



GRI

Ad. by Bureau of Foreign Trade

CONTENTS



	Chapter 1	Chapter 2	Chapter 3
Message from the General Manager	Company Reports	Profit	Economic
03 Message from the General Manager	04 Company Reports Guidelines and Contact Information 05 Company History 06 Global Certification and History 07 Corporate Organization and Responsibilities 09 Products 11 Major Clients 13 Business Areas	15 Bidirectional Communication with the Stakeholders	16 Financial Status Analysis 17 Government Support 18 Supplier

GRI

Global Reporting
Initiative

Chapter 4

Social Aspects

- 19 Introduction
- 20 Employment Categories
- 21 Employee Gender
- 22 Employee Hierarchy, Statistics, and Resignation
- 23 Employee-employer Relationship
- 24 Occupational Accident Definitions, Rules,
and Corporate Handling Process
- 25 Employee Category and Average Training Hours
- 26 Gender and Base Salary Comparisons, and
HR Recruitment Process in Men-Chuen
- 27 Child Labor Definitions and Laws
- 28 Competitions and Employee Tours
- 29 Community Services

Chapter 5

Maintenance and improvement of the environment

- 31 Environment Maintenance and
Improvement
- 32 Greenhouse gases
- 33 Water Resources
- 34 Chemicals
- 35 Wastes
- 36 Air Pollution Emissions

Message From The General Manager

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



Men-Chuen has been working hard for over 30 years since our founding in 1981, focusing on the development of a diverse selection of comfortable and functional fabrics. We continued to develop innovative products and pursued excellence in production quality as we kept growing, making every effort to achieve in-depth understanding of our customers' expectations and to satisfy their requirements. Men-Chuen shall use the GRI Sustainability Report in order to communicate Men-Chuen's efforts in corporate management product quality, environment protection, and social responsibility to concerned members of the public as well as fellow colleagues.

We have a deep understanding of corporate social responsibility (CSR) while pursuing corporate development and expanding our businesses. In 2015, many large corporations in Taiwan and other countries were found to be guilty of illegal business activities and actions that led to major social and environmental impacts. The best strategy of competition in Men-Chuen is to uphold the values of Integrity and Ethics in business conduct for the purpose of realizing our social responsibilities and improving our values. Our long-term strategies for development are now aimed at becoming an energy saving, low polluting, and green and environment-friendly company. Environment-friendliness as well as commitment to providing our customers with excellent products and services are the primary objectives of our R&D efforts. We're also expanding global market assessment efforts and investment structures in order to maximize profits for both the public and our shareholders.

For research and development, we have built business-education partnerships with many schools, working with numerous academicians and researchers in many institutions to support Men-Chuen's efforts in creative innovation as well as R&D. We've also proposed many professional training programs, allowing students in school to rapidly acquire abilities needed for the future workplace while forging stronger ties between academic institutions and the industry. Men-Chuen believes in the importance of Supporting the Society that Gave Us Success, making good use of our employees and material resources to repay society and local communities. We also actively pursue employee development, exchange of experience, and knowledge management. We promote a people first management approach, placing great emphasis on our fellow colleagues and realization of their personal values while we pursue profit and business growth.

Future efforts of Men-Chuen shall focus on the primary objective of environment protection while providing clients around the world with high quality products and services. We also aim to provide every partner and fellow colleague of Men-Chuen with excellent work environments, open channels of communication, and comprehensive employee benefits to build an excellent People First corporation. Finally, we hope that this GRI Sustainability Report will demonstrate to our readers our commitment towards sustainable management, ecological conservation, and social responsibilities. We also look forward in hearing any opinions and feedbacks from our readers as well.

Chapter 01

Company Reports

Report Scope and Boundaries

Although Taiwan's GDP (and economic growth) has continued to drop in 2015, the textile and fabric industry provided a ray of hope in this relatively dark period. Despite market adversities, Men-Chuen has remained steadfast to the principles of the People First Management Approach, economic model of Sustainable Business Development, and simultaneous and balanced development of Economics, Social, and Environment Aspects. We also extended our concern to every colleague in Men-Chuen Fibre Industry while offering community support.

This year's Sustainability Report includes information from January 1st 2015 to December 31st 2015. The scope of the Report still covers our two production centers of Taoyuan Dyeing Facility and Guishan Knitting Facility as well as the Taipei Headquarters and Office. Information on economic conditions and trends provided in this Report is available publicly. Environmental data were handled according to statutory regulations stipulated by local competent authorities. Financial data were

based on signed financial statements provided by Jingdian Accounting Firm. Such information allows Men-Chuen to assess our sustainable development strategies as well as convey our vision and goals.

Reporting Principles

Men-Chuen Fibre Industry Co., Ltd. published its first Sustainability Report in 2012 and has made plans to release a new Report every year in order to disclose relevant information on a regular basis. Various analytical data and information were disclosed according to the principles of Transparency, Fairness, and Openness. Men-Chuen Fibre Industry has published its 4th Sustainability Report and made the decision to advance from the G3 Guidelines of the Global Reporting Initiative (GRI) to the G4 Guidelines in order to provide better understanding of our business amongst fellow stakeholders and members of the public concerned with the Men-Chuen's development. We sincerely invite everyone to witness the outcomes and fruits of our business sustainability principles and share their opinions for any related questions (please refer to 1.3 for our contact information).

Contact information

Those interested in learning more about Men-Chuen Fibre Industry are welcome to visit our Office Website at <http://www.mds-intl.com>. We also welcome telephone inquiries for any problems or requirement. Visitors may visit our newly established casual apparels brand of HORIZONS: www.mds-horizons.com

Our Contact Information:

Men-Chuen Fibre Industry Co., Ltd.

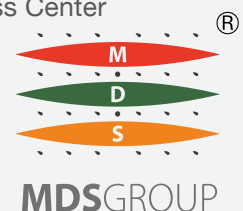
Cairo Kan, Special Assistant, General Manager's Office, Taipei Headquarters and Business Center

Address: 10th Floor, No. 392, Section 1, Neihu Road, Neihu District, Taipei City, Taiwan

TEL: +8862-2799-0858 ext. 667

FAX: +8862-2799-0959

Email: cairo.kan@mctw.mds-intl.com



Company Reports

Refer to the following for the photos of the 4 production sites at Taoyuan Nankan (A), Taoyuan Guishan (B), Taoyuan Luzhu (C), and Men-Chuen Vietnam (D)



1981 March	Establishment of Xianyi Shiye Co., Ltd.
1983 August	Establishment of Dingli Ranzheng Shiye Co., Ltd.
1985 April	Dingli Ranzheng acquires land to build factories
1986 December	New factory building of Dingli formally completed and operational
1987 March	Establishment of Men Chuen Fibre Industry Co., Ltd.
1991 January	Merger and Xianyi Shiye and Men-Chuen. The merged company assumes the name of Men-Chuen for all external businesses.
1996 March	Men-Chuen's new production plant at Guishan completed and operational
1999 December	Completion and formal opening of the new Taipei Neihu District Office
2001 June	Board meeting conclusions were to initiate production in Mainland China, establishing Zhejiang MDS Group
2003 August	Merger of Dingli and Men-Chuen. Businesses with external parties shall be conducted under Men-Chuen's name.
2004 January	Men-Chuen's Honest International Logistics Center at Taoyuan formally opened for business
2010 July	Motion proposed to add production facilities in Vietnam
2011 August	New fabric production operation facility of Men-Chuen completed and operational
2012 April	Board resolution to end production in China
2012 August	Initiated expansions for Men-Chuen's dyeing production operation facility
2013 May	Construction began for Men-Chuen's logistics warehouse at Luzhu
2013 August	Completion of the Phase 1 expansion of Men-Chuen's dyeing production operation facility
2013 September	Men-Chuen's Vietnam office established
2013 December	Completion of the Phase 2 expansion of Men-Chuen's dyeing production operation facility
2014 February	Construction initiated for Men-Chuen's knitting plant in Vietnam
2014 June	Tiling ceremony for Men-Chuen's new facility in Vietnam
2014 September	Men-Chuen's new facility in Vietnam completed and operational
2014 December	Men-Chuen's Luzhu logistics warehouse completed and operational
2015 December	Phase 2 expansion initiated for the Men-Chuen Vietnam Plant

Company Reports

2011 JUN	Passed the 1st Oeko-Tex document review	
2011 JUL	Oeko-Tex certification of the Luzhu Dyeing Plant	
2011 AUG	Formal review of ISO14001 & OHSAS18001	
2011 SEP	Luzhu Dyeing & Finishing Manufacturing and Guishan Knitting Plant certified by the GRS Control Union	
2011 OCT	Luzhu Dyeing & Finishing Manufacturing certified by Lloyd's Register LRQA to ISO 14001 & OHSAS	
2012 FEB	Passed the 1st document review for Bluesign	
2012 MAR	2nd Oeko-Tex audit 1st surveillance audit for ISO14001 & OHSAS18001	
2012 JUN	2nd Oeko-Tex audit, approval, and certification for the Luzhu Dyeing Plant	
2012 AUG	2nd GRS audit, approval, and certification for the Luzhu Dyeing & Finishing Manufacturing and Guishan Knitting Plant	
2012 SEP	2nd surveillance audit for ISO14001 & OHSAS18001	
2012 DEC	Bluesign fabric test audit	
2013 FEB	Bluesign certification of the Luzhu Dyeing & Finishing Manufacturing	
2013 MAR	3rd surveillance audit for the ISO14001 & OHSAS18001	
2013 MAY	Participation in the C2C conference	
2013 JUN	continued Oeko-Tex certification of the Luzhu Dyeing Plant	
2013 AUG	3rd GRS audit, approval, and certification of the Luzhu Dyeing & Finishing Manufacturing and Guishan Knitting Plant	
2013 SEP	Certification consultation of the Guishan Plant for ISO 14001 & OHSAS 18001	
2013 SEP	4th surveillance audit for ISO14001 & OHSAS18001	
2014 MAR	5th surveillance audit for ISO14001 & OHSAS18001	
2014 MAY	Continued Oeko-Tex certification for the Luzhu Dyeing & Finishing Manufacturing	
2014 JUN	Oeko-Tex Plant audit and textile sampling and test	
2014 JUN	First certification to ISO 14001 & OHSAS 18001 of the Guishan Knitting Plant	
2014 AUG	4th GRS audit, approval, and certification of the Luzhu Dyeing & Finishing Manufacturing and Guishan Knitting Plant	
2014 AUG	First extension certification of ISO 14001 & OHSAS 18001 for the Luzhu Dyeing Facility	
2014 OCT	Participated in the Zero Discharge of Hazardous Chemical (ZDHC)	
2014 NOV	Extension certification for Bluesign	
2014 NOV	Completion of Higg Index 2.0	
2015 MAY	Continued Oeko-Tex certification of the Luzhu Dyeing & Finishing Manufacturing	
2015 MAY	Participation in the Chemical Vendor Event - ZDHC	
2015 JUN	2nd surveillance audit for ISO 14001 & OHSAS 18001 for Luzhu Dyeing & Finishing Manufacturing and Guishan Knitting Plant	



Company Organization, Responsibilities, and Profile

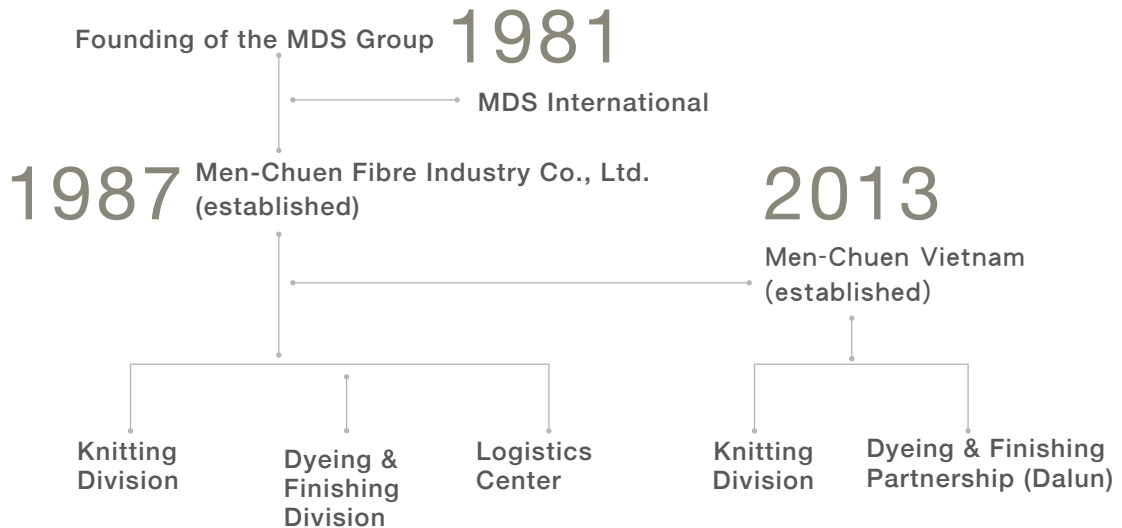
Men-Chuen Fibre Industry Co., Ltd. was first established in March 1987. In 2014, the capital sum of the Company totaled NT\$ 489,480,000 by 2015. Number of employees also grew from 377 individuals in 2014 to 383 in 2015. Xianyi-affiliated enterprises serves as the mainstay for weaving, dyeing, and goods import-export operations in the Taiwan area. The company's main office is established in Neihu District of Taipei City. Dyeing facilities, weaving facilities, logistic warehouses, and other production areas have been established at Nankan and Guishan of Taoyuan City.

Xianyi affiliated enterprises are composed of the Main Office, Taiwan Dyeing Division, Taiwan Weaving Division, and Vietnam Production Division. The Main Office underwent a certain degree of changes during the reorganization of 2015 that merged the business departments and import department to form the Business Department, converted the R&D Department to the Product Department, and retaining the original functions of the IT Department and Finances Department. The Weaving Division retained the original organization of the Knitting Office, Production and Control Office, and Logistics Department. The Dyeing Division also retained the original organization of the Dyeing Office, Production Control Office, Chemical Laboratory, Maintenance Section, and Environment Safety Office.

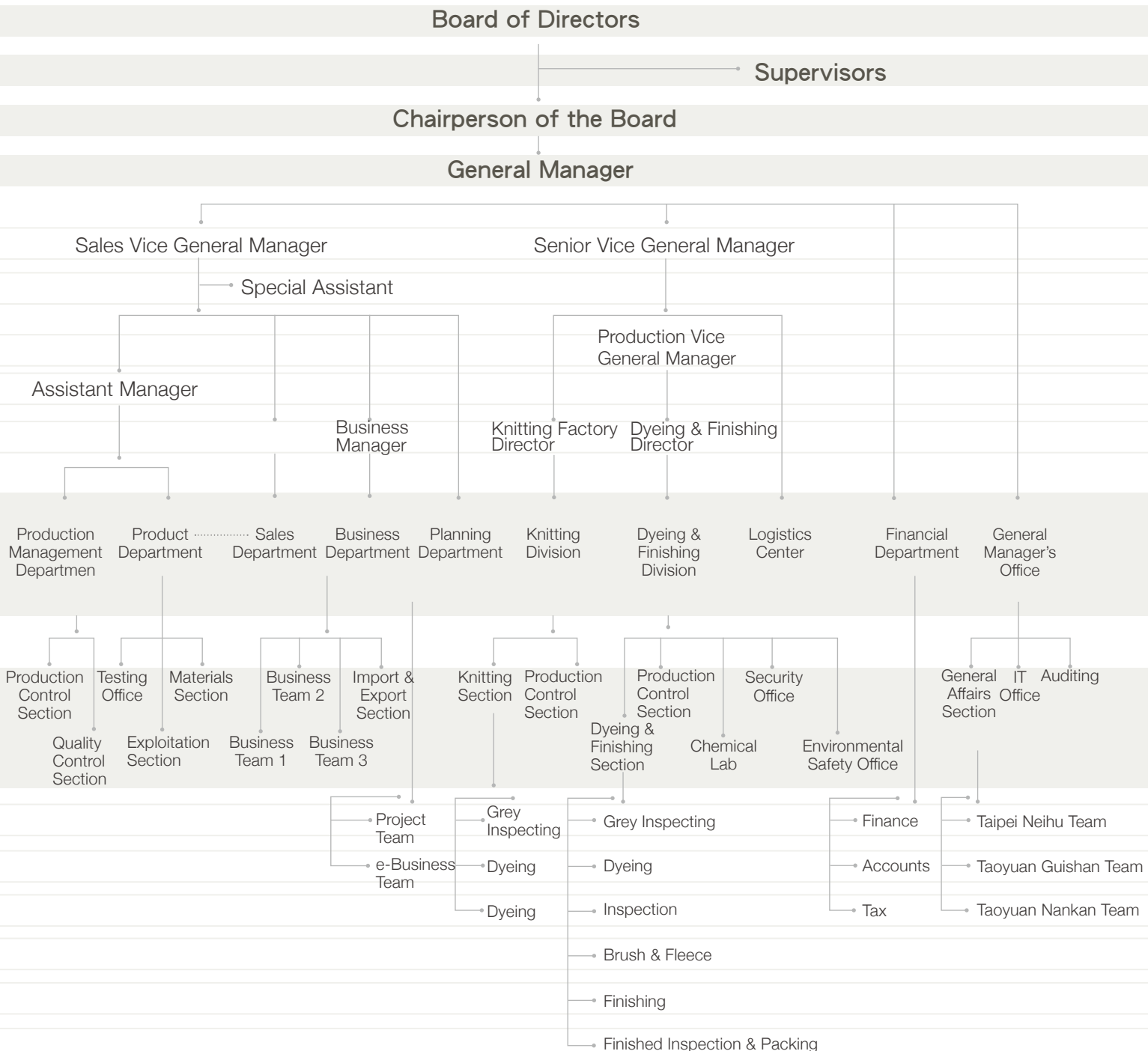
Responsibilities of each Department:

- **Chairperson's Office:** Stipulate and revise management systems for the Shareholders Meeting and shareholder services.
- **General Manager's Office:** Responsible for assessment planning of the business guidelines and principles of the General Manager, stipulating policies, and other related matters.
- **Business Department:** Responsible for stipulating, managing, and implementing product sales strategies and plans.
- **Product Department:** Improve innovation and technology. Primarily responsible for testing new sample fabrics and creating new products in order to cater to the needs of various consumers and demographics.
- **Human resources and general affairs office:** Plan, manage, and implement legal and labor affairs for human resources; external personnel recruitment as well updating and implementation of labor laws.
- **IT department:** Responsible for developing and driving company digitalization and IT systems; assess and implement digitalization of various operations; maintenance of IT system packages.

Structure of corporate responsibilities




Company Organization

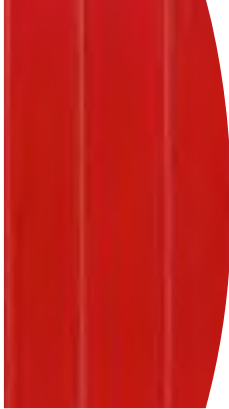


Product categories

Men-Chuen Fibre Industry has always been a major fabric supplier of major athletic and sporting goods brands around the world, including Nike, Adidas, Puma, and Columbia. To meet the requirements and demands of these brands, we established our Research and Development (R&D) Department in 1993 that is now renamed as the Product Department. The Department is entirely dedicated to the development and production of functional fabrics in order to respond to the ever-changing requirements of the market and our growing number of customers. Results of our R&D efforts include products with excellent textures, 3D jacquard, netted jacquard, customized non-knitted products, double-faced, and color fusion styles.

 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Gentle touch</p>	<p>Precision fine needle warp knitted goods</p> <ul style="list-style-type: none"> • Uses ultra-fine fibers with high-needle count 32-needle weaver • Provides an ultra-soft texture with lighter weight • Reduced snagging • Provides a stronger structure compared to circular knitted goods
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Actual Mesh and jacquard organization</p>	<p>Warp knitted jacquard</p> <ul style="list-style-type: none"> • Advanced knitting technology that provides a meshed tricot • Not restricted by template cycle size nor patterns • Single dye • Expandable and repeatable patterns
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Dissolved colors and changing styles</p>	<p>Graded dyeing</p> <ul style="list-style-type: none"> • Innovative technology with precision controlled dye migration • Achieve the finest visual details with excellent color integration • Direct portrayal of graded colors and patterns
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Dynamic Thermal Regulation System</p>	<p>Thermal Reactive Ink</p> <ul style="list-style-type: none"> • Functional patterns created using thermo-reactive ink • Ink that helps radiate body temperature / rapid printing and reactive disappearance
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">3D jacquard structure</p>	<p>Three dimensional jacquard</p> <ul style="list-style-type: none"> • Advanced jacquard structure that allows a diverse selection of mesh, patterns, designs, and visual effects
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Customized seamless products</p>	<p>Seamless apparel</p> <ul style="list-style-type: none"> • Completely seamless and open-width knitting technology with 28-pin and 44 inch dimensions. Allows synthetic yarn and customized designs.
 <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Double-sided</p>	<p>Double-sided functional structures</p> <ul style="list-style-type: none"> • Double-sided structure technology that provides excellent customized structures, patterns, weight, and presentation. • Allows reverse patterns with great details

Warp Knit Fleece Fabric



Warp Knit Structures and Mesh



Warp Knit Burn Out Fabric



Warp Knit Stretch Fabric



Circular Knit Fabric



Circular Knit Mesh



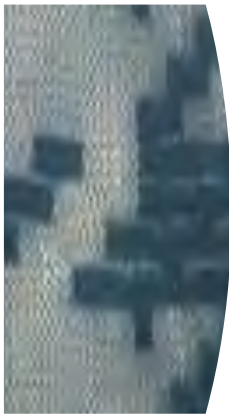
Circular Knit Computer Jacquard



Anti-UV functional fabric



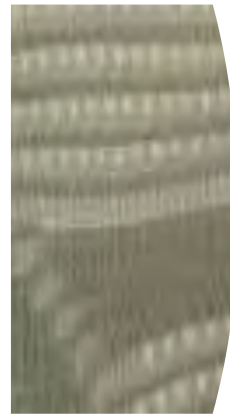
Anti-odor, Anti-bacteria functional fabric



Thermal Retention Functional Fabric



Perspiration Management Functional Fabric



Jacquard Fabric with Specialized Structural Modifications



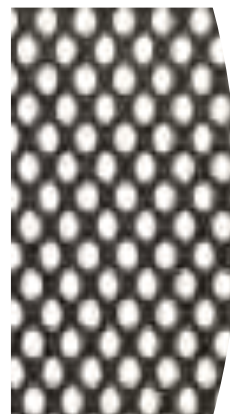
Printed or Embossed Knitted Goods or Laminated Fabrics



Environmentally Friendly Knitted Fabrics



Core Foundation



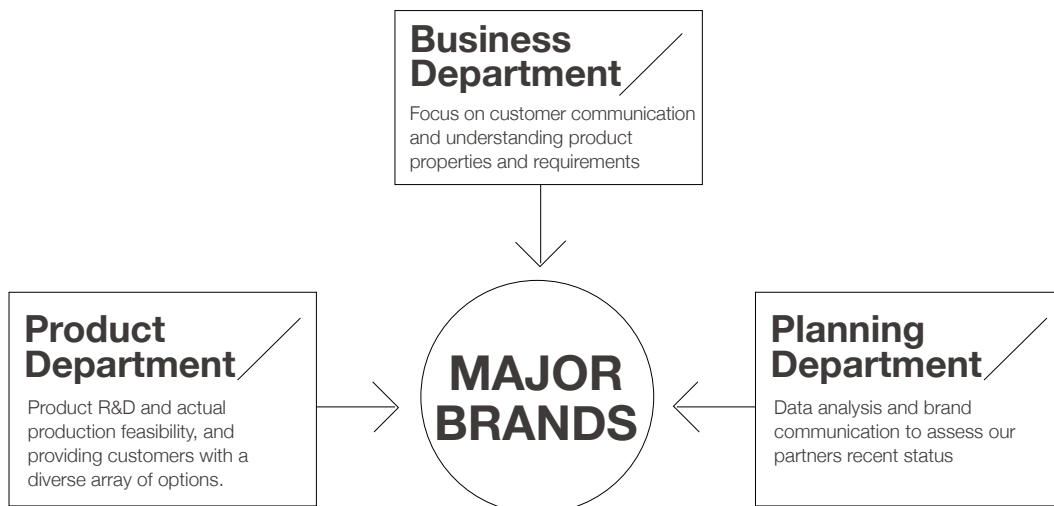
Compound functions



Main customer

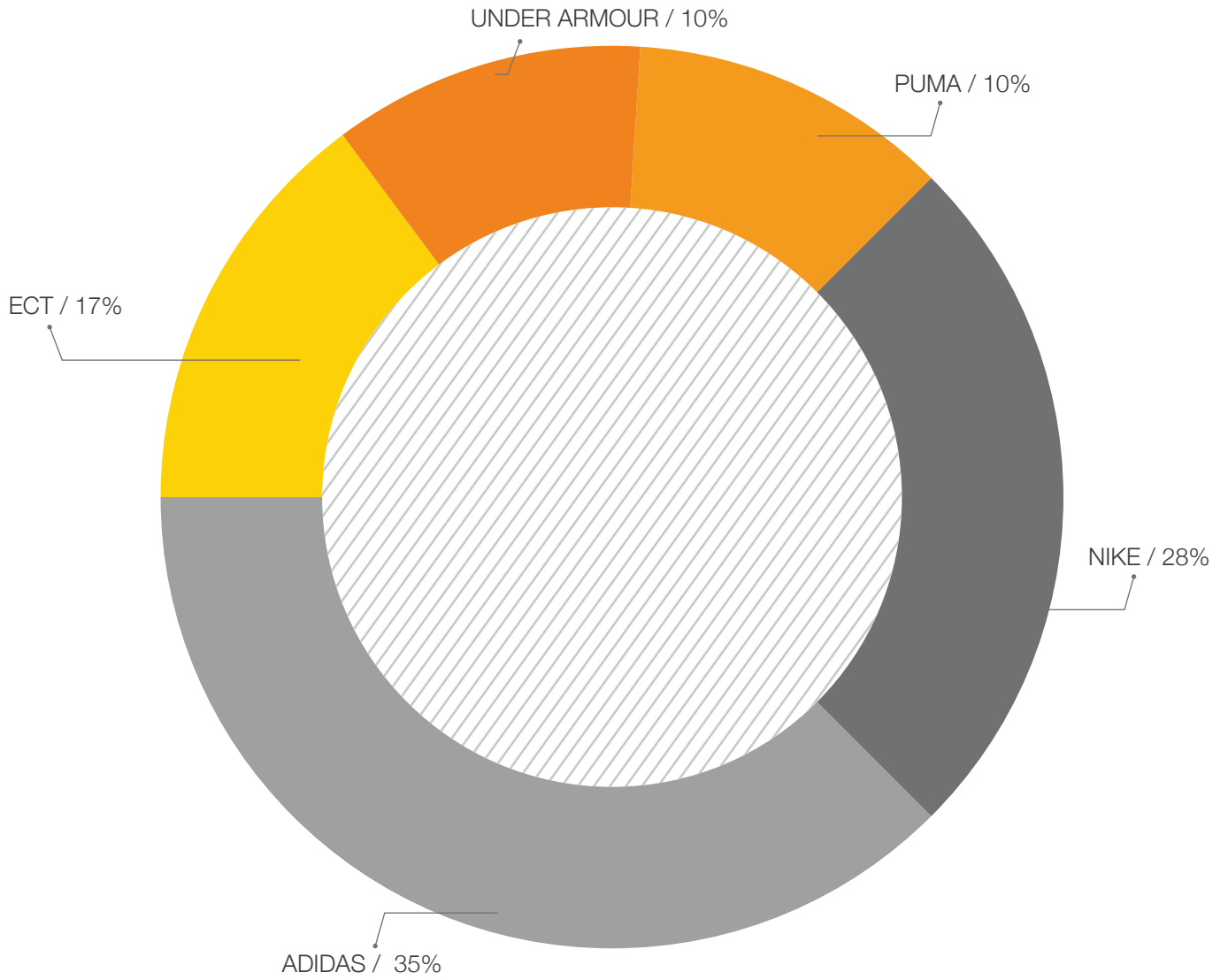


Men Chuen Fibre Industry has always been a supplier of high performance and functional fabrics. Renowned athletic brands such as Adidas, Nike, and Puma have been partnering with Men-Chuen for many years and we aim towards the same business goals and vision. Our products mainly include warp knitted fabrics, circular knitted fabrics, and flat knitted fabrics. Recently, new fabric types were developed in response to the needs of different brands. We have acquired various international certification to ensure that we are capable of providing high quality services and meet quality requirements of our products and fabrics.



2015

Percentage chart of the top 10 customer brands working with Men-Chuen, 2015

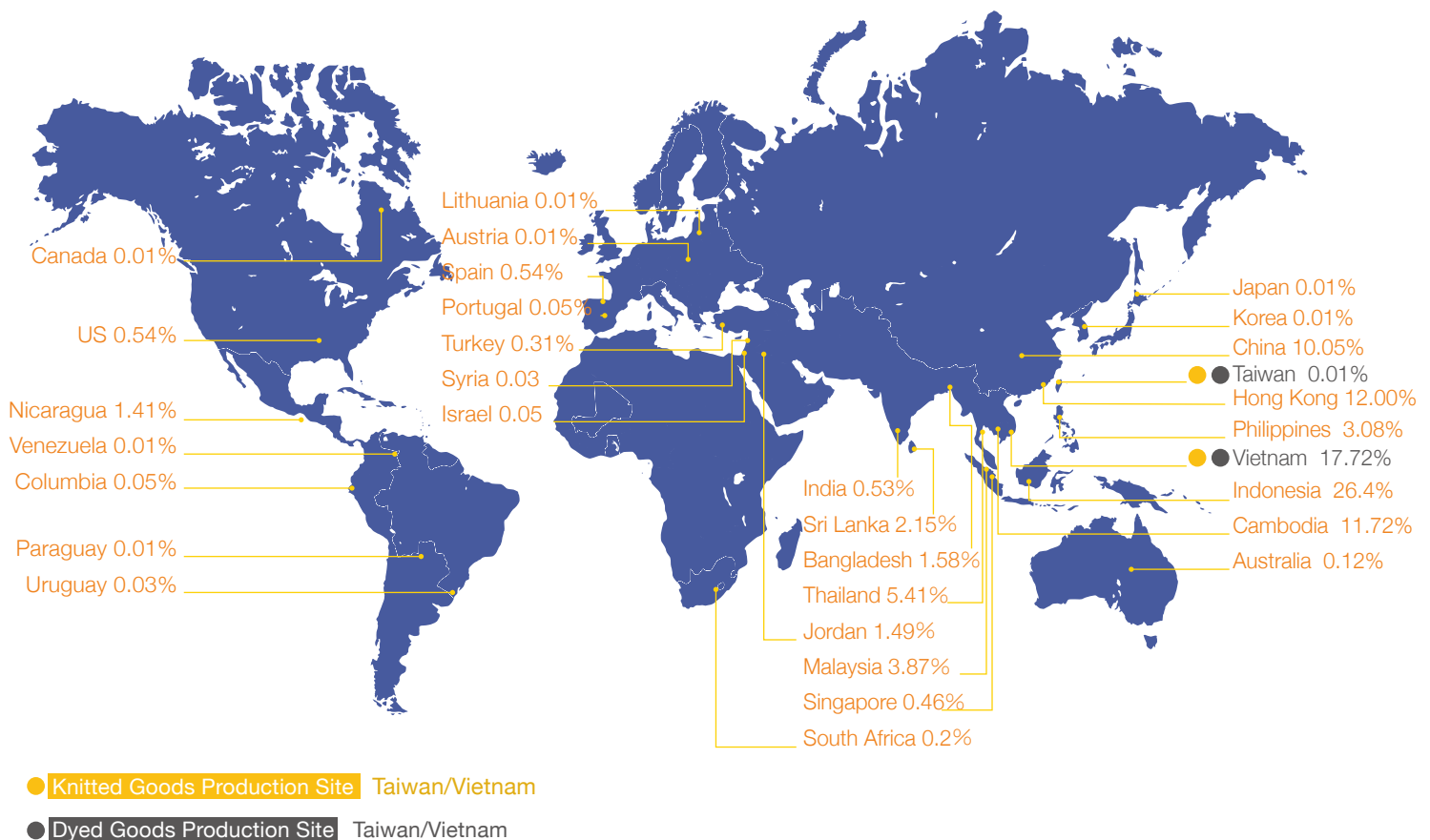
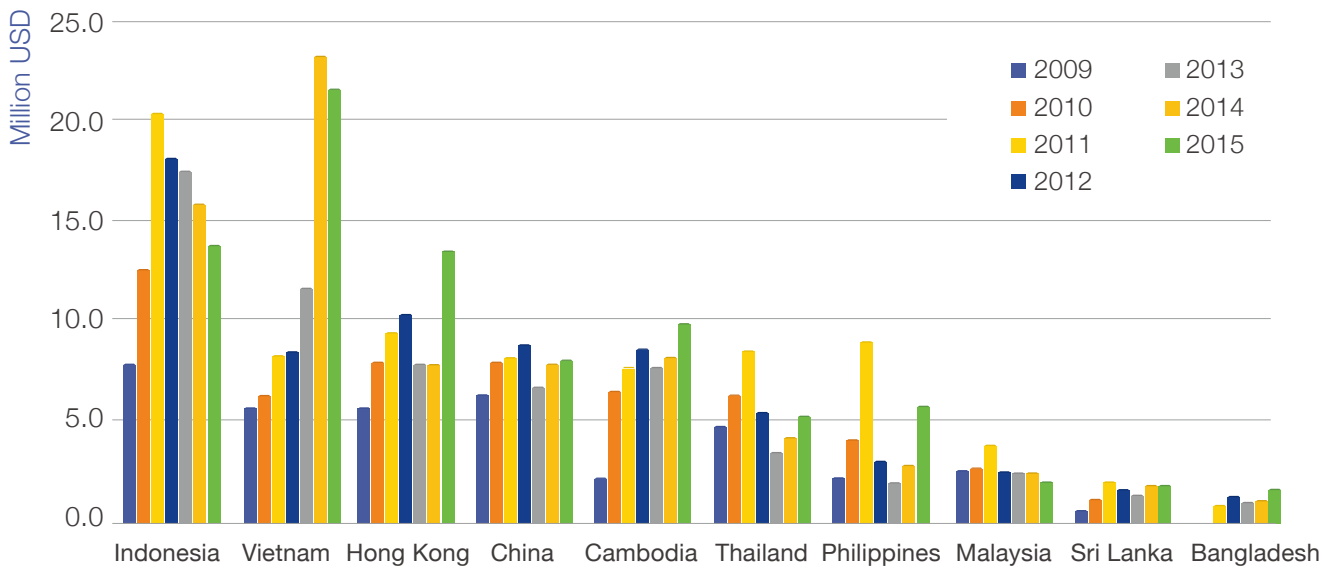


Selling distribution area

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

2009-2015

Growth trends of top 10 business areas



Unit: Million USD

Rank	Country	2009	2010	2011	2012	2013	2014	2015
1	Indonesia	8.0	12.9	20.6	18.4	17.8	16.1	14.1
2	Vietnam	5.9	6.5	8.5	8.7	11.9	23.6	21.4
3	Hong Kong	5.8	8.1	9.7	10.5	8.1	8.0	13.6
4	China	6.4	8.2	8.4	9.0	6.8	8.1	8.4
5	Cambodia	2.3	6.7	7.8	8.7	7.9	8.5	9.8
5	Thailand	4.9	6.5	8.7	5.6	3.6	4.3	5.4
6	Philippines	2.3	4.3	9.1	3.1	2.1	3.0	5.8
7	Malaysia	2.7	2.9	3.9	2.7	2.6	2.6	1.9
10	Sri Lanka	0.7	1.2	2.1	1.7	1.4	2.0	2.1
11	Bangladesh			0.9	1.5	1.1	1.2	1.6

名次	Country	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage
1	Indonesia	19.3	21.4	25.0	25.2	26.4	19.9	16.2
2	China	15.5	13.5	10.2	12.3	10.1	10.0	9.6
3	Vietnam	14.2	10.7	10.4	11.9	17.7	29.1	24.6
4	Hong Kong	14.1	13.5	11.7	14.4	12.0	9.9	15.6
5	Thailand	11.9	10.8	10.6	7.7	5.4	5.4	6.2
6	Malaysia	6.6	4.8	4.7	3.7	3.9	3.2	2.1
7	Philippines	5.7	7.1	11.0	4.3	3.1	3.6	6.6
8	Cambodia	5.6	11.1	9.5	12.0	11.7	10.4	11.2
10	Sri Lanka	1.6	2.1	2.5	2.3	2.2	2.5	2.4
11	Bangladesh			1.1	2.0	1.6	1.5	1.8

Chapter 02

Stakeholders



Stakeholders and bidirectional communication

In over 35 years of growth and development, Men-Chuen Fibre Industry has gradually shifted from the traditional model of profit generating enterprise to the principles of people-first sustainable management. We not only focus on the benefits of our shareholders, but also our stakeholders as well. We believe that every link and relationship is key to safeguarding the interests and rights of our shareholders and stakeholders, and any negligence of these relationships may lead to serious repercussions to our enterprises.

We established effective channels of communication to understand stakeholders' needs, identify the topics of interest, and respond to their requirements by implementing corresponding social responsibility measures. This allows us to generate better solutions that benefit multiple parties while pursuing economic, social, and environmental growth and developments. The following table lists Men-Chuen's stakeholders, the topics that they are interested in, as well as the method of communication employed.

Stakeholder	Leading topics	Communication
Employees	<ul style="list-style-type: none"> • Salary and welfare • Occupational health and safety • On-job training and professional development 	<ul style="list-style-type: none"> • End-of-year company-wide meeting • Employee opinion box • Employee satisfaction survey
Customers	<ul style="list-style-type: none"> • Product delivery • Product quality and R&D • Service Quality 	<ul style="list-style-type: none"> • Local / international exhibits • Regular customer visits • Supplier meeting of branded customers
Local Population	<ul style="list-style-type: none"> • Environment Management • Social charity 	<ul style="list-style-type: none"> • Monthly river cleaning event • Community service
Stockholder	<ul style="list-style-type: none"> • Sustainable development • Company Operations • Business Performance 	<ul style="list-style-type: none"> • Publishing of the Sustainability Report • Stockholder review meeting • Financial Report
Supplier	<ul style="list-style-type: none"> • Corporate operations and status • Company status and equipment • Supply chain management 	<ul style="list-style-type: none"> • Publishing of the Sustainability Report • Supplier opinion survey • Regular visits
Bank	<ul style="list-style-type: none"> • Corporate operations and status 	<ul style="list-style-type: none"> • Publishing of the Sustainability Report
Claims Adjuster	<ul style="list-style-type: none"> • Introduction of ISO, Bluesign, OHSAS, and LEAN management audits 	<ul style="list-style-type: none"> • Certification, audit, recommended improvements, training
Academic Unit	<ul style="list-style-type: none"> • Training of industry professionals • Sharing and integration of supply chain cluster development 	<ul style="list-style-type: none"> • Providing business-education partnerships • Industry professional training programs
Government Units	<ul style="list-style-type: none"> • Corporate governance • Energy consumption • Occupational health and safety 	<ul style="list-style-type: none"> • Establishing company regulations and governance in compliance to the relevant laws

Chapter 03

Economic

Financial Status Analysis

Total operating revenue of Men-Chuen in 2015 was NT\$ 2,902 million for an year-on-year growth of 3.83%. This was primarily attributed to the rapid growth of exports and external sales orders. Net annual profits dropped by 37.63% in 2015 mainly due to the rebounding of global crude oil prices, increasing production costs while reducing average annual sales prices by 7.88%. Non-business income increased due to depreciation of the New Taiwan Dollar. The growth in earnings per share (EPA) was also a result in changes to foreign exchange rates.

Table of financial summary and analysis

Unit: Million New Taiwan Dollar

Project / Year	2015	2014
Operating revenue	2,902	2,795
Gross business profit	320	403
Operating profit	58	93
Non-business income and benefits	81	36
Non-business expenses and loss	46	38
Pre-tax (loss) and gain	93	91
Post-tax (loss) and gain	76	64
Earnings per share (EPA)	1.56	1.32

Government support

In 2015, the corporate image improvement and international marketing project of Men-Chuen Fibre Industry was formally admitted and achieved the 6th place in the Taiwan Textile Federation sponsorship program to gain an NT\$ 900,000 subsidy. This achievement represents the greatest acknowledgment and encouragement of our commitment towards quality products.



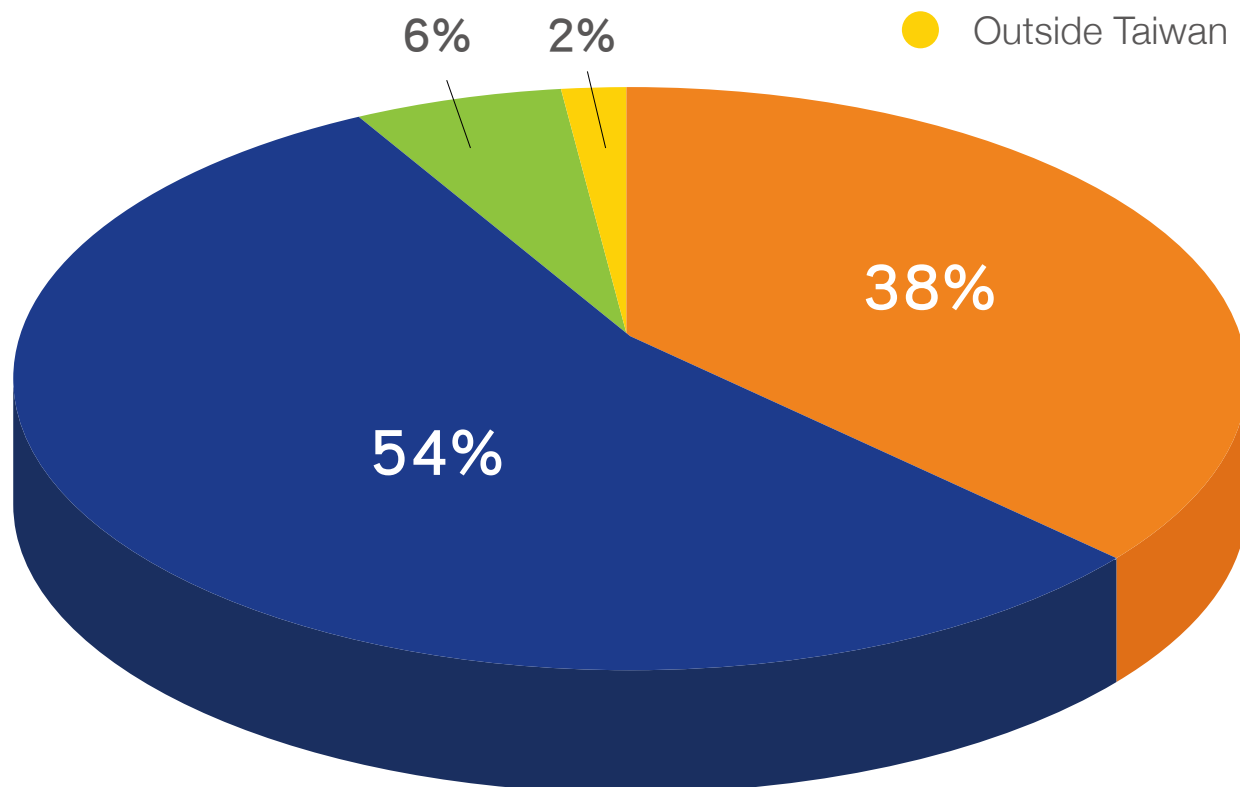
MAXLAND Sportswear Industrial Co., Ltd.	Maxland integrated marketing plan for outdoors, recreational sportswear and innovative, green materials	1,000,000	Approved
De Licacy Industrial Co., Ltd.	Aero-tech functional textiles marketing and international sports and casual branding project	950,000	Approved
Labtex Company	International business development project for advanced, comfortable, and functional products	950,000	Approved
CHAIN YARN CORPORATION	CHAINLON® differentiated nylon product international marketing and promotion project	900,000	Approved
PAIHO GROUP	Marketing and promotion project for innovative and value added accessories trimmings	900,000	Approved
Men-Chuen Fibre Industry Co., Ltd.	Men-Chuen corporate image improvement and international promotion project	900,000	Approved
Great Giant Fibre & Garment Co., Ltd.	Free marketing project for the US Market	850,000	Approved
New Wide Enterprise Co., Ltd.	International marketing project for innovative and quality knitted fabric brand supplier.	850,000	Approved
Singtex Industrial Co., Ltd.	International marketing project for next-gen coffee-based and green biomass products	850,000	Approved
Asiatic Fiber Corporation	AFC® Happy + Active Life international marketing project	800,000	Approved

Suppliers

Men Chuen Fibre Industry mainly focuses on dyeing and finishing with major production facilities in Luzhu District of Taoyuan City. In 2015, 48 knitting plants have partnered with Men-Chuen, more than half of these plants were located in Taoyuan City, including Men-Chuen Guishan Knitting Plant and 25 others. The remaining 22 would be located outside Taoyuan.

Distribution and proportion of suppliers

- North of Taoyuan 38%
- Taoyuan Area 54%
- South of Taoyuan 6%
- Outside Taiwan 2%



Chapter 04

Social Aspects



Introduction

At Men-Chuen, we regard fellow employees and staff as our most important corporate assets, and we comply with the Labor Standards Act, Act of Gender Equality in Employment, Occupational Safety and Health Act, and other relevant laws in order to ensure the rights and interests of our employees and offer them with fair welfare and care.

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

Welfare item	Number in 2012	Number in 2013	Number in 2014	Number in 2015
Marriage, funeral, and celebrations	11	11	13	15
Training bonuses	78	78	78	78
New employment	376	372	377	400
Labor Day (May 1st)	390	370	392	378
Duanwu Festival	381	367	393	413
Mid-autumn Festival	376	380	387	413
Birthday Bonus	336	337	337	291
Baby bonus (1 month old)	1	1	4	7

<Number of beneficiaries every year in Men-Chuen>

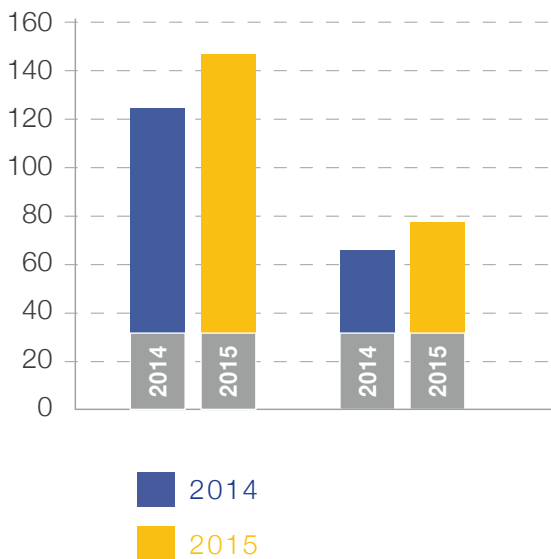
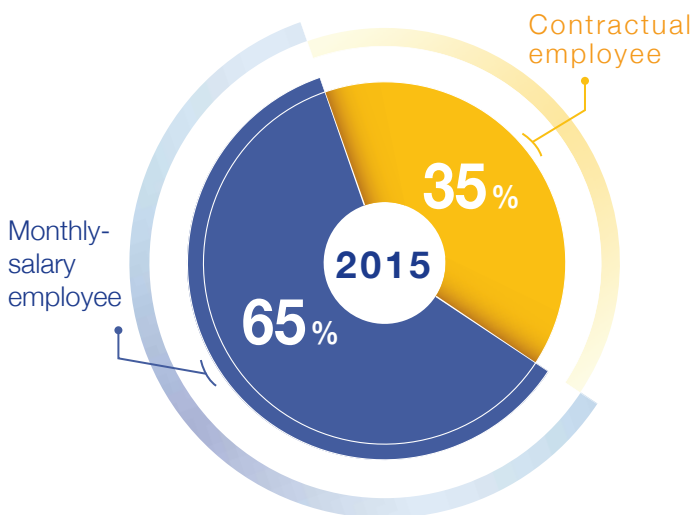
In order to ensure that our fellow employees are able to work in a safe environment, we offer stable and competitive salaries as well as other employee-oriented welfare subsidies and bonuses that include annual employee tours in Taiwan and other countries, baby bonuses, subsidies for external training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

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

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

Proportion of each employment category

> Proportion of each employment category



> Proportion of each employment category in 2015

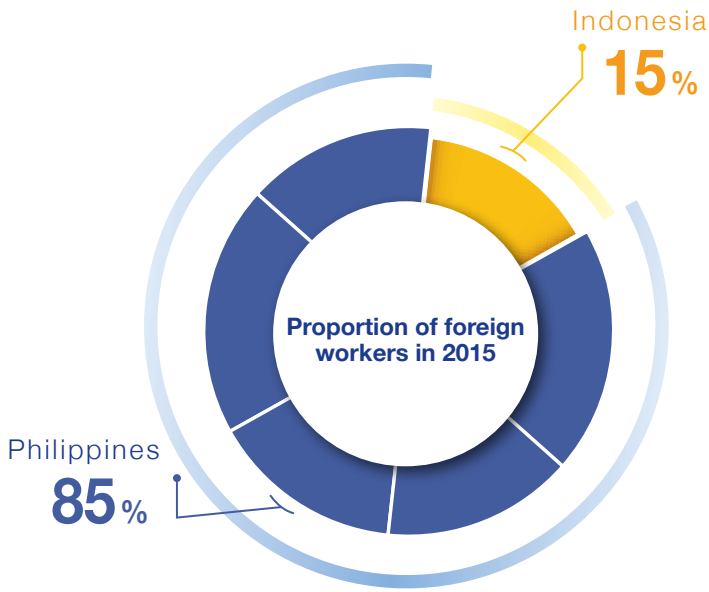
Employment category	Number employed	Proportion employed
Monthly-salary	141	65%
Contractual	76	35%
Subtotal	217	100%

We uphold labor laws of the host countries of our business operations to provide proper care of our employees and safeguard their rights. Our recruitment policy does not discriminate by race, gender, nationality, religion, political affiliation, or age, and we make every effort to arrange suitable work environments and job functions according to the physical and mental health of our colleagues.

In 2015, all foreign employees recruited by Men-Chuen first underwent an interview in order to assess their professional skills and competences. They were then assigned with relevant work responsibilities that maximizes their skills and talents. There are 2 major employment recruitment categories at Men-Chuen: monthly-paid employees and contract employees. Men-Chuen currently has a work force that include 141 monthly-paid employees (65% of total workforce) who are mostly local Taiwanese and 76 contract employees (35% of total workforce) mostly from other countries.

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

> Proportion of foreign workers



> Proportion of foreign workers

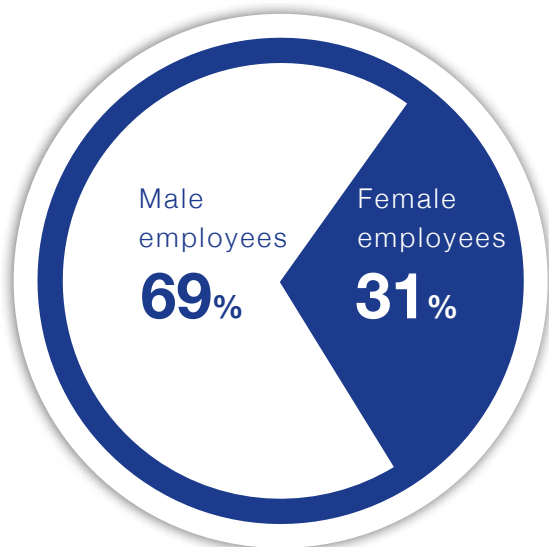
Country	2014	2015
Philippines	56	66
Indonesia	10	10

Men-Chuen employs 76 foreign workers, mostly from the Philippines (66 individuals) and Indonesia (10 individuals). Foreign workers are provided with accommodations and canteen meals. Currently, most foreign workers recruited by Men-Chuen come from the Philippines.

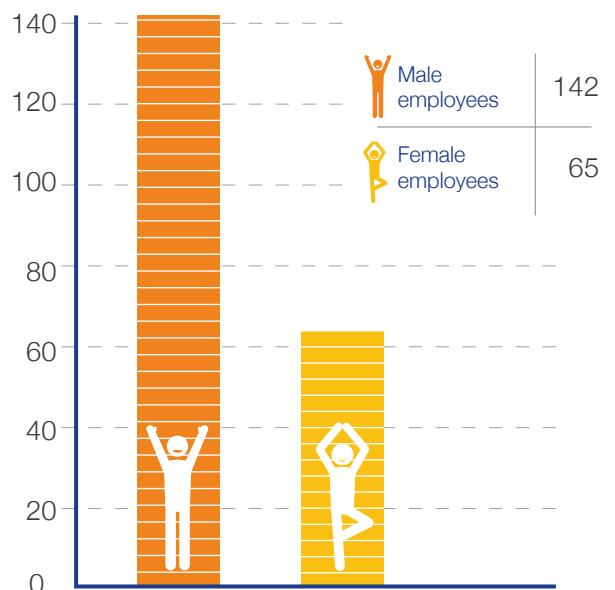
Employee Gender

Work in the manufacturing floor of the textile industry involves physically demanding labor. Hence, there will be more male employees in the line. Male to female ratio is currently 2.2 : 1 in Men-Chuen.

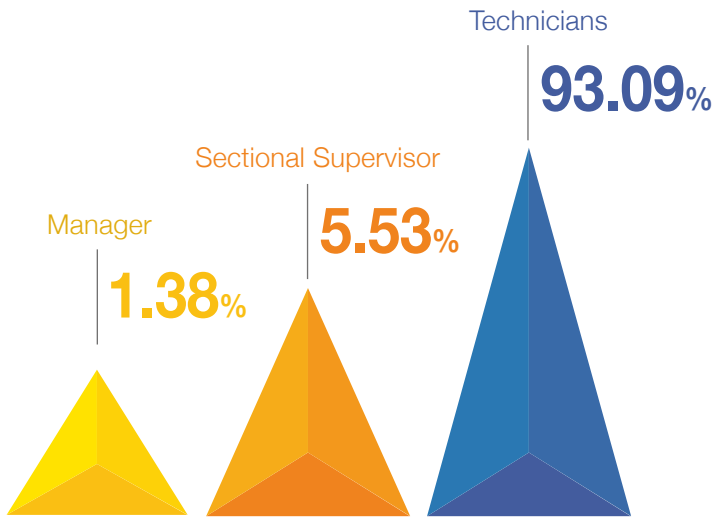
> Proportion of employee gender



> Number of employees by gender



Proportion of employees by position

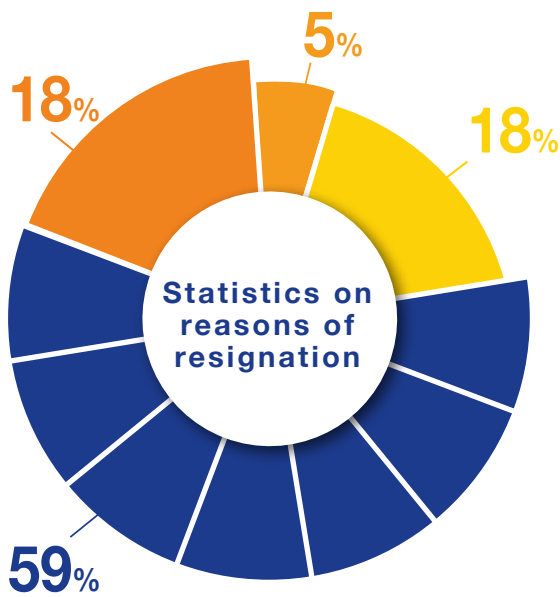


Human resources proportions at Men-Chuen.
Manager : Supervisor : Technician = 1 : 4 : 67

Rank	Number	Proportion
Managerial staff	3	1.38%
Sectional supervisor	12	5.53%
Technician	202	93.09%
Subtotal	217	100%

Statistics on reasons of resignation

> Statistics on reasons of resignation



- Career planning
- Retirement
- Health reasons
- Family

Future development	Personal career planning	59%
Retirement	Reaching the age of retirement	5%
Health issues	Unable to cope with the physical work	18%
Family	aring for family members	18%

Men-Chuen adheres to regulations governing employee resignation and the minimum number of days for advance notice for resignation provided in the Labor Standards Act. When employees submit resignation applications, the supervisor would also actively evaluate the employee's reasons for resigning. All employees are subject to the protection of labor contracts that include rules on rewards, penalties, and termination of employment. Job rotations and internal training courses are provided on a regular basis to enhance employee competences and improve their productivity.

Labor-Management Relations

Competitive Remuneration System

Men-Chuen refers to local laws and markets to offer employees with competitive salary systems for the purpose of attracting and retaining skilled talents. The overall remuneration system includes basic wages, subsidies, bonuses, and profit sharing. Employee wages do not differ by gender, race, nationality, or age.

Human rights and anti-discrimination

No complaint related to human rights or discrimination was reported in Men-Chuen in 2015. We support personal freedom and the principles of human dignity, rights, and equality. Employees in Men-Chuen may utilize anonymous communication channels established in the company to reflect any unfair treatment that such as workplace violations of human health and safety, discrimination, sexual harassments, or forced labor. Men-Chuen also adopts the most stringent personal information protection laws to give fellow employees freedom and confidentiality when submitting complaints. Men-Chuen will also take corrective and preventive measures and strengthen advocacy for legal awareness for any discrimination that takes place.

Employees' feedback channels

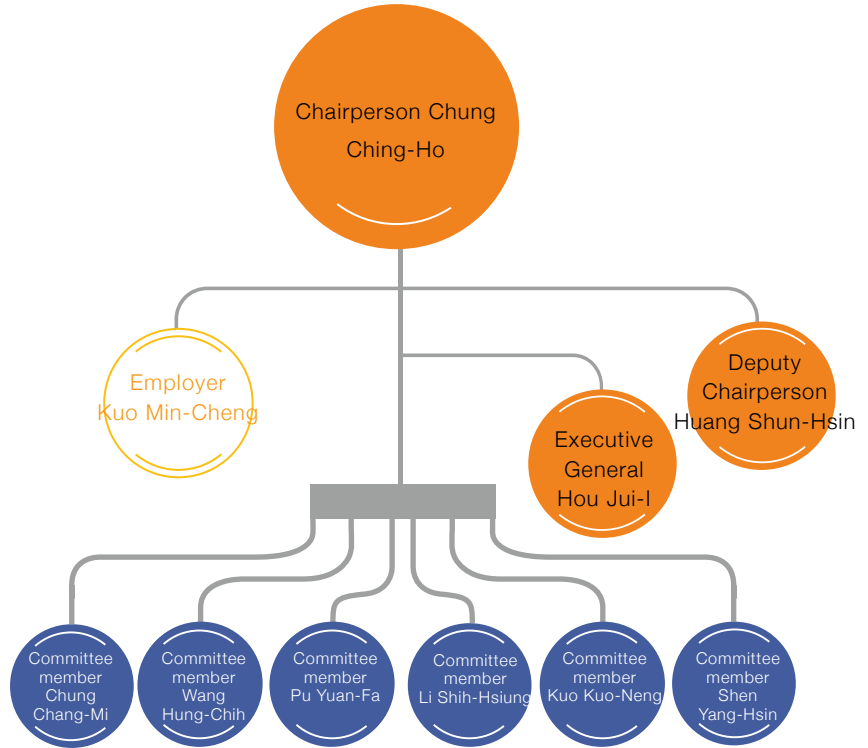
At Men-Chuen, we place great importance on labor-manager relationships. We have established a Welfare Committee and the Employees' Opinion Box that serves as an open and accessible channel to exchange opinions between our employees and their supervisors. The Human Resource Department also regularly implements Employee Satisfaction Surveys to acquire employee feedback, identify root causes of various problems, and propose suitable solutions.

Welfare Committee members serve in 4-year terms. A meeting is held every quarter to discuss employee feedbacks and provide relevant responses. An end-of-year meeting will also be held to formulate employee welfare items and budget for the next year.



Employees' Opinion Box

> Employee Welfare Committee organization chart



Year	Feedback cases	Source	Contents	Handling	Employee feedback
2012	1	Factory worker	Variety of items sold in the factory's vending machine can use a little more variety.	<ol style="list-style-type: none"> 1. Communicate with the vendor by phone 2. Improve diversity of items offered at the vending machine and replace unpopular items. 3. Increase the frequency of food replacement of the vending machine to once per day. 	Original request satisfied
2013	2	Factory worker	Can the company help provide safekeeping services for our passports and deposit books?	<ol style="list-style-type: none"> 1. Foreign workers have voluntarily requested the company to provide safekeeping of personal documents. 2. Not mandatory for those without the intent 	Original request satisfied
			Please replace and upgrade personal protective equipment	<ol style="list-style-type: none"> 1. Replaced expired or damaged equipment 2. Raised the budget allocated for personal protective equipment 	
2014	0	Factory worker	None	None	None
2015	1	Factory worker	Items placed in the work area should comply with occupational safety regulations.	<ol style="list-style-type: none"> 1. PVC pipes leaning against the wall have been moved to the storage area and placed horizontally. 2. Patrol the work areas to identify other cases of unsafe storage of placement of items. 	Original request satisfied

Definitions and laws of occupational accidents

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

Year	Workplace accidents
2011	0
2012	0
2013	0
2014	0
2015	0

The Table on the left shows that Men-Chuen has zero occupational injury during the past 5 years, demonstrating our remarkable achievement and our efforts towards occupational safety.

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

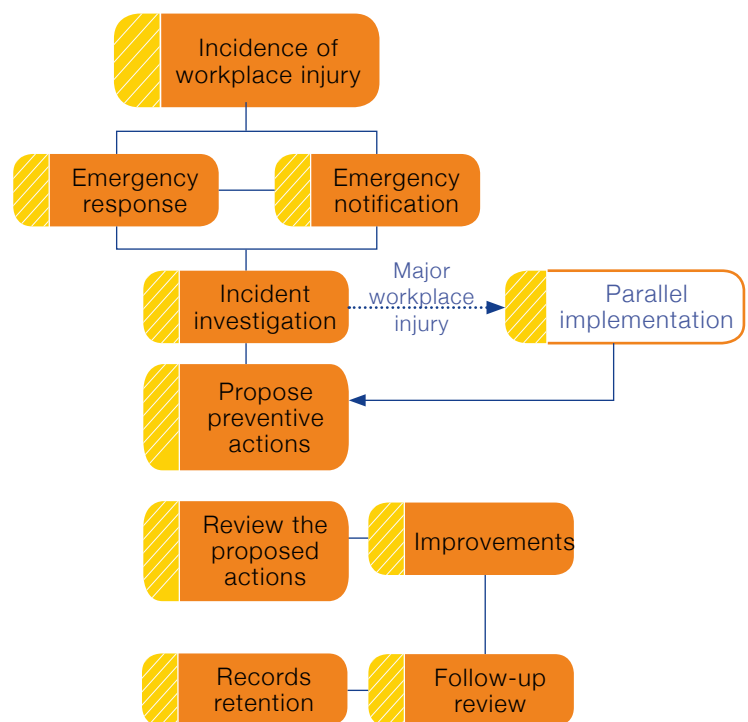
Zero occupational injury has always been the objective of our annual safety program. In addition to auditing and improving our work environments, we also regularly commission 3rd party inspectors to check the combined temperature and thermal indicators as well as noise levels of the work environment. For employee occupational accident insurance, Men-Chuen has provided relevant accident insurance coverage for employees working at our company.

Occupational injury handling procedure

> Workplace accident review flowchart

The figure on the right shows the occupational injury evaluation flowchart. In the event that an occupational injury has occurred, emergency notification and response shall be initiated immediately.

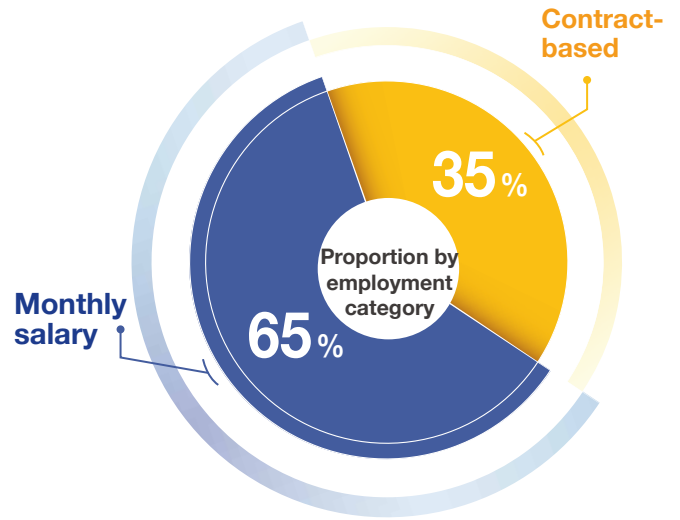
This ensures that employees affected by the occupational accident will receive immediate and appropriate treatment in a timely manner. Root cause analysis shall be carried out for any occupational accident that occur followed by proposal of corrective actions and effective preventive measures. Further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



Employment category

Men-Chuen employees are divided into monthly-salary employees (141 individuals for 65% of the work force) and contract employees (76 individuals for 35% of the work force). Professional training programs including external training agencies and internal training courses are provided to Men-Chuen employees to ensure that they are able to make better use of their skills and undergo appropriate courses and support in order to enhance their professionalism.

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



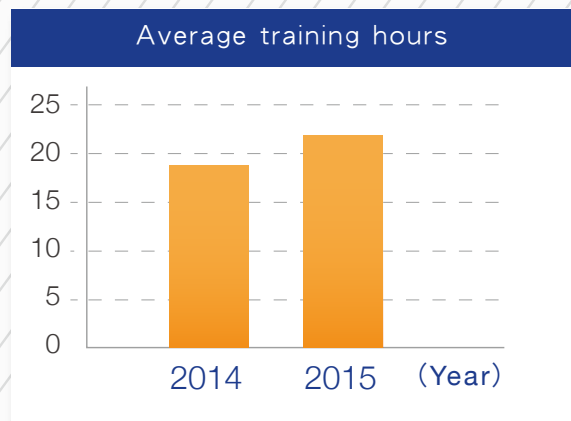
Average employee training hours

Employees represent the biggest asset of any company. Employee competence and safety awareness training is thus a key topic for any business owner. We strongly believe that continuous learning drives continuous improvements and thus offer diverse learning opportunities so that employees can improve their competences in relevant job functions. We also hope that our employees are able to gain meaningful and valuable experiences in their careers at Men-Chuen.

Average length of training for the year of 2015 was 22.2 hours, which was an increase of 15% compared to the 19.3 hours of 2014.

The General Affairs Office has planned training courses by the individual employee as well as his or her role. The Office is also responsible for coordinating annual training programs, training strategies, and assessment systems for the entire company. The training programs are then expanded to various departmental supervisors who then formulate and provide professional training programs within their own departments. Given the fact that each department has their own unique requirements, the departmental supervisor would design a specialized professional skill-training courses to enhance the required set of technical competences. Employees are also encouraged to acquire technical licenses and certificates. We invest in employee participation of relevant professional license seminars and training courses, and reward employees successfully certified to the relevant skills.

Item	Total training hours	Average training hours
2015	209	22.2
2014	193	19.3



Gender and salary comparisons

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

Foreign worker salary is also higher than the basic salary of NT\$ 20,008 stipulated by the Ministry of Labor in 2015, as well as other relevant employee salary laws of the Republic of China. Accommodations and holidays are provided. The law permits a monthly deduction of NT\$ 4,000 from the salary for meal expenses. Men-Chuen, however, provides a more competitive deduction of only NT\$ 2,000 as well as fixed deposit services for the employees accordingly.



Recruitment procedure at Men-Chuen

From the Men-Chuen employee recruitment flowchart, we could see that personal information provided by the prospective employee will be subject to a 2-stage review by the recruiting department, namely data verification and suitability assessments.

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

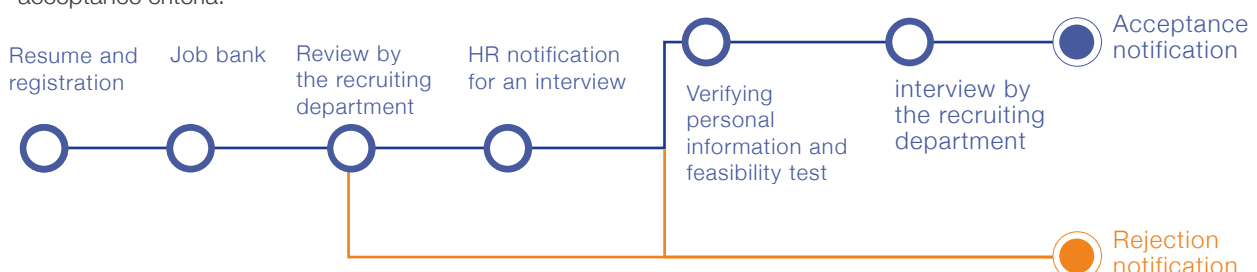
- ① Job bank
- ② Online recruitment
- ③ Employment exhibits
- ④ Business-education partnerships (including Ming Chi University of Technology and Oriental Institute of Technology)

Prospective candidates who have been selected will undergo the review process. The first stage will be review by the recruiting department:

The supervisor of the recruiting department will verify the resume and personal information furnished by the interviewee.

During the phase involving personal information verification and suitability assessment, the HR personnel shall verify personal information and assess the interviewee's suitability. The interviewee must provide his or her personal identification issued by the Republic of China as well as other forms of certification (such as academic diplomas and professional licenses) to verify the truthfulness of the resume furnished by the interviewee and to select the best candidate available.

After completing our stringent personnel recruitment process, interviewees who satisfy the requirements of the recruitment department as well as reviewing processes of the HR personnel shall be welcomed on-board as a new employee of the company. Men-Chuen shall also provide a documented notification to job candidates who fail to meet our acceptance criteria.



Definitions and regulations for child workers

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

The oldest employee of Men-Chuen is currently 64 years old, while the youngest is 21 years old. Due to its unique processes, work in the textile industry is considered heavy physical labor according to the statutory regulations of the Labor Standards Act. Men-Chuen thus upholds regulations stipulated in Article 44 of the Labor Standards Act of the Republic of China and does not employ any employee under the age of 16 (but more than 15).

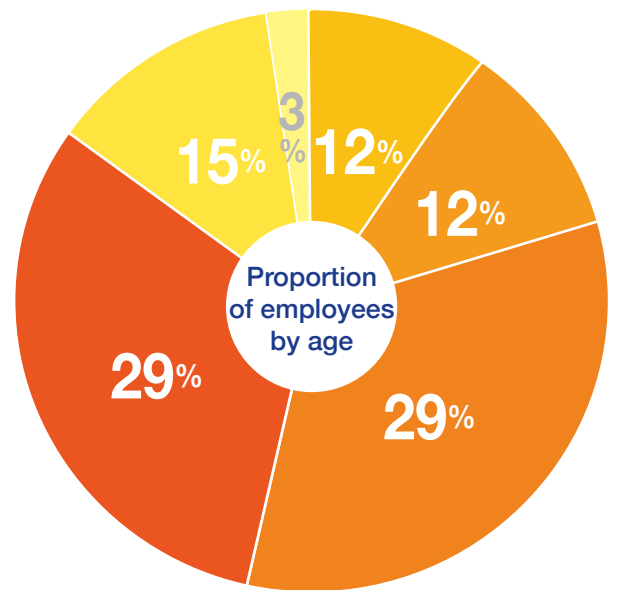
Business-education partnerships

Men-Chuen upholds the spirit of Incorporating Businesses within Universities and Introducing Universities to Businesses to enhance local employment opportunities and to achieve greater heights of social and economic development. We uphold the motto of Learning by Doing and Learning While Doing as well as applied and practical learning philosophies for vocational schooling stipulated by the Ministry of Education. Men-Chuen works together with vocational schools to recruit students and provide them with internship programs that provide better understanding of the skills they will need in their career.

Since 2013, Men-Chuen has initiated an internship and practical education course with Ming Chi University of Technology. A list of available work positions was provided to student applicants who would then be personally interviewed by Men-Chuen. Those who pass were offered a 1-year full-time internship program to acquire relevant professional skills and experience actual work environments and society outside the campus.

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

> Human rights indicators in Men-Chuen



● 55-64 years old ● 45-54 years old ● 35-44 years old
● 30-34 years old ● 25-29 years old ● 20-24 years old



Various competitions and employee tours

Men-Chuen Cup was first held in mid-December 2015. Athletic events like these were organized to inspire passion outside work and to build teamwork and perseverance during the competition. The Men-Chuen Cup also helps to foment fighting spirit and corporate identity amongst fellow employees. We also encouraged employees to invite their family members to join in the fun to build and strengthen friendships and relationships between employees and their families. The Men-Chuen Cup also helped to improve our corporate value, build our people-first corporate culture, and enhance the employees' sense of belonging while increasing business productivity.

> Men-Chuen Cup Basketball Tournament



Competitions and Employee Tours

For welfare, Men-Chuen subsidizes employee tours, providing them with physical, mental, and spiritual relaxation and a chance to fraternize with their fellow employees. Men-Chuen does not just offer employees with a single travel option. Everyone is given a chance to vote for their preferred destinations. The leading travel packages are then offered for employees to choose from.



2015 Men-Chuen Employee Nantou Tour



2015 Men-Chuen Employee Kaohsiung Tour

Certificate of Gratitude presented by the Taoyuan City Government



Community service

At Men-Chuen, we greatly appreciate the communities where our factories are located in for providing us with a wonderful environment to conduct our business, making it possible for our plants to achieve healthy development. We hope that these corporate social responsibility (CSR) programs will allow us to contribute to the people and environment of our community, build a positive relationship between our factories and the local neighborhoods, and help fulfill our CSR commitments.

Community Service

- > Using self-made fabric bags for cleaning away material clogging the drainage pipes
- > Cleaning away the gravel on the road surface at the same time



River cleaning event



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

Starting in 1 June 2014, Men-Chuen has been conducting monthly cleaning operations along Nankan River. Activities of this river adoption program include maintaining our adopted river section, regular patrols and cleaning of the aquatic environment, and checks for overgrown weeds or litter.



Certificate of appreciation for river adoption published on the newspaper by the Taoyuan City Government

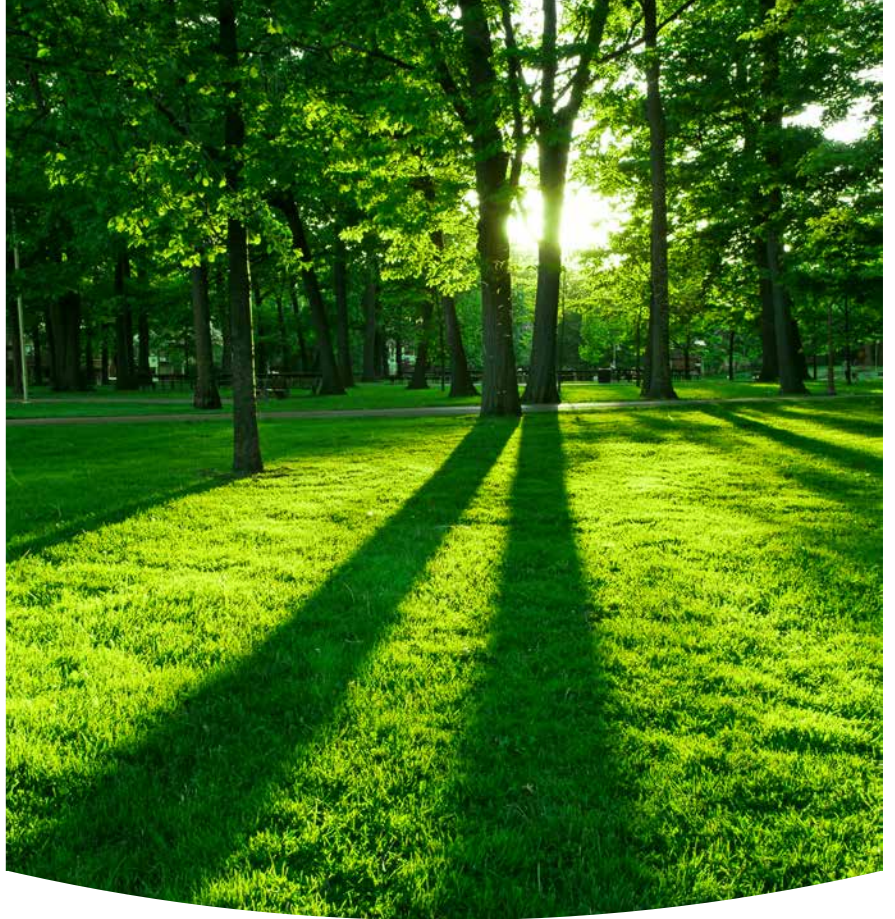


Agreement of River Adoption by Men-Chuen



Chapter 05

Environment Maintenance and Improvement



▮ Maintenance and improvement of the environment

Climate change is now regarded as a major global environmental issue. In Men-Chuen, we are committed to various efforts including expansion of the wastewater treatment facility, energy saving efforts, improvements to power use efficiency, process improvements, and water usage monitoring. Such measures are aimed at reducing environmental impact and manage possible risks arising from climate change.

Risks and opportunities posed by climate change

Men-Chuen has identified possible operating risks as well as potential influences to raise corresponding strategies. We also established monitoring and management systems for verified risks.

Legal Risks / Newly stipulated statutory regulations related to the environment or climate changes or those awaiting further amendments may lead to increased expenses or even process changes, affecting the operating performances of our company. These new laws on climate changes may also result in significant increase in overall energy costs. Men-Chuen's energy costs may also greatly increase if the competent authorities or power companies partially or completely transfer carbon taxes, emissions control, or costs incurred from carbon trading.

Physical climate risks / Climate changes may result in increased frequency and severity of rainstorms, floods, droughts, and other climatic disasters that would impact our operations and supply chains. Examples of negative impacts include shortage of water resources or interruption of raw material supplies.

Other risks / More and more people are concerned with climate changes and environmental issues. Our operational performance may be affected when customers require products or services that exceed current standards of environmental standards. Failure to provide the aforementioned products may result in a loss of market

share. However, Men-Chuen believes that the challenges of climate changes offer new opportunities. We adopted energy and water resource conservation measures to meet the expectations of creating a greener world, and established a stable system to better adapt to climate changes and mitigate its impacts.

Environmental Maintenance, Response, and Contribution

Men-Chuen became part of the government's clean river strategy and committed ourselves to the removal of overgrown weeds as well as litter from the riverbanks. We also implement routine observations of river ecologies and record water quality and color. Men-Chuen created garbage bags using waste fabrics from the production lines. Each bag is capable of carrying 50 kg of garbage, helping to reduce the usage of large plastic bags while achieving reuse of waste fabrics.





Greenhouse gases

In response to the global trends in the development of low carbon economies, corporations will continue to play increasingly important roles in environmental risk management. Men-Chuen has established a system of carbon management, using greenhouse gas (GHG) emissions to track carbon footprints as well as continuous management of emissions data to verify our ability to achieve continual improvements in energy efficiency and global footprint management.

We know that our improvement efforts will help to reduce total GHG emissions gradually. In 2015, total GHG emissions of the Nankan Dyeing Plant amounted to 8.17 million carbon dioxide (CO₂), which was a 7.8% reduction compared to the 8.80 million tons CO₂ emitted in 2014. This reduction could only be achieved through Men-Chuen's continuous efforts in energy saving and carbon reduction. 99.2% of GHG emissions in Men-Chuen was a result of electricity consumption while only 0.8% was attributed to fuel use by fixed or mobile combustion (fuels may include kerosene, petroleum, and super diesel).

Men-Chuen's production energy conservation improvement program of 2015 primarily utilized power and heat energy recycling to save costs. For power, we revised and stipulated a reasonable contractual volume and adopted a time-of-use power-pricing scheme. These 2 schemes allowed us to achieve a savings of NT\$ 3.88 million for power costs.

1. Re-stipulating a reasonable contractual volume

Average monthly power use in Men-Chuen is about 2,639 kW. The previous contractual volume of 2,780 kW would be excessive when compared to such power use. When stipulating contractual volumes, considerations must be made for both basic demand charges and penalty charges for excessive use. Reasonable contractual volumes should allow some degree of excessive use above the contractual volume in order to minimize demand charges and penalty charges and achieve savings in power expenses.

2. Selecting time-of-use power pricing

Summertime peak hours (07:30 to 22:30) for the two-segment time-of-use power pricing model was re-divided to three segments of time-of-use power pricing with peaks of 10:00 to 12:00 and 13:00 to 17:00 as well as partial peaks. Switching from a two-

segment model to three-segment model would result in a peak hour and partial peak proportion of 60% and 40% respectively.

Although the three-segment time-of-use summertime monthly power pricing has a higher unit price compared to the two-segment model, it offers lower overall unit price in non-summer months. Men-Chuen therefore switched to the three-segment time-of-use power pricing model, achieving 8% savings in overall power bills that amounted to NT\$ 3.70 million.

Energy management and conservation

Men-Chuen's production sites are furnished with 2 thermal heat boilers and 2 steam boilers, all of which uses low-sulfur fuel oil. Plans have been made to install exhaust-recycling system.



Steam boiler



Steam boilers with no heat recycling systems

Air combustion ratio was adjusted to reduce boiler exhaust contents by 1.5% and raise overall energy use efficiency by about 0.5%, helping to reduce fuel use by about 0.5%. Heat recycling systems were also established at the heat usage end, which further improved fuel usage savings to 4.5%.

Expected benefits

Assuming a unit price of NT\$ 20,000 / kiloliters of fuel, savings would amount to NT\$ 5.80 million / year. Investment costs would be about NT\$ 5.00 million, requiring a payback period of about 0.9 years. The finished device would reduce GHG emissions by about 900,000 kg CO₂e.

Water resources

Water is a most important resource. Men-Chuen is therefore fully committed to ensuring the protection and preservation of our water. Men-Chuen's water resource management plan was implemented along the 3 strategies of volume reduction, re-use, and recycling. We use water saving taps, toilets, and other water saving devices to reduce consumption. We also recycled wastewater generated during the rinsing steps of the dyeing and finishing process.

In 2015, we used about 329,000 tons of water recycled from our dyeing and finishing processes (which was equivalent to 34% of total water use). Our major water conservation measures include:

- Purchasing of reduction clearing (RC) equipment capable of saving second RC water from the dyeing vats.
- Acquired low liquor ratio dyeing machines to replace the original dyeing units with high water consumption



1. Purchased RC cleaners to save 2nd RC water for the dyeing vats

In addition to recycling heat generated by the dyeing vats, water saving solutions can also be achieved by improving process steps. During the dyeing and finishing processes, we reviewed the different types of fabrics and found that some types only need a single RC step while others require two. Each RC step requires as much water as the dyeing process and prolongs dye vat usage time. We therefore purchased specialized RC units that carries out all second RC steps in our production floor.

Advantages offered by the RC units:

1. Water saving: Continuous RC units uses only 1/10 of the water used by dye vats used for RC steps.
2. Shorter time: RC units achieves RC steps faster than dye vats.
3. Improved space efficiency and production capacity: Dye vats could be used for the dyeing of other fabrics.

2. Added low liquor ratio dyeing machines to replace the original dyeing units with high water consumption

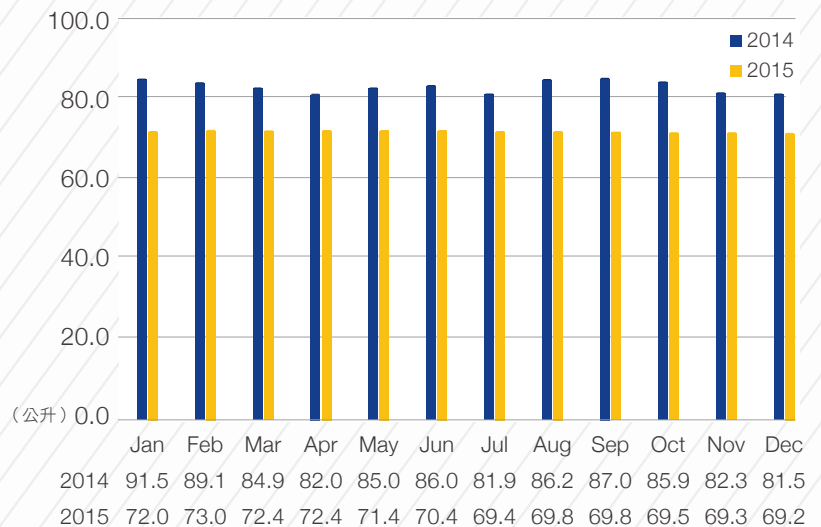
① Low friction properties of Teflon and new design elements could greatly reduce the friction between fabrics during the operation. This improves water use efficiency as fabrics could now be moved effectively with less water. This solution offers effective water reduction and greatly reduces water consumption.

② Upgrades to our mechanical, electrical, power control, and other internal systems helped improve fabric input capacity while greatly reducing liquor ratio from 1 : 8~12 to 1 : 6~8, successfully reducing water costs.

③ Significantly lower liquor ratios also reduced the amount of steam and boiler capacities required. Usage of dyes and auxiliaries could also be reduced proportionately, further lowering the amount of wastewater generated and effectively cutting down the costs for wastewater treatment.

liquor ratio column

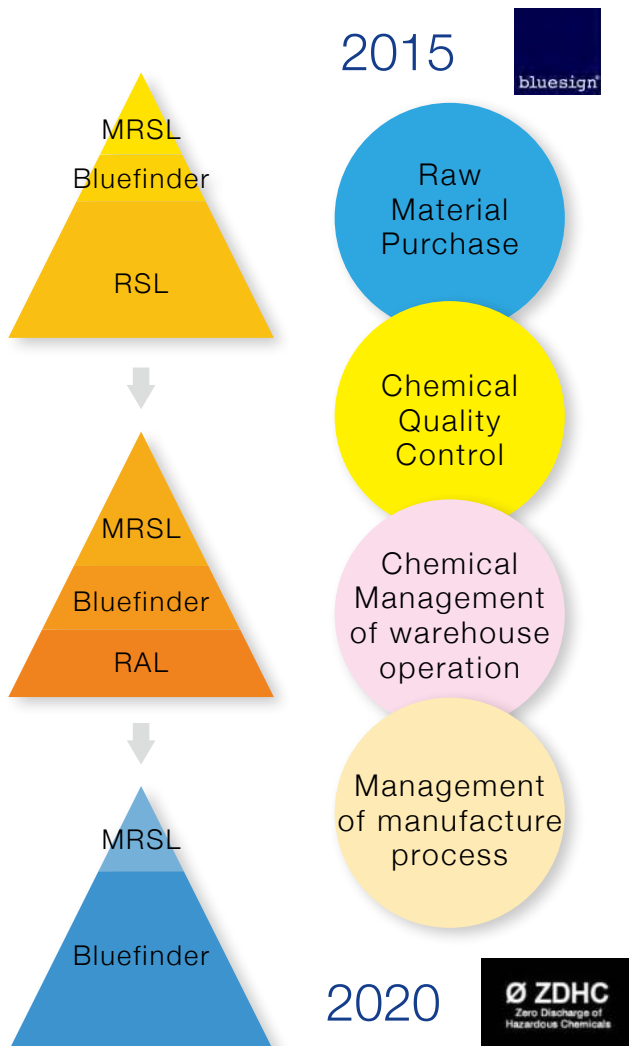
Water Usage		2014	2015
Company Name (MEC- Taiwan) Water Usage	Jan	91.5	72
	Feb	89.1	73
	Mar	84.9	72.6
	Apr	82	72.4
	May	85	71.4
	Jun	86	70.4
	Jul	81.9	69.4
	Aug	86.2	69.8
	Sep	87	69.8
	Oct	85.9	69.5
	Nov	82.3	69.3
	Dec	81.5	69.2



Chemicals

Green production

High performance, green, and energy saving products are the trend of the future, leading to growing demands for green production. Men-Chuen is fully committed to green production and services by reducing pollution and wastes. Measures include effective use of natural resources and management, replacing hazardous substances, and reducing emissions. In addition to pursuing high production efficiency and low costs, we also consider environmental friendliness in our continuous process improvement efforts as well as source management.



Raw material management

Selecting qualified dyes and auxiliaries is the first step of protecting the natural ecology and environment and the key step for producing sustainable products. At Men-Chuen, we pay attention to the dyes and auxiliaries used in the production process and make every effort to replace hazardous substances with alternatives.

Training and emergency response exercises

For chemical management, GHS labels must be placed on conspicuous locations of the storage containers. The labeling must also be easy to read and understand. Any damaged or damp labels must be replaced immediately. Material Safety Data Sheets (MSDS) of chemicals must be placed at easily accessible locations and include all 18 basic items required. This is to ensure that handling methods and contact information could be easily acquired in the event of an accident.



Emergency response exercises help familiarize employees with the response measures to be taken in the event of chemical spills and leakages as well as the storage locations and use of personal protection equipment. Personal protection equipment must be placed in dry and ventilated places, while chemicals must be placed in locations indicated by the GHS labels. Checks are carried out to ensure that there are no risks of mixed placements.

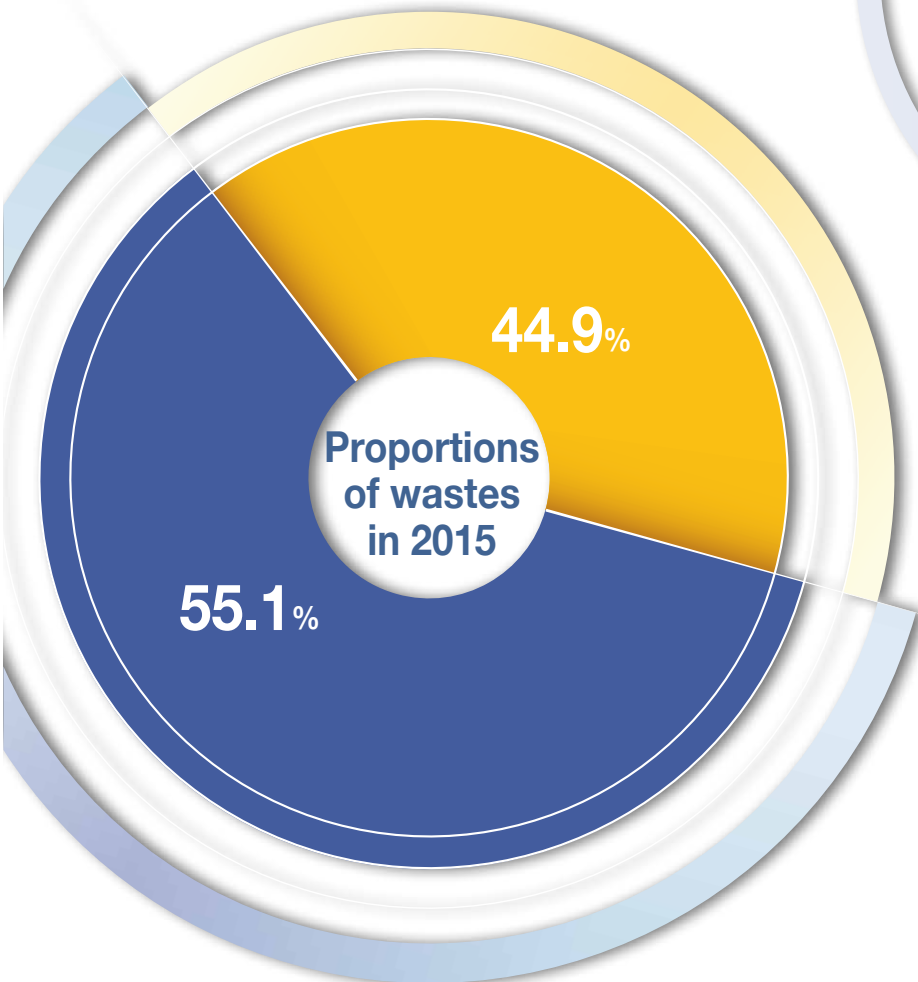
Wastes

Men-Chuen has established a comprehensive waste treatment and recycling system.

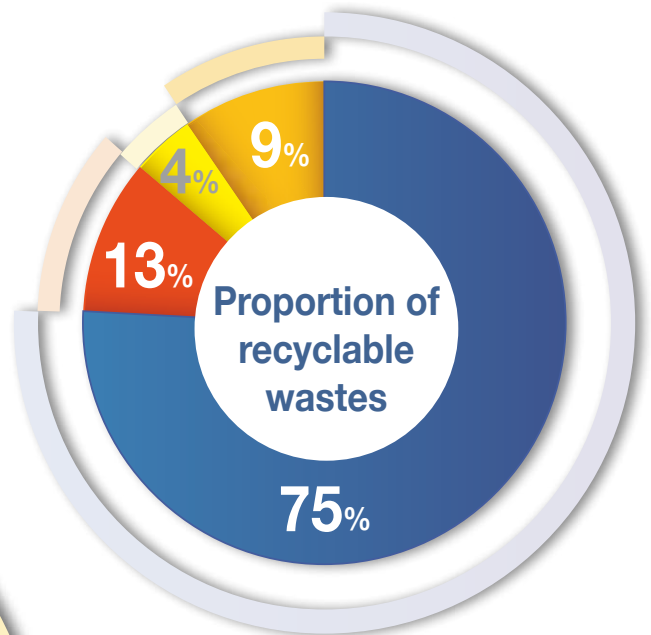
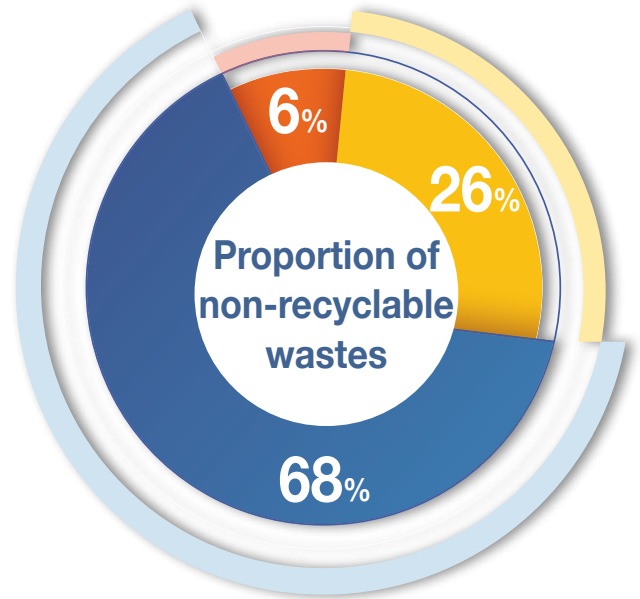
A qualified waste cleaning company would deliver general wastes to a government-designated incinerator or landfill. Industrial or hazardous wastes (such as waste sludge) would be sorted, collected, and then handed to a qualified local waste recycler. In 2015, Men-Chuen has generated about 780 tons of wastes, 30% of which were regarded as business wastes, while 55.1% could be classified as recyclable wastes that can be roughly divided into fabrics, plastics, metals, and paper. Non-recyclable wastes include waste fabrics, sanitation wastes, and waste sludge.

Waste volumes in 2015	
Item	2015 (Tons)
Recyclable	429
Non-recyclable	349

● Recyclable ● Non-recyclable



● Fabrics ● Sludge ● Solid waste



● Fabrics ● Plastics ● Metal ● Paper





▮ Air pollution emissions

Men-Chuen has carried out an air pollution source statistical analysis in various areas and established various backup (back-end prevention) equipment. This ensures that untreated pollutants would not be released into the atmosphere even in the incidence of equipment failure.

Since 2015, we have committed our efforts in the following areas to reduce waste gas emissions for our future air pollution management plan:

- Gradual replacement of kerosene oil with natural gas. Men-Chuen has signed with a natural gas environment with the government to build a natural gas pipeline to our company. The new fuel will improve combustion efficiency and reduce carbon dioxide emissions.
- Add raw material controls in order to manage raw material usage and ensure compliance to statutory regulations.
- Carry out weekly checks of efficiency of air pollution preventing equipment, improvements of equipment with low efficiency, and enhancing the efficiency of equipment with polluting air.

In 2015, Men-Chuen conducted a survey of noise levels of areas around various facilities to generate a survey report and implement any necessary management measures. There were no records of noise levels exceeding the legally stipulated maximum in 2015. We will continue to strengthen noise controls in the surrounding facilities.

Noise management

The noisiest work place would be the raising section of the production floor. Work places with noise above 90 decibels must label and broadcast preventive measures against noise hazards. Workers must also be provided with noise protection gear to prevent irreversible injuries.



Appendix / GRI Index

	Item of disclosure	Page	State of disclosure
1. Strategies and analysis			
1.1	A sustainability strategy statement from the most senior decision-maker of the organization		●
1.2	Description of key impacts, risks, and opportunities		●
2. Company Profile			
2.1	Name of the organization		●
2.2	Primary brands, products, and services		●
2.3	Operational structure of the organization		●
2.4	Location of the organization		●
2.5	Countries where the organization operates		●
2.6	Nature of ownership and legal form		●
2.7	Markets supplied		●
2.8	Scale of the organization		●
2.9	Significant changes during the reporting period regarding the organization's size, structure, or ownership		●
2.10	Awards received during the reporting period		●
3. Report Profile			
3.1	Reporting period		●
3.2	Date of most recent report		●
3.3	Reporting cycle		●
3.4	Contact point for questions regarding the report or its contents		●
3.5	Process for defining report content		●
3.6	Boundary of the report		●
3.7	Specific limitations on the scope or boundary of the report		●
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, and other entities that can significantly affect the report		●
3.9	Data measurement techniques and the bases of calculations		●
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reason for such re-statements		●
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in this report		●
3.12	Table identifying the location of the Standard Disclosures in the report		●
3.13	Policy and current practice with regard to seeking external assurance for the report		●
4. Governance, commitments, and engagements			
4.1	Governance structure of the organization		●
4.2	Indicate whether the Chair of the highest governance body is also an executive officer		●
4.3	Number of members of the Board of Directors and/or non-executive members		●
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body		●
4.5	Linkage between compensation for members of senior management and the organization's performance		●
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided		●
4.7	Process for determining the qualifications and expertise on sustainability of the members of the highest governance body		●
4.8	Internally developed statements of mission or values, and codes of conduct, and the status of their implementation		●
4.9	Procedures of the Board of Directors for the management of economic, environmental, and social performance, as well as frequency of the assessment		●
4.10	Processes for evaluating the Board of Directors own economic, environmental, and social performances		●
4.11	Precautionary approach or principle of the organization		●
4.12	Externally developed charters, principles or other initiatives of the organization		●
4.13	Memberships in associations or advocacy organizations of the organization		●
4.14	List of stakeholder groups		●
4.15	Basis for identification of stakeholders		●
4.16	Approaches to stakeholder engagement		●
4.17	Key topics and concerns that have been raised through stakeholder		●

Item of disclosure		Page	State of disclosure
Economic Performance Indicators			
Economic Performance			
EC1	Direct economic value generated and distributed	17	●
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	17	●
EC3	Coverage of the organization's retirement plan		●
EC4	Financial assistance received from government		●
Market			
EC5	Ratios of standard entry level wage compared to local minimum wage at significant locations of operation	25	●
EC6	Proportion of senior management hired from the local community		●
EC7	Ratios of standard entry level wage compared to local minimum wage at significant locations of operation	21	●
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit	30,31	●
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	17	●
Environmental Performance Indicators			
Materials			
EN1	Materials used by weight or volume	34,35,46~48	●
EN2	Percentage of materials used that are recycled input materials	44,45	●
Energy			
EN3	Direct energy consumption by primary energy source	46~48	●
EN4	Indirect energy consumption by primary source	46~48	●
EN5	Energy saved due to conservation and efficiency improvements	46~48	●
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Described by the chapters of the relevant aspects	●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	32~36	●
Water			
EN8	Total water discharged by source	37~39	●
EN9	Water sources significantly affected by discharge of water	37	●
EN10	Percentage and total volume of water recycled and reused	Initiated in 2015	●
Biodiversity			
EN11	Assets in protected areas and areas of high biodiversity value		●
EN12	Significant impacts of activities, products, and services upon biodiversity		●
EN13	Habitats protected or restored		●
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity		●
EN15	Number of species nearing extinction as a result of company operations		●
Emissions, effluents, and wastes			
EN16	Total direct and indirect greenhouse gas emissions by weight	46,47	●
EN17	Other relevant greenhouse gas emissions by weight	46~48	●
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	46~48	●
EN19	Emissions of ozone-depleting substances by weight		●
EN20	NO, SO, and other significant air emissions by weight	46,47	●
EN21	Total water discharge by quality and destination		
EN22	Total weight of waste by type and disposal method		
EN23	Total number and volume of significant spills		
EN24	Toxic wastes are handled according to the Basel Convention		
EN25	Water bodies and related habitats affected by the reporting organization's discharges of water and runoff		
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Described by the chapters of the relevant aspects	●
EN27	Percentage of products sold and their packaging materials that are reclaimed		●
Compliance			
EN28	Total monetary value and number of fines for non-compliance with environmental laws and regulations		●
Transport			
EN29	Significant environmental impacts of transporting products and members of the workforce		●
Overall			
EN30	Total environmental protection expenditures and investments by type		●

Item of disclosure		Page	State of disclosure
Social Performance Indicators - Employment			
<u>Economic Performance</u>			
LA1	Total workforce by employment type, employment contract, and region	19~21	●
LA2	Total number and rate of employee turnover by age group, gender, and region	19~21	●
LA3	Benefits provided to full-time employees by major operations	27	●
<u>Labor / management relations</u>			
LA4	Percentage of employees covered by collective bargaining agreements	22	●
LA5	Minimum notice period(s) regarding operational changes		●
<u>Occupational health and safety</u>			
LA6	Percentage of total workforce represented in joint management-worker health and safety committees	22,23	●
LA7	Rates of injury, occupational diseases, lost days, and number of work-related fatalities	23	●
LA8	Education, prevention, and risk-control programs in place against serious diseases	23	●
LA9	Health and safety topics covered in formal agreements with trade unions	23	●
<u>Training and education</u>			
LA10	Average hours of training per year per employee	24	●
LA11	Programs for skills management and lifelong learning that support job transfers of the employees		●
LA12	Percentage of employees receiving regular performance and career development reviews		●
<u>Diversity and equal opportunity</u>			
LA13	Composition of governance bodies and breakdown of employee categories according to indicators of diversity.		●
LA14	Ratio of basic salary of men to women by employee category	25	●
<u>Investment and procurement practices</u>			
HR1	Significant investment agreements that includes human rights clauses or have undergone human rights screening		●
HR2	Significant suppliers and contractors that have undergone screening on human rights		●
HR3	Total hours of employee training concerning aspects of human rights in employee operations and policy training		●
<u>Non-discrimination</u>			
HR4	Total number of incidents of discrimination and actions taken	No cases	●
<u>Freedom of association and collective bargaining</u>			
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk	No cases	●
<u>Child labor</u>			
HR6	Refer to the relevant regulations and eliminate the use of child labor	26	●
<u>Forced and compulsory labor</u>			
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures for the elimination of the said operations	No cases	●
<u>Security practices</u>			
HR8	Training for security personnel operations concerning aspects of human rights		●
<u>Indigenous rights</u>			
HR9	Number of incidents of violations involving the rights of indigenous people	No cases	●
<u>Community</u>			
SO1	Impacts and influences to any assessment and monitoring of company operations	30,31	●
<u>Corruption</u>			
SO2	Percentage and total number of business units analyzed for risks related to corruption		●
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures		●
SO4	Actions taken in response to incidents of corruption		●
<u>Public Policy</u>			
SO5	Public policy positions and participation in lobbying		●
SO6	Total value of financial and in-kind contributions to politics		●
<u>Anti-competitive behavior</u>			
SO7	Total number of legal actions for anti-competitive behavior and anti-monopoly practices and their outcomes		●
<u>Compliance</u>			
SO8	Total monetary value of significant fines for non-compliance with laws and regulations		●
<u>Customer health and safety</u>			
PR1	Health and safety impacts of each life cycle stage of products and services		●
PR2	Total number of incidents of non-compliance with regulations concerning health and safety of products and services		●
<u>Product and service labeling</u>			
PR3	Type of information required for product and service labeling		●
PR4	Total number of incidents of non-compliance with regulations concerning product and service information and labeling		●
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		●
<u>Marketing communications</u>			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing		●
PR7	Total number of incidents of non-compliance with laws, standards, and voluntary codes related to marketing		●
<u>Customer privacy</u>			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		●
<u>Compliance</u>			
PR9	Monetary value of significant fines for non-compliance with laws related to products or services		●



www.mds-intl.com

Ad.by Bureau of Foreign Trade