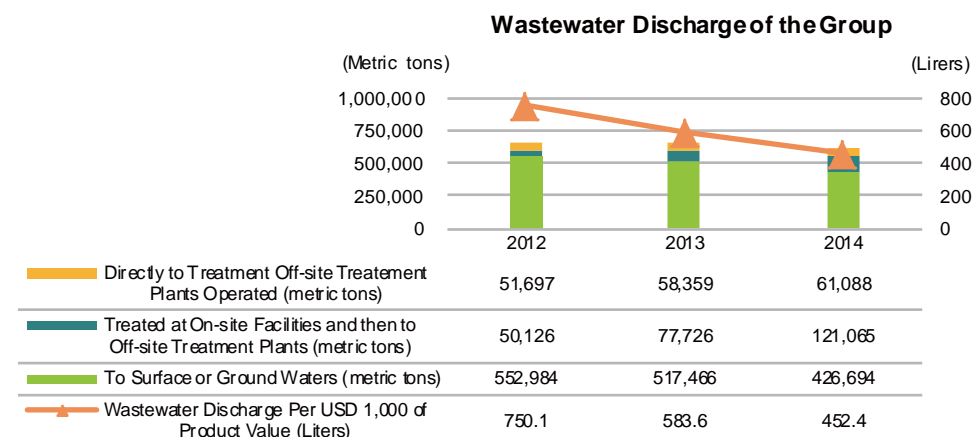
Feng Tay Group is devoted to preventing water pollution. To comply with our regulations in “Environmental Engineering: Water pollution prevention,” all production plants are required to develop water pollution prevention plans and increase the usage of recycled wastewater. The wastewater that could not be recycled is handled in the following ways:

- Directly sent to treatment plants operated by the government.
- Treated at on-site facilities and then sent to treatment plants operated by the government
- Treated at onsite facilities before discharging to surface or ground waters

Most of the Group’s production plants handle wastewater by the third method. Except the Group Headquarters and one production plant in China, all production plants have built on-site wastewater treatment plants to provide adequate treatment for wastewater generated in different production processes. ESH personnel of production plants are required to test the treated wastewater monthly and report the results to SMD department at the Headquarters. The Headquarters SMD department provides consultation and suggestions, and conducts random audits at production plants.



In 2015, the Group discharged 608,847 metric tons of wastewater, 7% less than in 2014. The wastewater discharge per USD 1,000 of product value was 22% lower than in 2014. In all footwear production plants, the total amount of wastewater discharge was 461,561 metric tons, a reduction of 12.4% from the amount in 2014. The average wastewater discharge per pair of shoes was reduced to 5.4 liters in 2015, 20.6% lower than in 2014.



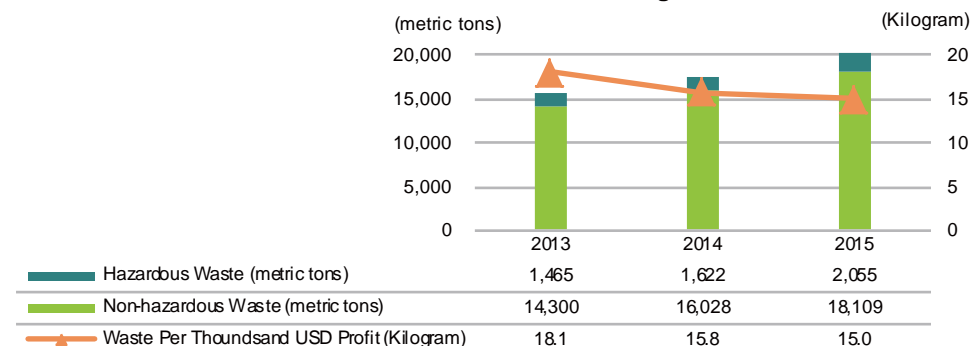
¹⁷ Emissions of ozone-depleting substances = Refrigerant Usage × Ozone Depleting Potential

¹⁸ The amount of wastewater discharge in 2013 has been recalculated and reclassified. The difference between the revised figure and previously reported value is less than 4%.

7.5.6 Waste Treatment

All waste is properly collected and classified to improve recyclability, and environmentally preferable methods are used for disposal. Hazardous waste generated in the production process is treated and disposed of with special caution. We classify hazardous waste into 5 categories, and specify for each category the proper storage method such as container and storage location. Hazardous waste must be clearly labeled and emergency contact information shall be posted in the storage area. All related documents, including waste generation sources, treatment procedures and employee training records, must be carefully kept. Waste is properly disposed of or recycled by licensed external vendors. The total amount of waste generated in 2015 was 20,164 metric tons, 14.2% higher than 2014. Waste generated per USD 1,000 of product value was 5% lower than in 2014.

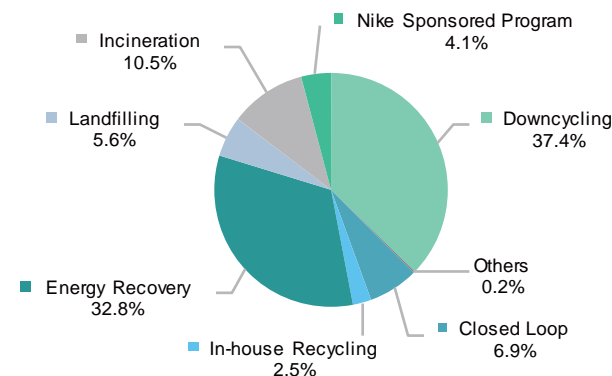
Total Weight of Waste



Feng Tay pays great attention to waste treatment and disposal, and aims to reduce waste at the source. Over the years, we have gradually reduced the use of less eco-friendly disposal methods such as incineration and landfilling. For example, our production plant in Indonesia started to use an energy recovery method instead of landfilling to dispose of leather waste in 2014.

In 2015, 35.2% of the waste was disposed of by either energy recovery or in-house recycling, which is 4.2% higher than in 2014. However, due to the limited waste disposal service provided by local vendors, the total percentage of incineration and landfill was still kept at 16%.

The percentages of waste disposed of by various methods in 2015:



7.6 Environmental Compliance Records

- In January 2015, the Company received a citation of NTD 60,000 (about USD 1,700) from the Yunlin County Environmental Protection Bureau for exceedance of the effluent BOD (biochemical oxygen demand) limit value stipulated in the Water Pollution Control Act. Our investigation indicated that the problem was caused by an insufficient filter capacity and a large amount of greases in kitchen waste water. An improvement plan was immediately implemented to increase the filter capacity. A report on completion of the improvement plan was sent to Yunlin County Environmental Protection Bureau in February 2015. A grease trap was subsequently installed in the canteen kitchen to remove grease from wastewater. We also purchased water quality testing equipment, and appointed ESH department to monitor the testing operation and regulatory compliance. Furthermore, we require the management of wastewater discharge, water quality testing, and water sampling to be carried out by different departments so that the departments can monitor each other's operations.
- Between 1992 and 1996, the Group Headquarters established a landfill site on our own land to dispose the waste generated in the shoe production process. The landfill site was closed soon after the Waste Disposal Act was amended in 1997. In recent years, the riverbank that borders the closed landfill site was eroded by typhoons and heavy rains and, as a consequence, some buried waste was washed away. Feng Tay received two citations in 2014 from Yunlin County Environmental Protection Bureau for the washed-away waste. The total fine was approximately NTD 12,000 (about USD 340). Guided by our business philosophy and corporate social responsibility, we submitted a waste removal plan to Yunlin County Environmental Protection Bureau, and hired a qualified waste disposal service contractor to remove the waste from the closed landfill site. After an onsite inspection, Yunlin County Environmental Protection Bureau removed the closed landfill site from the official list of control sites in December 2015. A total of 17,800 metric tons of waste was removed at a cost of NTD 160 million (around USD 4.5 million).



VIII. Social Contribution



Feng Tay believes that a long-lasting company is rooted in a sustainable community. Since day one, it has taken on the mission put forward by the founder, Mr. Chou-Hsiong Wang—to care for the community and give back to society. Through the programs of the foundations we established in Taiwan and China, as well as the efforts of our production plants in each region, we continue to fulfill this mission.

Following are the contributions made in 2015 by Feng Tay Group and its foundations to support public welfare activities in the communities where its operations are located.

Unit: USD (rounded to the nearest thousand)

Taiwan	China	Indonesia	Vietnam	India
1,588,000 (NTD 52,399,000)	413,000 (CNY 2,683,000)	30,000 (IDR 390,602,000)	117,000 (VND 2,565,750,000)	67,000 (INR 6,400,000)

8.1 Giving Back to Our Local Communities

Emergency Aid to Disadvantaged Families

We strive to support disadvantaged families and victims of natural disasters to overcome economic difficulties. In Taiwan, once notified by schools or communities, the Feng Tay Cultural and Educational Foundation would first arrange volunteers to visit and to understand the actual needs of the disadvantaged families before providing emergency aids. In 2015, the Foundation gave a total of approximately USD 11, 000 (NTD 370,000) to 13 families who had experienced unexpected financial hardships. In Vietnam, the production plants provided financial aids to 17 less privileged families in 2015. Our production plant in Indonesia also provided free supplies and health examinations to victims of floods and landslides, helping a total of 422 families to overcome difficulties.



Sponsoring Local Social Welfare Organizations and Public Infrastructure

Feng Tay's Headquarters and production plants continue their efforts, such as sponsoring social welfare organizations and public infrastructure, to meet the needs of local residents and to support community development activities. In addition to sponsoring charity events, the Feng Tay Cultural and Educational Foundation provided financial support for 20 libraries in Yunlin County to purchase new books. Furthermore, we donated firefighting equipment and emergency smoke exhaust systems, valued at approximately USD 150,000 (NTD 4,876,191), to the Yulin County Fire Department to improve fire safety.

In China, we actively sponsored activities for senior citizens, such as giving books and consumer goods to them, in hopes of improving their material standards of living and health

conditions. We also donated foods, clothing and gifts to orphanages in Vietnam. In view of the lack of municipal water supplies in the surrounding area, our production plant in Indonesia provides local residents with purified water for drinking and other daily uses, supplying 19,666,000 liters of water to dozens of local households in 2015. The production plant in India sponsored the Pongal festival to support local traditional culture and continued to strengthen our partnership with the local community.

Sports and Arts



The Feng Tay Cultural and Educational Foundation and Yunlin County Government jointly hosted Yunlin Legend to promote sports. Other activities, such as annual Teeball Tournaments and 3 on 3 basketball games, were held to provide sports opportunities for local residents and students. A total of 14,000 people participated in these events in 2015. Moreover, the Foundation and Yunlin County Government hosted a Special Olympics Lawn Bowls competition for children with disabilities. Through their participation, we hope to help these children build their confidence and sense of accomplishments. The Foundation also collaborated with local musicians and artists to hold concerts and workshops, in an effort to promote arts and culture in our local community. The production plant in India held a "Run Beyond" event to raise awareness of road safety, with 400 people participating.

Beyond Program in India

Feng Tay initiated the Beyond program in India in 2011 with the vision—"Empowering and transforming lives by creating opportunities to all and building a strong community." The program does not just provide monetary assistance, but focuses on community engagement by continuing to help improve education, health, and infrastructure for the neighborhood.



8.2 Educational Resources

Financial Aids for Less Privileged Students

To support the education of economically disadvantaged students, the Feng Tay Cultural and Educational Foundation has provided financial aids to less privileged college students since 1987, to less privileged primary and intermediate school students since 2002, and to less privileged high school students since 2015. Through these financial aid programs, we hope to give timely assistance to less privileged students in Yunlin and nearby counties at every educational stage. By the end of 2015, a total of USD 4,360,000 (NTD 144,017,000) has been given to 8,280 students.

Improving Educational resources in remote villages

The Da Feng Cultural Foundation is dedicated to helping distressed students and improving educational facilities in remote villages. Since its founding, the Foundation has awarded scholarships to 6,547 students and supported the construction or maintenance of 159 buildings, including classrooms and dormitories in primary and junior high schools in over 30 counties in Fujian Province, with a total donation of USD 8,000,000 (NTD 52,255,000). The production plants in Vietnam, Indonesia and India also sponsored school constructions in remote villages.



Free After-School Tutoring

In Taiwan, the Feng Tay Cultural and Educational Foundation has collaborated with National Yunlin University of Science and Technology to conduct an after-school tutoring program since 2011. The program offers various educational activities and organizes field trips for students from disadvantaged families. As of the end of 2015, more than 2,100 students have participated in the program. In India, the production plants established after-school and English tutoring programs to provide local students with better education resources.

Summer Camps and Student Events

In Taiwan, the Feng Tay Cultural and Educational Foundation hosted summer camps (Ten-Drum Youth Summer Camp and Summer Music Camp), in hopes of helping students learn interaction and mutual respect through group activities. In 2015, 126 students attended our summer camps. The Foundation and Yunlin County Government also jointly held a robotics competition event to promote science education and to inspire creativity in students. The event attracted a total of 550 contestants and teachers. In India, we held sports events for students with disabilities to provide an opportunity for them to challenge and express themselves.

8.3 Health Care and Hygiene

Free Medical Clinic, Health Check, and Blood Donation Events

In China, the Da Feng Foundation actively supports community health care activities. In 2015, we held several free medical clinic events with local hospitals in Jing-cheng community in Fuzhou city, Qin-hou and Li-nam villages in Putian city, and organized blood donation events with a turnout of 1,476 employees. The production plant in Indonesia has launched a Blood Donation Program since 1999, and regularly provided free health consultation sessions to residents in neighboring villages to enhance their knowledge in health care. In Vietnam, we held 9 events to provide free health examinations and medical clinic services to local residents, as well as 14 blood donation events with 1,164 employees participating.



Improving Medical Resources

In China and Vietnam, the production plants donated resources such as medical equipment and medicine to local health care facilities and underprivileged families. In Indonesia, the clinic at our production plant provides services which include blood tests, prenatal examinations, dental care, health promotion, and pharmaceutical services to residents in the neighboring villages. By sharing the resources we hope to help improve local healthcare quality and to promote healthy lifestyles. The clinic served about 10,642 patients in 2015. Based on the Beyond spirit, our production plants in India built public toilet blocks and conducted sanitation campaigns to improve community hygiene and living environment and to enhance knowledge in hygiene. Moreover, we have worked with an NPO—Hand in Hand—to set up Kairasi clinic and provide free medical assistance in remote villages in India, a total of 4,560 people benefited from it in 2015.



8.4 Environmental Protection

Environmental Protection Activities

To raise public awareness of environmental protection, our production plants in China actively engaged in activities to improve the environment. We and the Department of Environmental Protection in Putian city jointly held an event on World Environment Day to promote eco-friendly ideas. We also joined local tree planting activities, and held events in Qun-hou elementary school in Putian city to address environmental issues and encourage students to recycle. In Indonesia, the production plant donated solar powered lighting equipment to 3 communities, and built 24 street lamps to improve lighting at night. We also engaged in river clean-up activities. 45 local residents joined us to clean up the rivers around the production plant to avoid debris accumulation.



- Green life day
- Tree planting activities
- Environmental protection activities
- River clean-up activities

Environmental Protection Source

The Feng Tay Cultural and Educational Foundation has published a journal entitled *Environmental Protection Source* since 1992. The subjects covered by the journal include concepts, technologies and experiences in the fields of environment, safety and health. Formerly published as a quarterly, the journal was changed to a digital monthly in April, 2001 and the subjects covered were considerably broadened. 212 issues have been published by the end of 2015.

GRI Content Index

GRI Indicator	Indicator Description	Page	Report Section or Explanation
Strategy and Analysis			
G4-1	Statement from the most senior decision-maker of the organization.	1	Letter from President
G4-2	Description of key impacts, risks, and opportunities.	8	2.2 Competitive Niche
Organizational Profile			
G4-3	Name of the organization.	8	2.1 An Overview of Feng Tay Group
G4-4	Primary brands, products, and services.	8	2.1 An Overview of Feng Tay Group
G4-5	Location of the organization's headquarters.	8	2.1 An Overview of Feng Tay Group
G4-6	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.	8	2.1 An Overview of Feng Tay Group
G4-7	Nature of ownership and legal form.	8	2.1 An Overview of Feng Tay Group
G4-8	Markets served.	8	2.1 An Overview of Feng Tay Group
G4-9	Scale of the organization.	8	2.1 An Overview of Feng Tay Group 2015 Annual Report
G4-10	Total number of employees by employment contract, gender and region.	16	4.1 Employment
G4-11	Percentage of total employees by employment contract, gender and region.	21	4.5 Labor-Management Relations
G4-12	Organization's supply chain.	31	VI. Supply Chain Management
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	8	2.1 An Overview of Feng Tay Group
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	14	3.6 Risk Assessment and Management
G4-16	List of memberships of associations and national or international advocacy organizations in which the organization is involved.	10	2.6.1 Membership in Industry Associations
Identified Material Aspects and Boundaries			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents.	8	2.1 An Overview of Feng Tay Group
G4-18	Explain the process for defining the report content and the Aspect Boundaries.	5	1.4.2 Process of Defining Material Aspects and Boundaries
G4-19	List all the material Aspects identified in the process for defining report content.	5	1.4 Material Aspects and Boundaries
G4-20	Aspect Boundary within the organization.	5	1.4 Material Aspects and Boundaries
G4-21	Aspect Boundary outside the organization.	5	1.4 Material Aspects and Boundaries
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	26 34	4.7.6 Occupational Injury VII. Environmental Protection
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	3	I. Overview
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G4-24	List of stakeholder groups engaged by the organization.	4	1.3 Stakeholder Identification and Communication
G4-25	Basis for identification and selection of stakeholders with whom to engage.	4	1.3 Stakeholder Identification and Communication
G4-26	Organization's approach to stakeholder engagement.	4	1.3 Stakeholder Identification and Communication
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded.	4	1.3 Stakeholder Identification and Communication
Report Profile			
G4-28	Reporting period for information provided.	3	1.1 Reporting Boundary

GRI Indicator	Indicator Description	Page	Report Section or Explanation
G4-29	Date of most recent previous report.	3	1.1 Reporting Boundary
G4-30	Reporting cycle.	3	1.1 Reporting Boundary
G4-31	Provide the contact point for questions regarding the report or its contents.	3	1.1 Reporting Boundary
G4-32	Report the 'in accordance' option the organization has chosen.	3	1.1 Reporting Boundary
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report.	-	This report is not assured by external agencies.
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body.	12	III. Corporate Governance
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	12	III. Corporate Governance
G4-37	Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.	4 12	1.3 Stakeholder Identification and Communication III. Corporate Governance
G4-38	Report the composition of the highest governance body and its committees.	12	III. Corporate Governance
G4-39	Report whether the Chair of the highest governance body is also an executive officer.	12	III. Corporate Governance
G4-40	Nomination and selection processes for the highest governance body and its committees.	12	III. Corporate Governance
G4-41	Processes for the highest governance body to ensure conflicts of interest are avoided and managed.	12	III. Corporate Governance
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	1 12	Letter from President III. Corporate Governance
G4-43	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.	12	III. Corporate Governance
G4-44	Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics.	12	III. Corporate Governance
G4-45	The highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities.	12	III. Corporate Governance
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.	12	III. Corporate Governance
G4-49	Process for communicating critical concerns to the highest governance body.	4	1.3 Stakeholder Identification and Communication
G4-51	Remuneration policies for the highest governance body and senior executives.	12	III. Corporate Governance
G4-52	Process for determining remuneration.	12	III. Corporate Governance
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration.	4 12	1.3 Stakeholder Identification and Communication 3.2.1 Compensation Committee
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 12	Letter from President III. Corporate Governance
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.	12	III. Corporate Governance
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity.	12	III. Corporate Governance

GRI Indicator	Indicator Description	Page	Report Section or Explanation
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G4-EC1	Direct economic value generated and distributed.	9	2.3 Business Performance
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	14 34	3.6 Risk Assessment and Management VII. Environmental Protection
G4-EC3	Coverage of the organization's defined benefit plan obligations.	16	IV. Human Resources
G4-EC4	Financial assistance received from government.	10	2.4 Financial Assistance Received from Governments
Market Presence			
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	20	4.3 Overall Compensation
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	16	4.1 Employment
Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported.	42	VIII. Social Contribution
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	14 42	3.6 Risk Assessment and Management VIII. Social Contribution
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G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	38	7.5.2 Raw Materials Transportation
Environmental			
Disclosures on Management Approach: Environmental Aspect		31 34	VI. Supply Chain Management VII. Environmental Protection
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G4-EN3	Energy consumption within the organization.	34	7.3 Energy Management
G4-EN5	Energy intensity.	34	7.3 Energy Management
G4-EN6	Reduction of energy consumption.	34	7.3 Energy Management
G4-EN7	Reductions in energy requirements of products and services.	29 34	5.2 Product Safety and Regulatory Compliance VII. Environmental Protection
Water			
G4-EN8	Total water withdrawal by source.	36	7.4 Water Management
G4-EN9	Water sources significantly affected by withdrawal of water.	36	7.4 Water Management
G4-EN10	Percentage and total volume of water recycled and reused.	37	7.4.1.2 Recycled Water
Biodiversity			
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-	There are no protected areas around Feng Tay Group Headquarters and production plants.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-	There are no protected areas around Feng Tay Group Headquarters and production plants.
G4-EN13	Habitats protected or restored.	-	There are no protected habitats around Feng Tay Group Headquarters and production plants.
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	There are no protected habitats around Feng Tay Group Headquarters and production plants.

GRI Indicator	Indicator Description	Page	Report Section or Explanation
Emissions			
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	37	7.5.1 Greenhouse Gas Emissions
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	37	7.5.1 Greenhouse Gas Emissions
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	37	7.5.1 Greenhouse Gas Emissions
G4-EN18	Greenhouse gas (GHG) emissions intensity.	37	7.5.1 Greenhouse Gas Emissions
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	37	7.5.1 Greenhouse Gas Emissions
G4-EN20	Emissions of ozone-depleting substances (ODS).	38	7.5.3 Emissions of Ozone-Depleting Substances (ODS)
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G4-EN22	Total water discharge by quality and destination.	39	7.5.5 Wastewater Treatment
G4-EN23	Total weight of waste by type and disposal method.	40	7.5.6 Waste Treatment
G4-EN24	Total number and volume of significant spills.	40	7.6 Environmental Compliance Records
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff.	-	No significant effects were caused by the operations of Feng Tay Group.
Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	29 34	5.2 Product Safety and Regulatory Compliance VII. Environmental Protection
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	-	Product reclamation is managed by brand customers.
Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	14	3.5.2 Compliance with Regulations
Transport			
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	-	No significant effects were caused by the operations of Feng Tay Group.
Overall			
G4-EN31	Total environmental protection expenditures and investments by type.	34	7.1 Expenditures on Environmental Protection
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	31	6.1 Management of Suppliers' ESH and Workers' Rights
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	31	VI. Supply Chain Management
Environmental Grievance Mechanisms			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	21 40	4.5.1.1 Grievance and Suggestion System 7.6 Environmental Compliance Records
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Labor Practices and Decent Work			
Disclosures on Management Approach: Labor Practices and Decent Work Aspect		3 16 31	1.2 Organizational Structure of Corporate Responsibility IV. Human Resources VI. Supply Chain Management
Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	16	4.1 Employment

GRI Indicator	Indicator Description	Page	Report Section or Explanation
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	16	IV. Human Resources
Labor/Management Relations			
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	-	Feng Tay Group follows government rules of noticing procedure under mentioned circumstances.
Occupational Health and Safety			
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.	24	4.7 Environment, Safety, and Health Management
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.	18 26	4.1.2 Absentee Rate and Monthly Turnover Rate 4.7.6 Occupational Injury
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	24	4.7 Environment, Safety, and Health Management
Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	20	4.4.2 Education and Training
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	20	4.4 Career Development
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	20 21	4.4 Career Development 4.5 Labor-Management Relations
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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.	16	4.1 Employment
Equal Remuneration for Women and Men			
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	20	4.3 Overall Compensation
Supplier Assessment for Labor Practices			
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria.	31	6.1 Management of Suppliers' ESH and Workers' Rights
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken.	31	VI. Supply Chain Management
Labor Practices Grievance Mechanisms			
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	21	4.5.1.1 Grievance and Suggestion System
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Disclosures on Management Approach: Human Rights Aspect		16 31	IV. Human Resources VI. Supply Chain Management
Non-discrimination			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	19 21	4.2 Protection of Workers' Rights 4.5.1.1 Grievance and Suggestion System
Freedom of Association and Collective Bargaining			
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights.	21 31	4.5 Labor-Management Relations VI. Supply Chain Management
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G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	16 31	IV. Human Resources VI. Supply Chain Management

GRI Indicator	Indicator Description	Page	Report Section or Explanation
Forced or Compulsory Labor			
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	16 31	IV. Human Resources VI. Supply Chain Management
Indigenous Rights			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	-	There is no such incident in Feng Tay Group.
Supplier Human Rights Assessment			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	31	VI. Supply Chain Management
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	31	VI. Supply Chain Management
Human Rights Grievance Mechanisms			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	21	4.5.1.1 Grievance and Suggestion System
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Disclosures on Management Approach: Society Aspect		12 42	III. Corporate Governance VIII. Social Contribution
Local Communities			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	42	VIII. Social Contribution
G4-SO2	Operations with significant actual or potential negative impacts on local communities.	40	7.6 Environmental Compliance Records
Anti-corruption			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	12	III. Corporate Governance
G4-SO4	Communication and training on anti-corruption policies and procedures.	12 32	III. Corporate Governance 6.3 Anti-corruption Provisions of the Purchasing Department
G4-SO5	Confirmed incidents of corruption and actions taken.	12	III. Corporate Governance
Public Policy			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	-	There is no such contribution by Feng Tay Group.
Anti-competitive Behavior			
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	-	There was no such legal action against Feng Tay Group.
Compliance			
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	-	There were no such fines or sanctions imposed on Feng Tay Group.
Supplier Assessment for Impacts on Society			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	31	VI. Supply Chain Management
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	31	VI. Supply Chain Management
Grievance Mechanisms for Impacts on Society			
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.	21	4.5.1.1 Grievance and Suggestion System
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GRI Indicator	Indicator Description	Page	Report Section or Explanation
Customer Health and Safety			
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	28	V. Customers Satisfaction and Product Services
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.	28	V. Customers Satisfaction and Product Services
Product and Service Labeling			
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	28	V. Customers Satisfaction and Product Services
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.	28	V. Customers Satisfaction and Product Services
G4-PR5	Results of surveys measuring customer satisfaction.	28	V. Customers Satisfaction and Product Services
Marketing Communications			
G4-PR6	Sale of banned or disputed products.	-	There is no such incident in Feng Tay Group.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	-	There is no such incident in Feng Tay Group.
Customer Privacy			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	There was no such complaint against Feng Tay Group
Compliance			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	-	There were no such fines imposed on Feng Tay Group.

AFSS Content Index

AFSS Indicator	Indicator Description	Page	Report Section or Explanation
Supply Chain Standards and Practices			
AF1	Code of Conduct content and coverage.	12	III. Corporate Governance
AF2	Parties and personnel engaged in Code of Conduct compliance function.	12	III. Corporate Governance
AF3	Compliance audit process.	12	III. Corporate Governance
AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints.	19	4.2 Protection of Workers' Rights
AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.	12	III. Corporate Governance
AF6	Policies for supplier selection, management, and termination.	31	VI. Supply Chain Management
AF7	Number and location of workplaces covered by Code of Conduct	12	III. Corporate Governance
AF8	Number of audits conducted and percentage of workplaces audited.	12	III. Corporate Governance
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.	-	There is no such incident in Feng Tay Group.
AF10	Incidents of non-compliance with overtime standards.	22	4.6 Work-Life Balance
AF11	Incidents of non-compliance with standards on pregnancy and maternity rights.	19	4.2 Protection of Workers' Rights
AF12	Incidents of the use of child labor.	16	4.1 Employment

AFSS Indicator	Indicator Description	Page	Report Section or Explanation
AF13	Incidents of non-compliance with standards on gender discrimination	19	4.2 Protection of Workers' Rights
AF14	Incidents of non-compliance with Code of Conduct.	12	III. Corporate Governance
AF15	Analysis of data from Code compliance audits	12	III. Corporate Governance
AF16	Remediation practices to address non-compliance findings.	12	III. Corporate Governance
AF17	Actions to identify and mitigate business practices that affect Code compliance.	-	There is no such incident in Feng Tay Group.
Environmental Performance Indicators			
AF18	Programs to replace organic-based adhesives and primers with water-based adhesives and primers.	37	7.5 Pollution Control
AF19	Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems.	29 31	5. 3 Product Safety and Regulatory Compliance VI. Supply Chain Management
AF20	List environmentally preferable materials used in apparel and footwear products.	31	VI. Supply Chain Management
AF21	Amount of energy consumed and percentage of the energy that is from renewable sources.	34	7.3 Energy Management Employee dormitories use solar energy water heaters.
Labor Practices & Decent Work Performance Indicators			
AF22	Policy and practices regarding the use of employees with non-permanent and non-fulltime status.	16	4.1 Employment
AF23	Policy regarding the use of home working.	-	There is no such policy in Feng Tay Group.
AF24	Policy on the use and selection of labor brokers, including adherence to relevant ILO Conventions.	-	There is no such policy in Feng Tay Group.
AF25	Policy and practices on wage deductions that are not mandated by law.	-	There are no such policy and practices in Feng Tay Group.
AF26	Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.	22	4.6 Work-Life Balance
AF27	Policy and actions to protect the pregnancy and maternity rights of women workers.	19	4.2 Protection of Workers' Rights
AF28	Percentage of foreign migrant workers as a portion of total workforce, broken down by region.	-	Feng Tay Group does not employ foreign migrant workers.
AF29	Percentage of workplaces where there is one or more independent trade union(s).	21	4.5 Labor-Management Relations
AF30	Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.	21	4.5 Labor-Management Relations
AF31	Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders.	24	4.7 Environment, Safety, and Health Management
AF32	Actions to address gender discrimination and to provide opportunities for the advancement of women workers.	19	4.2 Protection of Workers' Rights
Society Performance Indicators			
AF33	Priorities in community investment strategy.	42	VIII. Social Contribution
AF34	Amount of investment in worker communities broken down by location.	42	VIII. Social Contribution

This report is printed with soy based ink on recycled paper.

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