



Feng Tay 2018

Corporate Social Responsibility Report

Stepping up to a sustainable community



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Letter from President

We strive to fulfill our vision: 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 reached NTD 64.5 billion in 2018, 10.1% higher than in 2017, and earnings per share after tax reached NTD 7.88.

Provide Safe and Friendly Workplace

Feng Tay's present achievements are the results of long-term commitments of our colleagues. We strive to provide a safe and friendly workplace to our employees. In 2018, we continued to improve our safety performance. The occupational injury frequency rate was 26% lower than in 2017. Our nursery schools and crèches have been providing good care for employees' children. We strive to cultivate local talents and help them develop leadership and management capabilities in every region. As of the end of 2018, over 70% of Factory General Manager positions were held by local employees. To empower female employees in India, we continued to carry out SAKHI program; 961 employees have participated in this program since it was launched and 32 employees received graduation certificates in 2018.

Strengthen Community Partnerships

In 2018, we continued to strengthen community partnerships. AGRIC Social Enterprise Co., Ltd., established by the Feng Tay Cultural and Educational Foundation in 2016, has expanded eco-friendly farming areas. In addition to supplying organic produce to Feng Tay canteens, AGRIC has donated produce to nutritious lunch programs at remote primary schools in Yunlin county. AGRIC has also promoted food and agriculture education, in order to help school children gain a better understanding of food safety. The Feng Tay Cultural and Educational Foundation in Taiwan has provided financial aids to less privileged students, helping them to have equal educational opportunities. The Foundation also continues to sponsor events and activities related to sports, arts and education. In China, the Da Feng Cultural Foundation and factories are dedicated to improving local medical and educational resources. The factory in Indonesia continues to make its onsite clinic available to the local community. In Vietnam, the factories have provided free health examinations and medical clinic to local residents. Through the "Beyond" program in India, we have offered free after-school tutoring programs and built public toilet blocks in neighboring villages to help improve community hygiene and educational resources.

Promote Renewable Energy

Feng Tay is committed to sustainable development of the company and the environment. We have set up specific environmental impact reduction targets for our major footwear factories. In 2018, we completed the project to replace all central oil-fired boilers with electric heating systems, which resulted in reduction of energy consumption and greenhouse gas emissions. In China, we had expanded the capacity of solar power systems, which supplied a total of 630,000 kWh of electricity in 2018. In India, we signed a Power Purchasing Agreement to import green energy produced by an external wind power plant. To increase renewable energy usage, we are seeking opportunities to utilize geothermal energy in Indonesia. As a result of our efforts, for every pair of shoes our major footwear factories made in 2018, the greenhouse gas emissions were 45% lower than in 2013, and the energy consumption was reduced by 35%.

Engage in Environmental Protection

It is worth noting that Feng Tay has generally used water-based adhesives not containing potentially hazardous VOCs since 1997. In 2018, the average weight of VOCs used in producing one pair of shoes at our footwear factories was 15.6 grams, 19.6% lower than in 2017. We pay great attention to waste treatment and disposal, and aim to reduce waste at the source through monitoring the volume of waste to cut down production waste and working with suppliers to minimize the amount of packaging materials and non-recyclable containers. In the meantime, we actively search for better waste recycling techniques and waste treatment companies. To achieve the goal of sending zero waste to incinerators or landfills, we try to reuse manufacturing waste and increase the use of energy recovery waste disposal methods as much as possible.

Looking ahead, we will continue to uphold our vision, to persist in our belief - "care for the community and give back to society," and to move toward a sustainable future.



Chao-Chi Chen
President
Feng Tay Group

01 Overview

1.1 Reporting Boundary

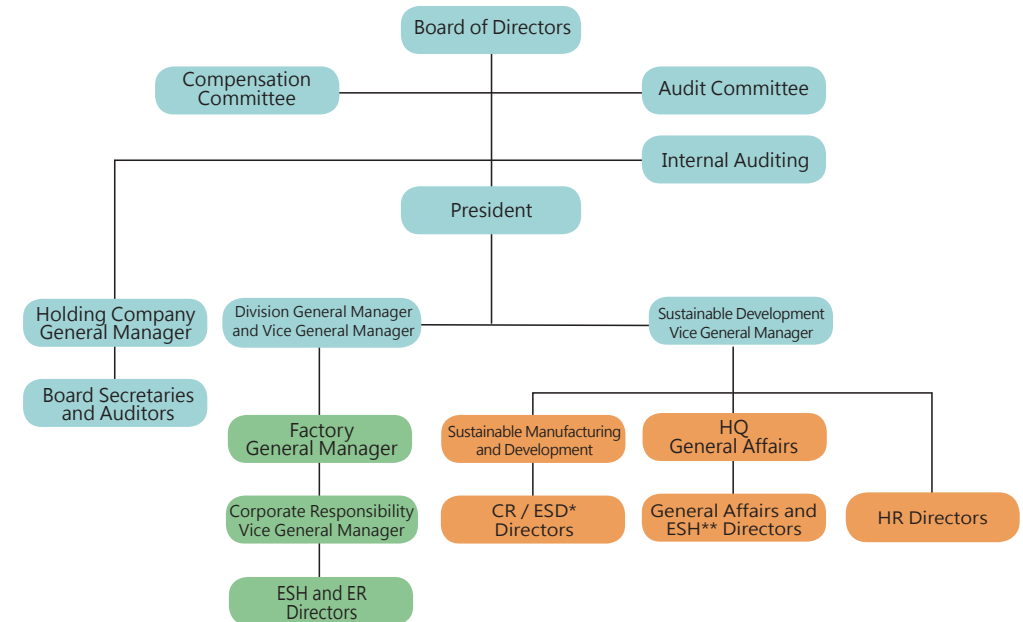
Overview	This report discloses Feng Tay Enterprises Co., Ltd.'s social responsibility performance in 2018. The reporting boundary includes Feng Tay Group Headquarters in Taiwan and subsidiary companies in each region, but excludes the holding, retail, trading and miscellaneous companies. The financial data are the consolidated financial statements of Feng Tay Enterprises Co., Ltd. and its subsidiaries.
Reporting Period	From January 1, 2018 to December 31, 2018
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"> PT 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) Fairway Enterprises Co., Ltd. (India Branch)
Editorial Guidelines	The statistical data and information disclosed in this report are on an annual basis. This report was prepared using the Global Reporting Initiative (GRI) Standards. GRI Standards Content Index is provided in the Appendix.
Publication	<p>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.</p> <p>Current Issue: June 2019</p> <p>Last Issue: May 2018</p>

Contact Information

Any questions or suggestions regarding this report or our practices in corporate social responsibility are welcome and may be sent to:
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 Telephone: +886 5 537 9100
 Fax: +886 5 537 9105
 Website: www.fengtay.com

1.2 Organizational Structure of Corporate Responsibility

Feng Tay established Sustainable Manufacturing and Development (SMD) Department at the Headquarters in January 2010. This Department monitors the practices of environment, safety and health (ESH) and employee relations (ER) in subsidiary companies. It also conducts the corporate responsibility affairs with the cooperation of General Affairs and Human Resources departments, and responds to the issues of interest to stakeholders on behalf of the highest governance body.



- Corporate Governance
- Headquarters
- Factories

*CR / ESD : Corporate Responsibility / Environmental Sustainability and Development

**ESH : Environment, Safety and Health

1.3 Stakeholder Identification and Communication

Identifying and responding to the stakeholders' needs are the keys to improve performance in corporate social responsibility. The stakeholders of Feng Tay include shareholders, customers, employees, communities, suppliers, governments, media and advocacy organizations. Feng Tay values our stakeholders and provides various channels for communication

and information disclosure. "Stakeholder's section" is set up on our website to maintain open dialogue and communication with the stakeholders, helping us to better understand the interests and concerns of stakeholders. Through these practices, we hope to continue improving our performance in social responsibility, as well as earning recognition and trust from the stakeholders.

Stakeholders	Major Concerns		Communication Channels and Measures	
Shareholders	<ul style="list-style-type: none"> Information disclosure Operating performance Risk management 	<ul style="list-style-type: none"> Corporate governance Sustainability 	<ul style="list-style-type: none"> Disclose monthly revenues, monthly earnings and shoe production and sales volumes Disclose quarterly financial reports and estimates of shoe production and sales volumes Disclose corporate governance and material information on the website of the Market Observation Post System Publish the company profile and CSR report 	<ul style="list-style-type: none"> Hold the annual shareholders meeting and publish the Annual Reports Participate in the investor conference and investor forum The investor relations section of the company website Spokesperson and contact information for shareholders
Customers	<ul style="list-style-type: none"> Human resources development Labor safety and health Code of conduct Research, development and innovation 	<ul style="list-style-type: none"> Product pricing, security, quality and delivery Sustainability 	<ul style="list-style-type: none"> Maintain intensive and extensive contacts through emails Present monthly score cards Participate in the quarterly business review Make improvements according to the feedbacks from customers 	<ul style="list-style-type: none"> Accompany customers to production plants for walk-through and trial production Participate in training sessions arranged by the customers Release the DVD featuring Feng Tay Publish the company profile and CSR report
Employees	<ul style="list-style-type: none"> Salary and welfare Occupational safety and health On-the-job education and training 	<ul style="list-style-type: none"> Career development Employee-employer relationship 	<ul style="list-style-type: none"> Support the Labor Association Support the Employees Welfare Committee Hold the ESH meetings Set up the General Manager Mail Box and "Grievance and Suggestion System" 	<ul style="list-style-type: none"> Publish the corporate culture book and release the DVD featuring Feng Tay Announcements of internal regulations, personnel changes, as well as rewards and penalties Internal website and newsletters
Communities	<ul style="list-style-type: none"> Environmental protection Care for the community Give back to society 	<ul style="list-style-type: none"> Human resource cultivation 	<ul style="list-style-type: none"> Employees participate in the activities of public welfare Regularly conduct environmental testing Sponsor community activities 	<ul style="list-style-type: none"> Sponsor public welfare activities The CSR section of the company website
Suppliers	<ul style="list-style-type: none"> Environmental regulations Quality and pricing 	<ul style="list-style-type: none"> Supply chain management 	<ul style="list-style-type: none"> Contact through email Conduct supplier audits 	<ul style="list-style-type: none"> Feedback for further improvement Host supplier conferences
Governments	<ul style="list-style-type: none"> Corporate governance Labor rights Environmental protection 	<ul style="list-style-type: none"> Occupational safety and health 	<ul style="list-style-type: none"> Official documents Set up internal regulations according to the law Disclose corporate governance and material information on the website of the Market Observation Post System 	<ul style="list-style-type: none"> File periodic reports required by governments The CSR section of the company website
Media and Advocacy Organizations	<ul style="list-style-type: none"> Corporate governance Operating performance Expansion and investment plans Community involvement Environmental protection 	<ul style="list-style-type: none"> Employee-employer relationship Occupational safety and health 	<ul style="list-style-type: none"> Media interview Appoint a spokesperson for public communication Disclose monthly earnings and shoe production and sales volumes Disclose quarterly estimates of shoe production and sales volumes 	<ul style="list-style-type: none"> Disclose corporate governance and material information on the website of the Market Observation Post System. Set up internal regulations according to the law Sponsor public welfare activities The company website

1.4 Material Aspects and Boundaries

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

1.4.1 The Procedures for Identifying Major Issues:

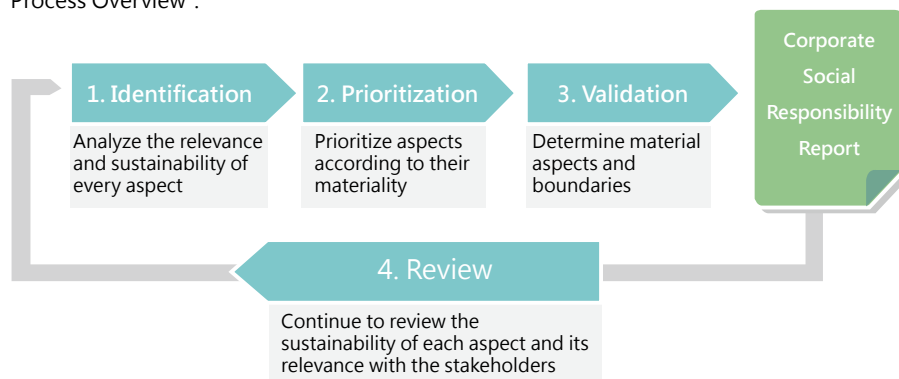
Explain the strategy and targets through communication channels



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 GRI Standards reporting guidelines, and thereby determined which information to disclose in the report.

Process Overview :



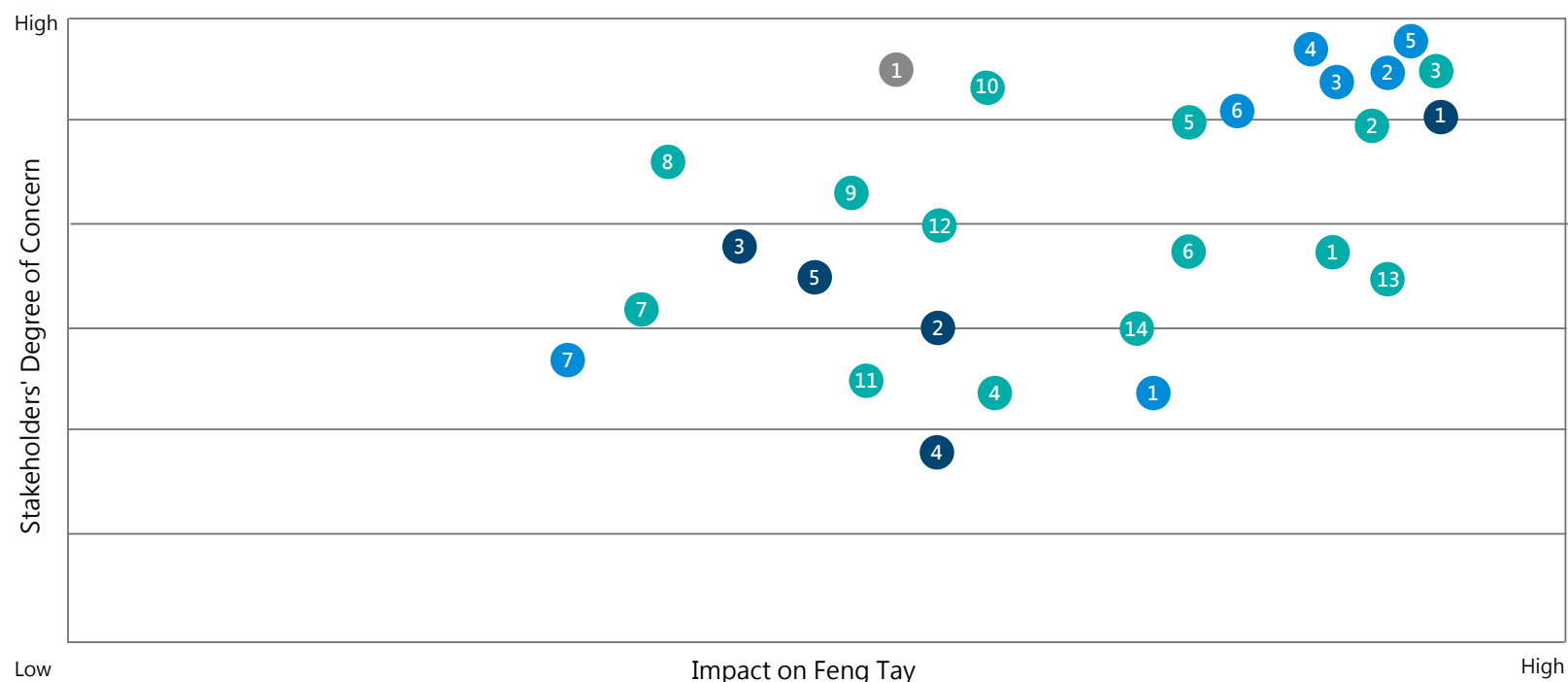
1.4.3 Material Aspects and Boundaries

Our material aspects and boundaries of where impacts occur for each material aspect in 2018 are identified as follows:

● Significance

Category	Material Aspects	Internal					External		
		Headquarters in Taiwan	Subsidiary companies in each region				Suppliers	Customers	Community
Economic	Economic Performance	●	●	●	●	●		●	
	Market Presence	●	●	●	●	●			
	Indirect Economic Impacts	●	●	●	●	●			●
	Procurement Practices	●	●	●	●	●	●		
	Anti-corruption	●	●	●	●	●			
Environmental	Materials	●	●	●	●	●			
	Energy	●	●	●	●	●			●
	Water	●	●	●	●	●			
	Emissions	●	●	●	●	●			●
	Effluents and Waste	●	●	●	●	●			●
	Environmental Compliance	●	●	●	●	●			●
	Supplier Environmental Assessment	●	●	●	●	●	●		
Social	Employment	●	●	●	●	●			
	Labor/Management Relations	●	●	●	●	●			
	Occupational Health and Safety	●	●	●	●	●			
	Training and Education	●	●	●	●	●			
	Diversity and Equal Opportunity	●	●	●	●	●			
	Non-discrimination	●	●	●	●	●			
	Freedom of Association and Collective Bargaining	●	●	●	●	●			
	Child Labor	●	●	●	●	●			
	Forced or Compulsory Labor	●	●	●	●	●			
	Local Communities	●	●	●	●	●			●
	Supplier Social Assessment	●	●	●	●	●	●		
	Customer Health and Safety	●	●	●	●	●		●	
	Customer Privacy	●	●	●	●	●		●	
	Socioeconomic Compliance	●	●	●	●	●			
	Contribution to Society	●	●	●	●	●			●

1.4.4 Results of Materiality Analysis



Economic

- ① Economic Performance
- ② Market Presence
- ③ Indirect Economic Impacts
- ④ Procurement Practices
- ⑤ Anti-corruption

Environmental

- ① Materials
- ② Energy
- ③ Water
- ④ Emissions
- ⑤ Effluents and Waste
- ⑥ Environmental Compliance
- ⑦ Supplier Environmental Assessment

Social

- ① Employment
- ② Labor/Management Relations
- ③ Occupational Health and Safety
- ④ Training and Education
- ⑤ Diversity and Equal Opportunity
- ⑥ Non-discrimination
- ⑦ Freedom of Association and Collective Bargaining
- ⑧ Child Labor
- ⑨ Forced or Compulsory Labor
- ⑩ Local Communities
- ⑪ Supplier Social Assessment
- ⑫ Customer Health and Safety
- ⑬ Customer Privacy
- ⑭ Socioeconomic Compliance

Others

- ① Contribution to Society

02 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	Chien-Hung Wang
President	Chao-Chi Chen
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, backpacks, bags, soccer balls, helmets and sticks for ice hockey, shoe parts, shoe molds and shoe tooling.
Headquarter	No. 52 Kegong 8 th Rd., Douliou City, Yunlin County 64064, Taiwan
Global Locations	Taiwan, China, Indonesia, Vietnam and India
Capital Stock*	NTD 6.68 billion
Number of Employees*	More than 120,000

*As of the end of 2018

2.1.1 Operations Center

Feng Tay Group locates its headquarters in Yunlin Science and Industrial Park in Taiwan. The operations 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 Subsidiary Companies in Each Region



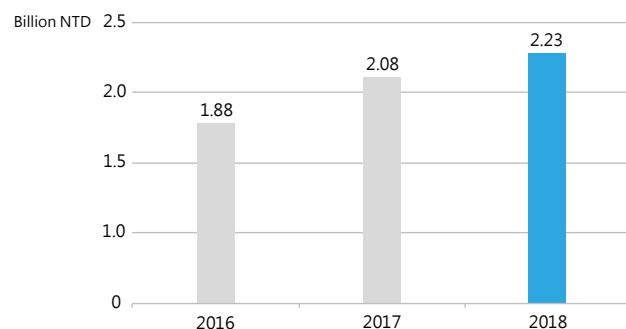
Region	Factory	Year of Incorporation	Primary Products
China	Fujian Lifeng Footwear Industry Development Co., Ltd.	1988	Athletic shoes
	Fujian Xiefeng Footwear Co., Ltd.	1989	Athletic shoes
	Fujian San Feng Footwear Co., Ltd.	1992	Athletic shoes
	Xie Feng Mold Co., Ltd. Putian, Fujian	1991	Molds & Tooling
	Fujian Great Hope Footwear Co., Ltd.	1989	Ice Hockey Equipment (Skates / Helmets / Sticks)
	Suzhou Yufeng Plastics Technology Co., Ltd.	2009	Air soles
Indonesia	PT 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 / Backpacks / Bags
	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 / Molds & Tooling
	East Wind Footwear Co., Ltd. (India Branch)	2010	Athletic shoes
	Fairway Enterprises Co., Ltd. (India Branch)	2014	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 NTD 2.23 billion in research and development in 2018, an increase of 7.1% over 2017. During the past three years, our investments in research and development are given below:

Investment in Research and Development



Design of Structure and Production Process

Nearly **700** professional engineers, in accordance with the shoe architecture, athletic requirements and manufacturing specifications, apply the latest industrial design and structural engineering technologies to the development of molds and accessories, the improvement of production processes and the enhancement of manufacturing efficiency.

Management of New Product Development

Nearly **140** project managers search for appropriate materials and develop corresponding technology to make product samples out of design sketches to meet market demands.

Sample Production

Over **1,000** experienced and skilled technicians produce fine and exquisite samples.

2.2.2 Innovation

The facts that Feng Tay values innovation are shown in the innovation achievements. In 2018, Feng Tay had the following major results:



The first basketball footwear, which utilizes a fully automatic lacing engine and the translucent Flyknit upper design, successfully demonstrates excellent support and grip ability. It is the smart footwear created from a perfect combination of basketball shoes and electronic technology.

We have developed and produced the first golf shoes that utilize FastFit (Dynamic Closure System) technology. The shoe upper can be quickly tightened by simply pulling a forefoot strap, thereby replacing the traditional method of tying shoelaces manually.



An improved welding technique is used on recycled leather, which has a high content of recycled material, to create fine-looking shoe uppers without sewn stitches. The innovation has moved our customer's classic shoes to a new stage of sustainability.

We have developed the first Max Air Air-bag, which has both popular and casual appearance. By combining with a plastic injection part in the heel to create an effect of air-bag extension, the shoes become more visually attractive. The Air-bag also provides the heel with the best cushioning effect and wearing comfort.



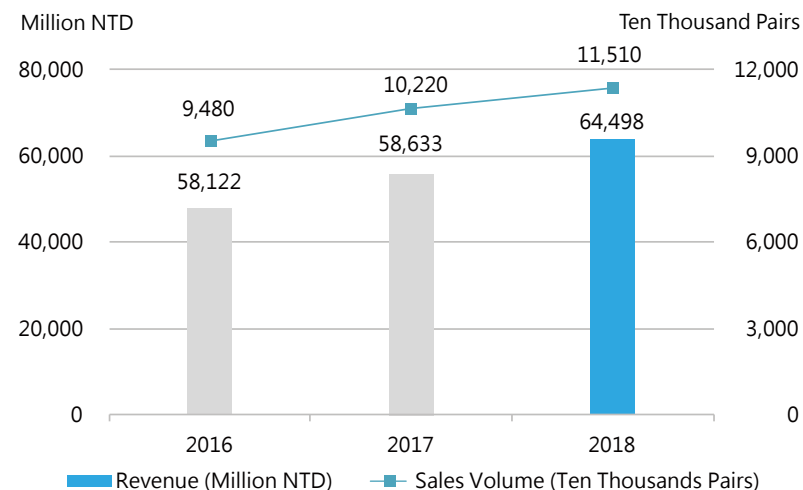
2.2.3 Mass Production

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 production totaled more than 114 million pairs in 2018, 12% higher than in 2017 (2% increase in China, 17% increase in Indonesia, 13% increase in Vietnam, and 10% increase in India). Moreover, we are planning to expand production capacity in major markets to meet customer needs for speedy delivery. In each region, the shoe production (% of the Group's total) in 2018 and the business strategy for 2019 are as follows:

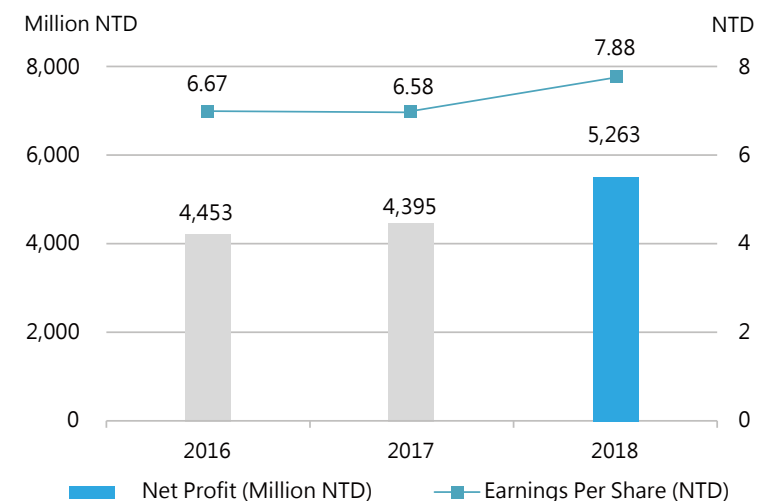
- China (12 million pairs, 10%): Continue to improve production efficiency in response to the ongoing rise in operating costs.
- Vietnam (60 million pairs, 52%): Raise production efficiency and capacity through lean production and production skills improvement. Add new production lines in Xuan Loc industrial zone.
- Indonesia (15 million pairs, 13%): Continue to improve production management and add new production lines.
- India (28 million pairs, 24%): Continue to improve production management and technique. Add new production lines and build a new plant in the second industrial zone, in Bargur, 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 Awards and Recognitions

Region	Item
Taiwan	<ul style="list-style-type: none"> Received Group Award for contributing to sports from the Yunlin County Government Received 2018 Award for contributing to arts education from the Yunlin County Government Received recognitions for superior performance in Yunlin County's emergency response team evaluation for 10 consecutive years Received recognitions for superior performance in maintenance of surrounding roads adopted by the Company
China	<ul style="list-style-type: none"> Chosen as "Integrity Employment Enterprise" by Fuzhou City Bureau of Human Resources and Social Security Received 2018 Large Taxpayer Special Award from Licheng District Government Received recognitions for outstanding contribution in tax payment from Cangshan District Government
Indonesia	<ul style="list-style-type: none"> Chosen as the 2018 Best Foreign Corporations in Investment, Labor, ESH Compliance, CSR Support and Green Environment by West Java Provincial Government
Vietnam	<ul style="list-style-type: none"> Received Humanitarian Gold Heart Award from Red Cross Organization of Dong Nai Province Chosen as one of the Top 100 Sustainable Development Enterprises by the Vietnam Chamber of Commerce and Industry (VCCI) and the Ministry of Industry and Trade Received recognitions for excellent practices in occupational safety, employee health and fire safety management from the people committee of Dong Nai Province Received recognitions for excellent environments of the nursery school from the Dong Nai Province Department of Education
India	<ul style="list-style-type: none"> Received recognitions for "Outstanding performance in blood donation activities" from Ministry of Public Health and Preventive Medicine Received recognitions for "Outstanding export performance" from Ministry for Commerce and Industry

2.5 Financial Assistance Received from Governments

Unit: Thousand		
Region	Item	Amount
China	Subsidy for industrial transformation and upgrading	RMB 2,780
	Incentive for growth in export volumes and tax payment	RMB 1,510
	Other subsidies and incentives	RMB 718
India	Subsidy for employee training	INR 99,219
	Subsidy for investment	INR 22,500
	Other subsidies and incentives	INR 20,000

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. For details please refer to Section 5.2 "Social Engagement" of the Report.



Blood donation drive in China



Medical services for local community in India



Reading promotion activities in Taiwan



Independence day commemoration in Indonesia



Donate play yard equipment to an orphanage in Vietnam



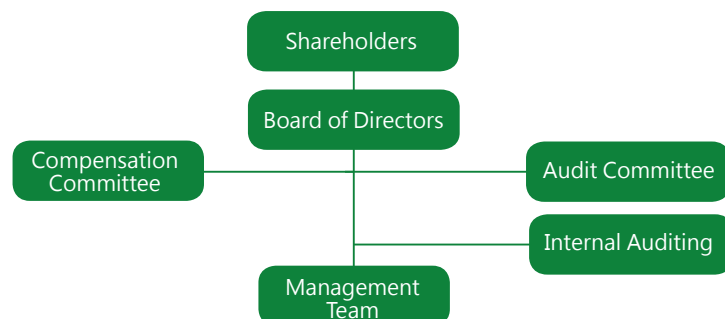
Marathon activity for local community in India

03

Corporatate Governance

3.1 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:



3.1.1 Board of Directors

The Board of Directors, Feng Tay's highest governance body, monitors the corporate long-term strategy, evaluates risks, and decides the appointments and rewards for the management team. In the Articles of Incorporation, the Company has specified the nomination process for election of Board members. The Board will conduct a prior examination of the eligibilities of the director candidates nominated by shareholders or the Board, and provide results of the assessment to shareholders in order to elect qualified directors. The Board is currently composed of 13 directors, including 4 independent directors and 1 female director. For background information of the board members, please refer to the company's annual report.

The Board Meeting is held at least once every quarter to evaluate operational performance, discuss important strategies, and review the management team's business report. Through dialogue with the management team, the Board gets to understand the problems faced in operations, and to urge the management team to adjust accordingly. Acting in the best interests of the shareholders, the Board of Directors and the management team maintain a smooth communication to concentrate on implementation of the instructions on business operations given by the Board of Directors.

Based on the "Rules of Procedure of the Board of Directors of Public Issuing Companies," the Company's Board of Directors set up the "Rules of Procedure of the Board of Directors" and guidelines 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's annual report. There were five regular Board meetings in 2018, The Board members were actively engaged, with 97% meeting attendance rate, and effectively monitored the implementation of business plan. All major resolutions passed at the meetings were announced on the company website.

Remuneration Policy for Board Members and Senior Management Team

The compensations for members of Feng Tay's Board of Directors and senior executives include salaries, bonus and remuneration. The remuneration policy for members of the Board of Directors 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 committee and passed in the Board Meeting. Related information is disclosed in the company's annual report to let stakeholders fully understand how the remuneration is linked with operational performance.

Audit Committee

Feng Tay established Audit Committee in 2018. Its duties are to supervise the quality and integrity of the company's financial reports. It regularly reviews, with the CPA, the main accounting components of each quarterly financial statement to ensure reasonableness and adequacy of the financial statements. In addition, the independent directors are responsible for reviewing the independence of the CPA, the reasonableness of major stakeholders' transactions, and ensuring the design and effective implementation of the internal control system. Composed of four members, which are served by all independent directors (one of them serving as chairman), the committee meets at least twice a year. A total of 2 audit committee meetings were held in 2018, and the actual attendance rate was 100%. Please refer to the company's annual report for details.

Compensation Committee

Feng Tay established Compensation Committee in 2012. The committee is responsible for "formulating and regularly reviewing the policy, system, standard and structure of performance evaluation and compensation for Board members, supervisors and the senior management team," as well as "assessing and setting the compensation for Board members, supervisors and the senior management team on a regular basis" in due diligence. 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 meets at least twice a year. A total of two committee meetings were held in 2018 with an attendance rate of 100%. For background information of the compensation committee, please refer to the Company's annual report.

Internal Auditing System

Feng Tay's Audit Director, Audit Specialist at the 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 independent directors 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 independent directors, 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 auditing system is as follows:



3.1.2 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.

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 operations, finance, and governance
Attend investor conferences and domestic (and foreign) investor forum	To elaborate on the company's operations, financial position, strategic plan, and operating principles

Information Disclosure Milestones

- Set up a company website, in both Chinese and English versions, which includes a section to disclose information on the company's operations, finance, and governance.
- Disclose information on monthly shoes production and sales volumes on the company website.
- Voluntarily disclose monthly operating income and earnings per share on the website of the Market Observation Post System and the company website.
- Voluntarily disclose information on monthly consolidated revenue breakdown by product on the website of the Market Observation Post System.
- Disclosed the "Major Resolutions of the Board of Directors" on the company website.
- Starting from 2014, all motions in the shareholders meeting have been voted on a case by case basis. The voting results are posted on the Market Observation Post System website and the company website.
- Received the top 21-35% rating of 5th Annual Evaluation of Information Disclosure of Listed Companies in 2018.
- Attend the investor conference at least once per quarter and publish the presented briefings on the company website.

3.1.3 Compliance with Regulations and Norms 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.

Compliance with Regulations

Feng Tay's management regulations and code of conduct are 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.

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 their supervisors. (Detailed information is given in Section 5.1.5 of this report)

External:

The contact information of our spokesperson and shareholder services 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.

3.1.4 Risk Assessment and Management

Feng Tay, an enterprise focusing on athletic shoes manufacturing, never engages in investments with high risks and leverage, nor conducts transactions of derivative products. 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.

Risk Type	Risk Management Mechanism
Operating risks management	Feng Tay's major shareholders have maintained stable shareholding ratios. During 2018, there was no mass transfer of stock shares by Board directors, or major shareholders that own more than 10%. There was no serious litigation, non-litigation or administrative litigation against Group Headquarters, Board directors, General Managers, the highest executive of the group, major shareholders that own more than 10% shares, and subsidiaries. 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	Feng Tay closely monitors the fluctuation of exchange rate and inflation due to dramatic changes in global financial markets, 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 risks management	To identify the risks that we may encounter because of climate change, Feng Tay considers regulatory, substantive, and other aspects, and set up relevant management measures to reduce the impact of climate change. In the future, we will continue to make improvement on our management measures in accordance with the trend of climate change as well as international and national responses.

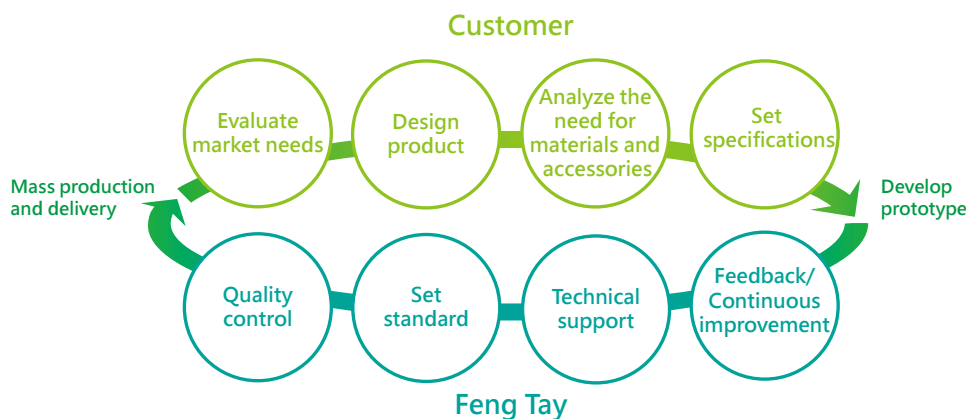
The Challenge of Climate Change

It is industry's responsibility to take action in response to the increasingly severe environmental issues such as global warming and extreme climate. Feng Tay has committed to the issue of environmental protection, and has identified the risks of climate change to establish corresponding measures to reduce the impact of climate change on business operations:

Category	Aspects	Challenges	Response Measures
Regulatory aspects	International protocol	National carbon reduction commitments and policies will promote the technology of low-carbon productions and energy-saving improvement, which will lead to a decrease in carbon footprint indirectly.	<ul style="list-style-type: none"> Conduct carbon reduction management to achieve the 2020 targets. Increase energy efficiency. Response to government's regulation. Follow international protocols such as Kyoto Protocol, United Nations Framework Convention on Climate Change and Paris Agreement.
	Renewable energy	Clients' emphasis on renewable energy.	<ul style="list-style-type: none"> Install renewable energy systems to generate electricity. Purchase renewable energy. Use renewable energy.
Substantive aspects	Changes in rainfall	The impact of change in rainfall pattern, which could increase the frequency of floods and droughts, on arrangement of water resources for manufacturing.	<ul style="list-style-type: none"> Conduct water resource management to achieve the 2020 targets. Increase the use of recycled water and rain water. Establish a flood and drought emergency response system. Elevate the foundation height for newly-built factories, and build retaining walls and gates in low-lying areas.
	Extreme climate	The impact of climate change, abnormal ambient temperature, El Niño–Southern Oscillation and Arctic Oscillations on production capacity.	
Other aspects	Corporate reputation	The impact of environmental protection performance on company image.	<ul style="list-style-type: none"> Comply with local and international regulations, while meeting clients' expectations and exceeding their demands, in order to improve environmental protection performance. Implement carbon reduction plans.
	Consumer behavior	The decrease in demand for high carbon footprint products.	

3.2 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 diversify. Therefore, we constantly make improvements to shoe model development, production process design, technology development, and production management. With decades of experience, we continuously add value to and refine 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 that focuses on the quest for innovation and quality.



In order to elevate product values, improve comfort and lightness of shoes, minimize the rate of product returns, and reduce manufacturing costs, a quality control unit was established in Business Division which 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 also established Tech, Quality Assurance, and Process departments. We continue 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.

3.2.1 Product Quality

3.2.1.1 Quality Improvement

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.

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. To continuously improve our operations, we have implemented the "Propose for Improvement" system and an improvement team at each factory, and thereby encourage operators to participate in improvement of manufacturing operations.

By introducing or developing new equipment, we continuously implement new production technologies to make products more competitive. Following are some of the innovative technologies implemented in 2018:

- Successfully applied the FastFit device by attaching the cables on the upper and put the device in the midsole. By pulling or relaxing the FastFit device with a single hand, the upper can be quickly and easily tightened or loosened. The fast and simple operation successfully replaces the traditional method of tying lace manually.
- For ice hockey skates, the polymer injection molding machine is employed to produce shoe tongues with two different hardness values. With an asymmetrical 3D design, the new-style shoe tongue can easily fit with the wearer's instep and thereby provide better support and protection.
- The design of ice hockey stick is changed from the traditional square shape to partial ellipse, which gives better feel and more choice options to consumers. The new design also improves the material rolling process. By laminating multilayers of material first, they can be rolled together in one single run. As a result, the stick weight is reduced with no negative effects on the impact force. The new design has improved the product's competitiveness in the market.
- The construction of Snowboard boots is designed with flexible upper eyestay. We have also cooperated with a supplier to develop a new BOA lacing system, which enhances the athlete's maneuverability. It is easier for an extreme sports player to do more difficult moves with this equipment, and to walk around indoors comfortably with the boots when the snowboard is taken off.

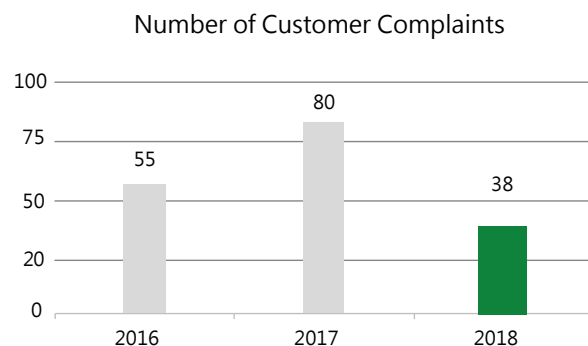
The upper is mostly made using no-stitch TPU technology and net fabric, instead of heavy synthetic leather and EVA material, thereby significantly reducing the boot weight.

- We have successfully developed the 4 panel welded soccer ball. Reduction in the number of seams gives rise to a consistent feel. In addition, application of the 2nd generation debossed grooves and all-weather special 3D printed ink creates excellent flight accuracy and reduces the instability in ball control caused by absorption of water on rainy days, which enable a player to follow the ball movement more easily.

3.2.1.2 Quality Control

A laboratory is established at each factory 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 enables us to create with our customers an exceptional user experience.

To maintain transparent communications with our customers, Feng Tay regularly provides them with reports on product quality and production progress, and accepts audits by them. When a customer's quality complaint is received either at a factory 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 2018, we received 38 customer complaints, 53% lower than in 2017. This shows the overall quality has been greatly improved. We will continue to improve our management on product quality and ensure our factories follow the standard manufacturing process in order to satisfy customers' requirements.



3.2.2 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.

3.2.2.1 Safe and Environmental Friendly Material

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 have also developed 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 number of tested samples decreased, we were still able to detect problems more effectively.

During 2016 to 2018, 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
2016	398	5
2017	157	5
2018	859	23

We have also steadily increased the use of environmentally preferred materials and improved the manufacturing process to minimize the impact of our products on the environment. We have established a dedicated team - Green Team, which is composed of supervisors and engineers from product development department, to evaluate and improve product design, manufacturing process, and material selection at each stage of sample shoes development and mass production. The green team sets goals on environmentally friendly material, waste, energy, solvents, and chemicals used in products according to the characteristics of each shoes category. For example, the amount of biodegradable materials such as PU used in shoe soles was increased, the design was improved to reduce the amount of material waste, and water-based cement and primer were used to replace solvent-based cement and primer. Feng Tay is committed to developing eco-friendly manufacturing process. As an example in the development of new products, the disposable nylon bladder originally used in the thermosetting packing process was replaced with reusable silicone bags. In the production of soccer balls, we developed a latex laminating machine and used RHM (reactive-hot melt adhesive) with electric laminating machine. The improvement phased out the usage of solvent-based cement, and increased the rebound height of soccer ball by 5 centimeters. In the future, we will continue to develop and increase the use of environmentally friendly materials in our products, and fulfill our responsibility in environmental protection by continuously improving manufacturing processes to reduce our environmental footprints.

3.2.2.2 Product Safety Inspection

Feng Tay strictly conducts safety inspection on our materials and products. At our factories, 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. For example, injection skate shell is stored at -25°C for 4 hours before undergoing impact test. Pull test is performed on the upper, which is attached with a FastFit device, to ensure quality during operation of the product.

3.2.2.3 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. We perform security checks on all outgoing shipments and receive third-party audits arranged by customers. The inspection covers security measures, monitoring of operation, monitoring and inspection of packaging process, and factory access control. All truck drivers must have prior registration and present their photo identification cards at the gate before entering the factory. We also specify shipping routes and use vehicle GPS tracking modules to ensure transportation security and obtain real-time updates on shipping status. Through the security management system, we help our customers obtain US Customs-Trade Partnership on Terrorism Tier-1 certification and AEO (Authorized Economic Operator) certification from the European Union.

3.2.3 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. It is extremely crucial for us to maintain confidentiality in order to protect our customers' intellectual property and retain our competitiveness, because we are constantly developing next generation products and technologies. Employees are required to sign confidentiality agreements upon employment with Feng Tay. 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.

3.3 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 reduction in the rate of returns for raw materials to 0.84% in 2018.

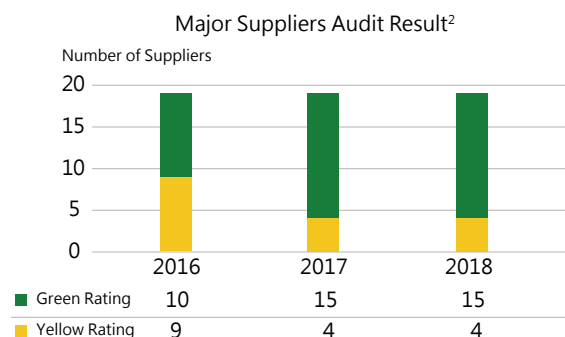
Furthermore, Feng Tay joined SCA (Sustainable Apparel Coalition) in 2017. The Higg Index developed by SCA is a tool to comprehensively assess social and environmental impacts of apparel and footwear products. It focuses on the following categories: water use and quality, energy and greenhouse gas, waste, chemicals and toxicity. We use it to find the opportunities for reducing environmental impact and to improve our long-term sustainable development through supply chain management.

3.3.1 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 2018, 19 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 system¹ and their subsequent performances were checked regularly. Currently 15 major suppliers were given green rating and 4 given yellow rating.



¹ Green rating: zero failures in critical items and over 90% pass rate in regular items. Yellow rating: fewer than 3 failures in critical items and 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.

² For suppliers given a green rating in the preceding year, audits can be waived for the current year.

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. For the suppliers whose performances were downgraded, we worked out an improvement plan with them and tracked their progress to ensure timely improvement.

3.3.2 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 do not contain chemical substances that are harmful to the human body. Most EPMs can be recycled and reused. By collaborating with suppliers, Feng Tay continues to increase use of EPMs and materials that are biodegradable and recyclable. Following are the details of 119 kinds of EPMs Feng Tay used in the shoe manufacturing process in 2018:

- Liner materials: 51 kinds. The major items are: EPM MERRY Recycled fabric (1,058,100 yards) and 6 oz NATURAL POLY CANVAS WITH COATING AND LOW-WICKING (737,300 yards), EPM HOWDY-P Recycled fabric (526,600 yards).
- Upper materials: 42 kinds. The major items are: Recycled RD2725-13 fabric (43,000 yards) and TLVIB007 Recycled fabric (26,400 yards).
- Accessories materials: 26 kinds. The major items are recycled FA 3050 film (3,451,700 meters) and TLD602 recycled shoe laces (475,500 pairs).

3.3.3 Anti-corruption Provisions of Purchasing Department

The Purchasing Department personnel are the Group's employees who directly interact with suppliers. Their work ethics and 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.

3.3.4 Partnership with Suppliers

Hosting of Materials Policy Seminar and Networking Party

We treasure our interaction and communication with suppliers. Footwear Materials Summit, RBR (Regular Business Review), and QA (Quality Audit) are 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 usage and cut down wastewater discharge. In the seminar, the suppliers who have demonstrated outstanding performance are commended in the presence of brand customers.

Footwear Materials Summit

- Date: August and December 2018
- Numbers of suppliers participating in the seminar: 59
- By region: 14 domestic suppliers, 45 foreign suppliers
- By material category: 14 leather suppliers, 8 synthetic leather suppliers, 21 textile suppliers, 16 webbing and elastic gore suppliers
- Numbers of participants: 118

QA (Quality Audit)

- Numbers of participants: 5 domestic suppliers
- By material category: 2 textile suppliers, 3 webbing and elastic gore suppliers

RBR (Regular Business Review)

- Numbers of participants: 20 suppliers
- 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

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.
- Provide suppliers with materials forecast, but do not force them to stock the materials in advance; transactions are accomplished by formal orders only.
- 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.

Feng Tay Footwear Materials Show and Supplier Fair

- Date: October 19, 2018
- Place: Taiwan Headquarters
- Purpose:
 - Provide a platform for suppliers to showcase the latest results of their materials research and development and for them to exchange information with each other to stimulate business growth
 - Gain a good understanding of the current status of footwear materials development and thereby connect seamlessly with new shoe development
- Numbers of suppliers participating in the material show: 17
 - By region: 10 domestic suppliers, 7 foreign suppliers
 - By material category: 4 leather suppliers, 2 synthetic leather suppliers, 5 textile suppliers, 2 webbing and shoe lace suppliers, 1 label supplier, 2 elastic gore suppliers and 1 TPU suppliers
- Numbers of participants in the vendor fair: 50
- Content:
 - Presented briefings on new materials and new technologies
 - Suppliers introduce their latest material with special characteristic to the visitors in person
 - Held a networking party after the Footwear Materials Show to strengthen the friendship between Feng Tay and suppliers
- Result and benefit
 - From different perspectives, representatives of brands, suppliers and Feng Tay R&D shared information on footwear materials and manufacturing processes
 - Established a closer partnership with suppliers



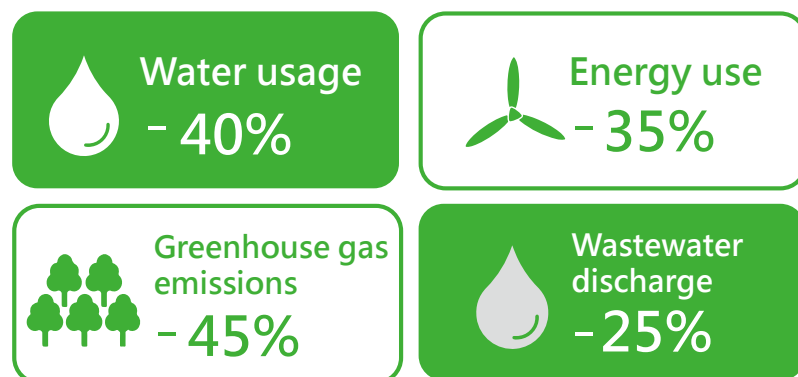
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Environmental Protection

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 factories, 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. All the above targets were achieved in 2018.

Reductions Achieved at Major Footwear Factories³ in 2018 (base on the 2013 levels⁴):
Per Pair of Shoes:



4.1 Expenditures on Environmental Protection

The 2018 environmental protection-related expenditures, totaled USD 8,600,000, are itemized in the following categories.

Category	Waste Disposal and Treatment	Wastewater and Emissions Treatment	Remediation	Prevention and Management
Expenditure (Thousand USD)	3,482	1,690	22	3,420

³ Major footwear factories include LF, HF, and SF in China; IW in Indonesia; LU1, LU2, EW1, and FA1 in India; DV, DP, DO, and DS1 in Vietnam.

⁴ Base on the 2013 levels. Starting from 2013, Feng Tay Group set reduction targets every year.

Category Details:

Category	Description
Waste Disposal and Treatment	<ul style="list-style-type: none"> Waste disposal Taxes and insurance costs related to waste disposal Installation, maintenance, and modification of waste collection facilities
Wastewater and Emissions Treatment	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Cleanup Improvement of sound insulation for noise abatement at borders of factories Addition and modification of facilities for remediation purposes
Prevention and Management	<ul style="list-style-type: none"> 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.) 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 Energy conservation, water savings, and oil-fired boiler replacement projects

4.2 Biodiversity

Feng Tay Headquarters in Taiwan and the factories 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 factories 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.

4.3 Energy Management

4.3.1 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 factories. The main guidelines are as follows:

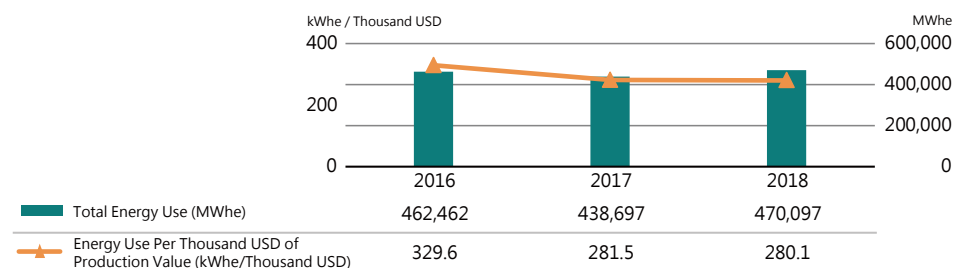
Category	Description
Equipment Purchasing	When purchasing new equipment, criteria such as electric power efficiency, fuel efficiency, water efficiency and greenhouse gas emissions must be taken into consideration. No purchase shall be made if, compared with the existing equipment, the new equipment has 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.
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 when renovation.
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.
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, 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. IE3 (premium efficiency standard) or better motors are adopted for newly purchased devices to reduce energy consumption by enhancing motor efficiency.

4.3.2 Energy Consumption

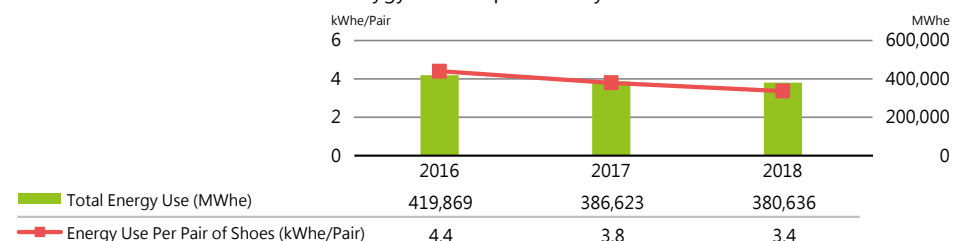
In 2018, we continued to implement energy-saving projects at subsidiary companies in all region. Our total energy consumption in 2018 was 7.2% higher than in 2017, as a result of a 11% increase in production volume. The energy consumption per thousand USD of production value decreased from 281.5 kWhe in 2017 to 280.1 kWhe in 2018, a reduction of 0.5%. The average energy use per pair of shoes in all footwear factories⁵ decreased to 3.4 kWhe in 2018 from 3.8 kWhe in 2017, a reduction of 10.5%. The average energy use per pair of shoes at all major footwear production plants is 3.4 kWhe in 2018; China region had the highest energy use per pair of shoes, while India and Indonesia regions had the lowest. The data suggest that our energy-saving projects and continuous manufacturing process improvements have yielded good results.

⁵ All footwear factories include LF, HF, and SF in China; IW in Indonesia; LU1, LU2, EW1, EW2, and FA1 in India; DV, DP, DO, DS1, DS2, DS3, SM1, and SM2 in Vietnam.

Energy Consumption Analysis of the Group



Energy Consumption Analysis of All Footwear Factories



Energy Consumption Per Pair of Shoes at Major Footwear Factories

Region	China	Indonesia	India	Vietnam	Avg.
Energy use per pair (kWhe/pair)	6.02	2.39	2.24	3.73	3.4

4.3.3 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 saving projects, including equipment purchasing, manufacturing process, and production environment. In 2018, the Group invested over USD 2.5 million in 60 projects as listed below.

Category	Electricity-Saving Projects
New Equipment Purchasing	4
Electric Power Management	20
Lighting	15
Ventilation and Cooling	1
Exhaust Systems	2
Compressor Systems	4
Heating and Insulation Systems for Process Equipment	7
Others	7
Total Number of Projects (Average Daily Electric Power Savings)	60 (15,594 kWhe)

Electricity Savings:

Electricity savings for the Group of per working day is 15,594 kWh (kilowatt hour equivalent). Here are two examples:

China Region - Thermal insulation for IP washing machine

In the original design, the IP washing machine cover had no thermal insulation, which caused heat loss when the machine was in operation. After assessment for safety, insulation sheets were made from EVA material residues and installed under the machine cover to increase insulation and reduce heat loss. The improvement, which also led to a decrease in warm up time, resulted in a saving of about 1,490 kWh per working day.

Motor System Efficiency Upgrade

In 2018, we instituted a requirement that all newly purchased motors must meet IE3 standard or better, such as servo motor or inverter duty motors. In addition, if an existing IP injection machine used a traditional motor, a variable frequency drive should be installed. If the efficiency of an existing motor clearly dropped because it was running at less than 50% of rated load, it should be replaced to improve energy efficiency.

Fuel Oil Savings:

Central Oil-Fired Boiler Replacement Plan at Major Footwear Factories:

In 2015, we initiated a plan to phase out central oil-fired boilers at major footwear factories before 2018. A total of around USD 4 million was invested in 2017 to replace and upgrade the equipment that used steam for heating. The oil-fired boilers, which provide steam to the molding process of shoe soles, account for about 30% of energy consumption at major footwear factories. 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 reduce energy losses, but also eliminate the safety concerns for fuels. We phased out all oil-fired boilers in 2018.

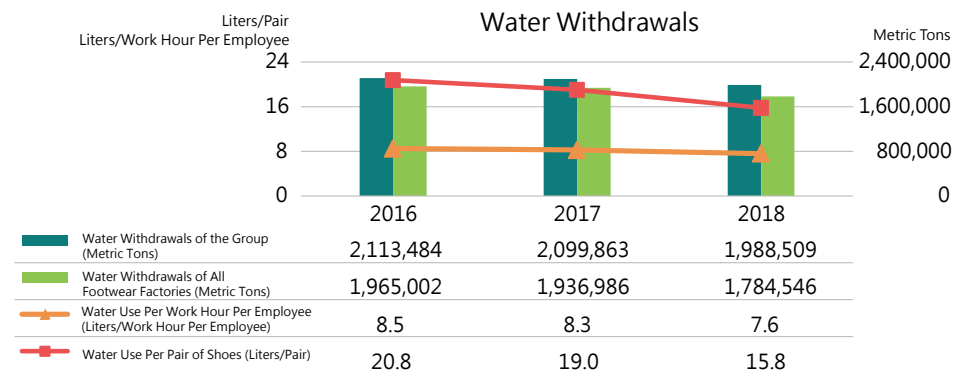
4.4 Water Management

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 Withdrawals:

Compared with 2017, water withdrawals decreased by 5.3% in 2018, and the water use per work hour per employee⁶ decreased by 8.4%. In 2018, the total water withdrawal in all footwear factories was 7.9% lower than in 2017 and the average water withdrawal per pair of shoes⁷ was 17% lower. The average water withdrawal per pair in all major footwear factories was 15.6 L/pair, the highest average water withdrawal per pair at China region, because water consumption in dormitories was included in the data; the lowest at India region. We have been developing water-saving projects in the hope of achieving zero wastewater discharge from the manufacturing process. For example, we evaluated the drainage system at each step in the manufacturing process to increase water recycling rates. We also set up water reclamation systems to reuse treated wastewater.

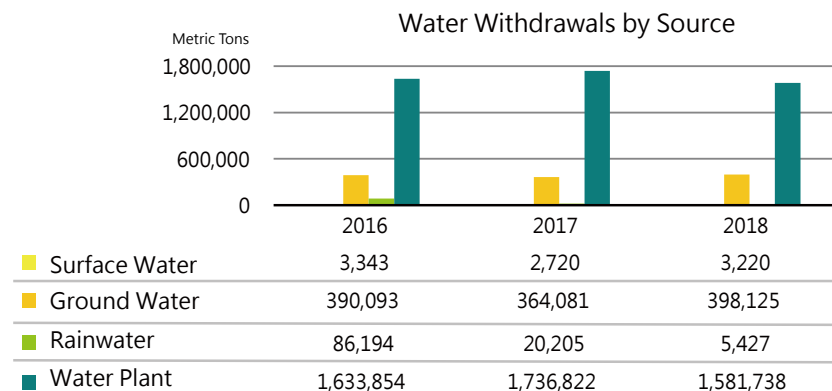


Water Use Per Pair of Shoes at Major Footwear Factories

Region	China	Indonesia	India	Vietnam	Avg.
Water use per pair (L/pair)	22.7	12.3	9.9	17.9	15.6

Water Withdrawals by Source:

About 80% of the total amount of water used by the Group came from local water plants. Some factories, located in areas with limited water resources and municipal water-supply pipelines, also utilize ground water, surface water, and rainwater. Because of climate change, the amount of rainwater collected by a harvester fluctuated. We continue to assess the feasibility of establishing new rainwater harvesting systems in our factories.



⁶ Water use per work hour per employee = total water withdrawal ÷ total work hours

⁷ Average water withdrawal per pair of shoes = total water withdrawal in all footwear production plants ÷ total footwear outputs (pairs) of all footwear production plants. According to this definition, data reported in 2016 have been revised in report.

Water Saving Practices

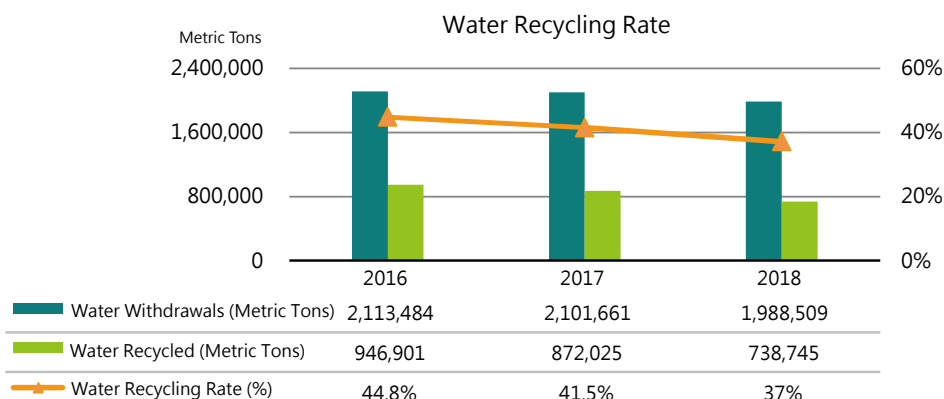
The Group focuses on the following measures to reduce water use:

- Increase the proportion of recycled water usage: Continuously recirculate cooling water for process equipment. Use treated wastewater for watering lawns and flushing toilets. Set up water reclamation systems to reuse treated wastewater for watering plants, flushing toilets and cleaning.
- Reduce water usage: Install low-flow faucets. Regularly inspect and repair water leaks. Develop water balance diagrams to better plan water-saving projects.

In 2018, the Group implemented 19 water savings projects. Around 270,000 liters of water were saved per working day.

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 water⁸ decreased from 41.5% in 2017 to 37% in 2018.



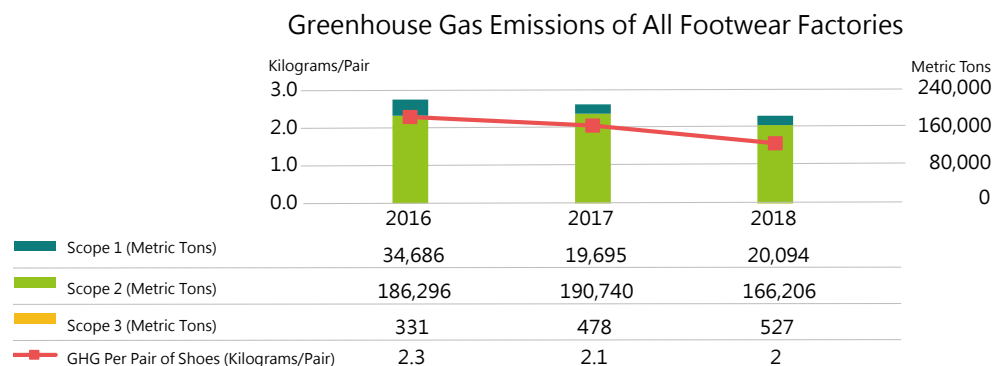
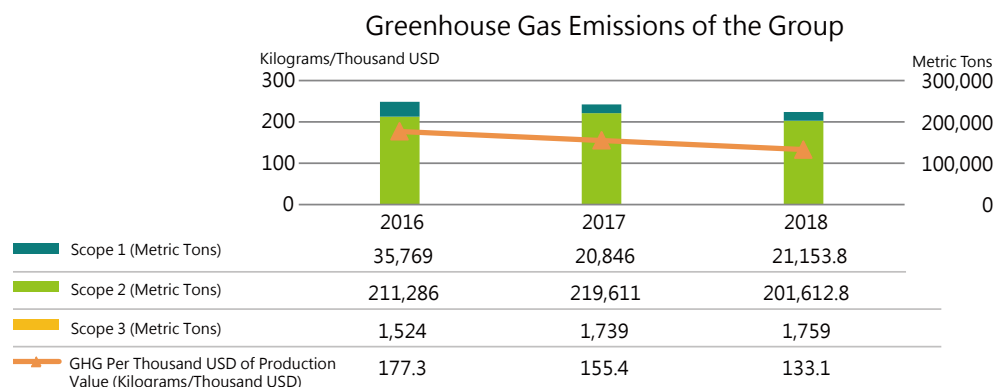
4.5 Pollution Control

4.5.1 Greenhouse Gas Emissions⁹

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 green house 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 and company's vehicles¹⁰

In 2018, our total greenhouse gas emissions decreased 8% compared with 2017. Greenhouse gas emissions per thousand USD of production value were 14% lower than in 2017. For all footwear factories, greenhouse gas emissions per pair of shoes decreased 0.5 kilogram CO₂ equivalent. The GHG emission per pair of shoes at all major footwear factories was 1.7 kg CO₂/pair; China region had the highest GHG emission per pair of shoes, while India region had the lowest.



GHG Emissions Per Pair of Shoes at Major Footwear Factories

Region	China	Indonesia	India	Vietnam	Avg.
GHG emission per pair (kg CO ₂ / pair)	4.02	0.70	1.16	1.42	1.70

⁸ Percentage of recycled water = amount of recycled water ÷ total water withdrawal. In accordance with the definition given by GRI, harvested rainwater is not included in recycled water. This definition was used to calculate the data for 2018 and correct the data reported in previous years.

⁹ 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.

¹⁰ Company's vehicles refer to trucks and sedans used for company operations, but not for employee commutes.

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 factories in India and Indonesia. Each system supplies 33.5 kWhe of electricity per day, which is used for lighting and ventilation in the canteen. In 2015, one factory in China installed a solar power system on the rooftop of a factory building. We further invested around USD 600,000 to expand the capacity of existing solar power systems at the same factory to 515 kW in 2017, which generated about 630 thousand kWhe of electricity in 2018. The Group Headquarters and the factories in India utilize solar water heating systems to provide hot water for dormitory and other daily uses. At some factories in Vietnam, we have begun to replace electric heating systems with solar heating systems to supply hot water for production processes. In India, we signed a Power Purchasing Agreement to import green energy produced by an external wind power plant, which has generated electricity steadily since it started to operate in May 2018. The wind power plant generated 23 million kWhe of electricity in 2018, accounting for 40% of the total electricity consumption of Cheyyar Industrial Zone in India. In the meantime, we continue to assess the feasibility of installing solar or wind power systems at our new factory in India. To increase renewable energy usage, we are also seeking opportunities to utilize geothermal energy in Indonesia.

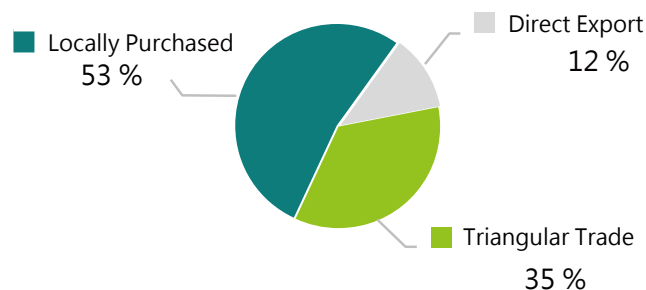
In order to reduce the frequency of employees traveling to and fro among the Headquarters and factories and the consumption of vehicle fuels, we have adopted the following measures:

- Implementing multi-party video and phone conference systems at the headquarters and factories.
- Carpooling among factories 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.

4.5.2 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 53% or higher. Raw materials that are not purchased locally, including direct exporting from suppliers in foreign countries and triangular trade, accounted for 47%.

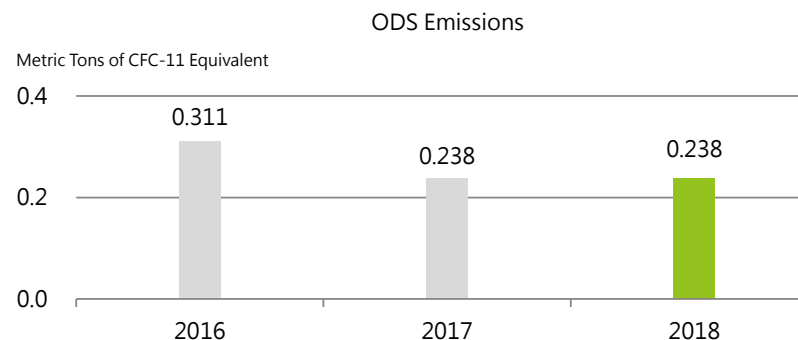


Materials and commonly used chemicals purchased from suppliers in Taiwan are shipped to the Headquarters, if only small amounts are needed at each factory. After inspection by Purchasing and Warehouse Departments at the Headquarters, all items for each factory are grouped into one shipment to reduce shipping costs and make full use of container space. To avoid unnecessary back and forth hauling, relatively large orders are handled with a triangular trade system and shipped directly by the suppliers from Taiwan or other countries to factories.

4.5.3 Emissions of Ozone-Depleting Substances (ODS)

The ODS used at our factories 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-134a and R-404a. The Group has been gradually reducing emissions of ozone-depleting substances (ODS). The use of R-12 and R-502 was suspended. For all air-cooled chillers in major footwear factories, we have made the switch to the environmentally friendly R-410A refrigerant.

ODS emissions¹¹ remained the same in 2018 at 0.238 metric tons of CFC-11 equivalent, unchanged from the 2017 level. In 2017, we created a new internal regulation to stop purchasing any equipment that uses R-22. 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.

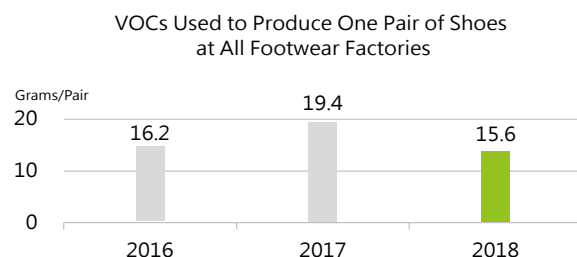


4.5.4 Volatile Organic Compounds (VOCs)

Since 1997, Feng Tay has generally used water-based adhesives not containing potentially hazardous VOCs. Every adhesive used in production is rigorously tested before mass production begins. We also collaborate with suppliers to test new water-based adhesives in order to gradually decrease the usage of solvent-based adhesives. Over the years, we have successfully reduced the amount of VOCs emissions generated during production.

¹¹ Emissions of ozone-depleting substances = Refrigerant Usage × Ozone Depleting Potential

In 2018, the average weight of VOCs used in producing one pair of shoes at our footwear factories was 15.6 grams, 19.6% lower than in 2017; the average weight of VOCs used in producing one pair of shoes at major footwear factories in 2018 stayed the same at 8.1 grams, unchanged from the 2017 level.



4.5.5 Wastewater Treatment

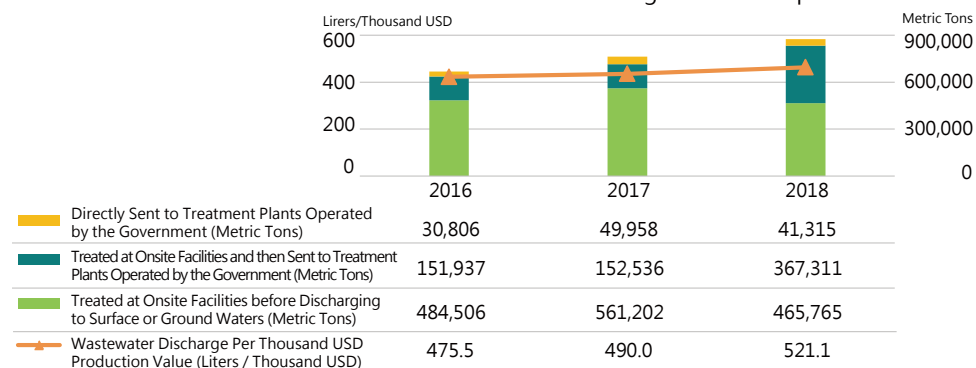
Feng Tay Group is devoted to preventing water pollution. To comply with our regulations in "Environmental Engineering: Water pollution prevention," all factories are required to develop water pollution prevention plans and increase the usage of recycled wastewater. The wastewater that could not be recycled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

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

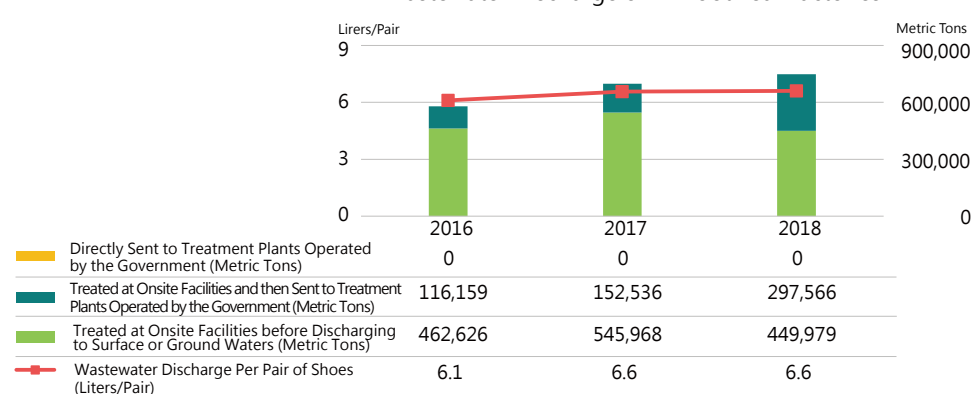
Most of the Group's factories handle wastewater by the third method. Except the Group Headquarters and one factory each in Vietnam and China, all factories have built on-site wastewater treatment plants (WWTPs) to provide adequate treatment for wastewater generated in different production processes. Before the treated wastewater is discharged, it must meet the effluent standards established by local regulations. In addition, the treated wastewater that our major footwear factories discharge directly to surface or river waters must meet the requirements of the progressive limits for conventional wastewater parameters established by ZDHC Foundation and must be tested twice a year. ESH personnel at factories 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 factories.

In 2018, the Group discharged 874,391 metric tons of wastewater, 14% higher than in 2017. The wastewater discharge per thousand USD of production value was 6% higher than in 2017. For all footwear factories, the total amount of wastewater discharge was 747,545 metric tons, 7% higher than in 2017. The average wastewater discharge per pair of shoes kept the same at 6.6 liters, unchanged from the 2017 level. The average wastewater discharge per pair of shoes in all major footwear factories was 6.3 L/pair; Indonesia and Vietnam regions had the highest average wastewater discharge per pair of shoes at Indonesia, and while Vietnam and India regions had the lowest, at India region. The increase was mainly because Vietnam factories cut down the amounts of recycled water used for toilet flushing and gardening, in order to improve the treated wastewater quality. In the meantime, these factories were also expanding the capacity of WWTPs.

Wastewater Discharge of the Group



Wastewater Discharge of All Footwear Factories



Wastewater Discharge Per Pair of Shoes at Major Footwear Factories

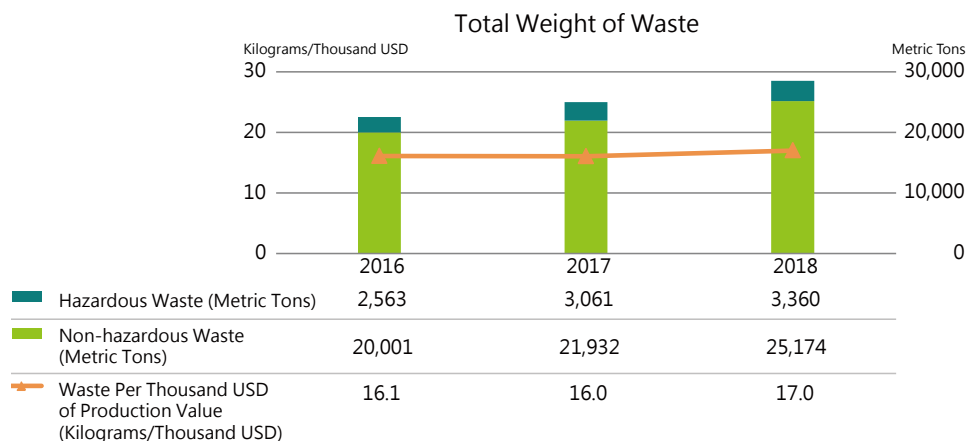
Region	China	Indonesia	India	Vietnam	Avg.
Wastewater discharge (L/pair)	5.5	9.2	0.0	8.9	6.3

The factory in Indonesia stopped using recycled water when the project was underway to construct separate pipelines for fresh water and recycled water. To ensure compliance with wastewater discharge regulations, all of our factories in Dong Nai Province, Vietnam, implemented the plan to discharge wastewater to the WWTP in the industrial zone. Three factories completed the implementation plan in 2018. The Group continues to assess the feasibility of adding recycling systems for water used in the manufacturing process. For example, construction of the water reclamation system at the Headquarters in Taiwan was completed in July 2018, which increased the water recycling rate to 35%.

4.5.6 Waste Treatment

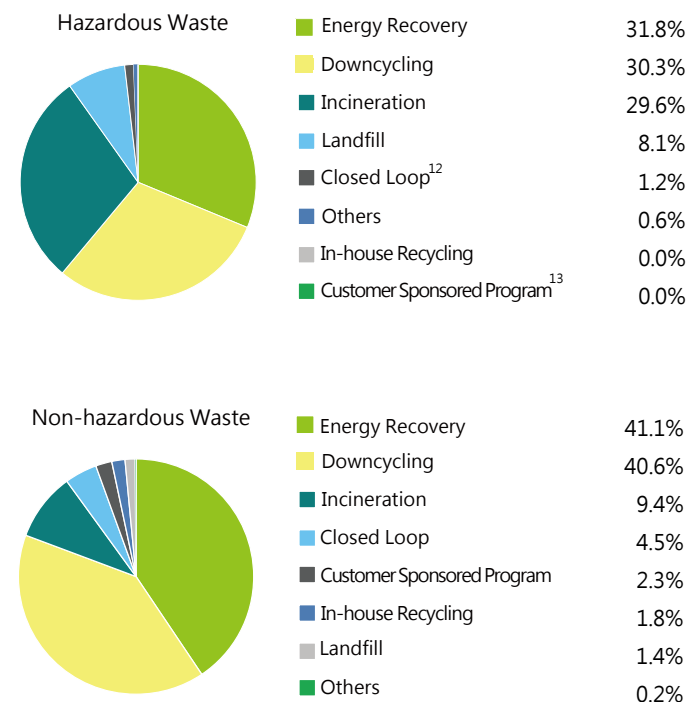
All waste is properly collected and classified to improve recyclability, and environmentally preferable methods are used for disposal. Hazardous waste generated in the production process is treated and disposed of with special caution. We classify hazardous waste into 5 categories, and specify for each 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 2018 was 28,534 metric tons, of which 12% was hazardous waste and 88% non-hazardous waste. Waste generated per thousand USD of production value was 6% higher than in 2017. Regarding the increase in manufacturing waste, we immediately conducted an internal review and developed a waste reduction plan. In 2018, we worked with suppliers to minimize the amount of packaging materials and increase the use of recyclable containers, which led to a reduction of 5 metric tons of waste per year. In addition, some chemical containers were changed from square buckets to plastic barrels. The switch improved the stability of stacking and reduced the amount of packaging materials, which resulted in a reduction of 2.6 metric tons of waste per year. Our factories will keep on tracking the volume of manufacturing waste, optimize waste weighing systems, and improve manufacturing tools and production processes to control waste generation. In the meantime, we will actively search for better waste recycling techniques and partners to further reduce manufacturing 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 landfill.

In 2018, 41.3% of the waste was disposed of by either energy recovery or in-house recycling, which was 0.5% lower than in 2017. The total percentage of incineration and landfill decreased to 13.8% in 2018 from 15.3% in 2017. We will continue to increase the use of energy recovery waste disposal method and minimize the use of incineration and landfill, in order to further reduce our environmental footprints. Following are the percentages of hazardous and non-hazardous waste disposed of by various methods in 2018:



4.6 Environmental Compliance Records

In 2018, there is no major incident of non-compliance with environmental laws and regulations.

¹² Closed loop: waste materials are processed by external vendors for reuse or recycling into the same or similar material as that originally supplied.

¹³ Customer sponsored program: waste materials are approved and managed by customer for recycling into secondary products.

05

Employee Relationship
and Social Engagement

5.1 Employee Relationship

Having operated the business diligently in Yunlin for over 40 years, Feng Tay considers employees to be the most important asset and indispensable partners for continuous growth. We endeavor to manage the company well, take care of employee needs and emphasize work-life balance. We aim at providing a good work environment, a competitive salary and benefits scheme, a fair and transparent performance evaluation and promotion system, professional training programs, and a comprehensive career development plan. The working environment for our employees is safe and equitable. In the future, we strive to foster a group of employees who are "committed to the value of work, supported by family, and proud of the company." We look forward to working with our employees toward a sustainable future.

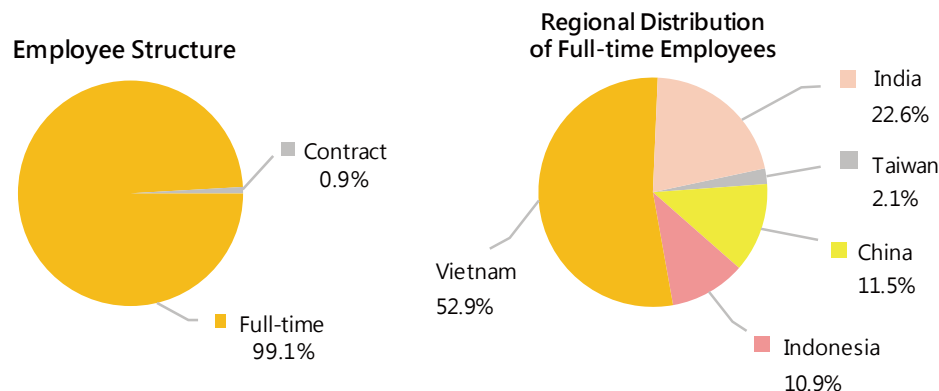
5.1.1 Employment

The employment policy of Feng Tay Group strictly follows national labor laws. We recruit workers through open channels and in a fair manner. Moreover, our principles are to employ local workers whenever possible and to prohibit hiring foreign migrant workers or workers under 18 years old.

Employee Compositions

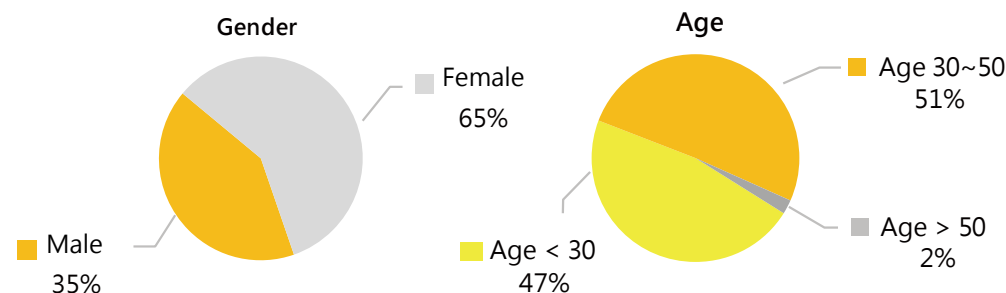
By the end of 2018, the workforce of Feng Tay Group was 121,844, of which 99.1% were full-time employees, while the others were workers of contract companies for food service, gardening and medical service. Among full-time employees, 2,491 worked in Taiwan; 13,836 in China; 13,212 in Indonesia; 63,898 in Vietnam; and 27,300 in India.

Among contract workers, 113 were in China, accounting for 10.2% of the total number of contract workers; 16 in Indonesia, accounting for 1.4%; 490 in Vietnam, accounting for 44.3%; and 488 in India, accounting for 44.1%. All employees in Taiwan worked full time.



Full-time Employee Compositions in All Regions

Female employees comprised 65% of the total workforce at Feng Tay. The percentage of female employees in the workforce in China Region was the highest among all regions. In terms of age, employees who were under 30 comprised 47% of the total. In Taiwan, China, Indonesia and Vietnam, the largest age group was between 30 and 50 years old. The majority of employees in India were under age 30.



Unit: Percentage

Full-time Employee Composition	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	52.7	47.3	13.8	62.3	23.9
China	24.7	75.3	6.8	83.4	9.4
Indonesia	37.5	62.5	41.0	58.2	0.8
Vietnam	32.3	67.7	48.9	50.1	1.0
India	43.6	56.4	68.1	31.1	0.0
Feng Tay Group	35	65	47	50.8	2.2

Full-time Employee Grade Levels

The workforce can be divided into three categories – top-level management, first- and mid-level management, and non-management. When a factory 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 cultivate local talents and appoint them to leadership positions.

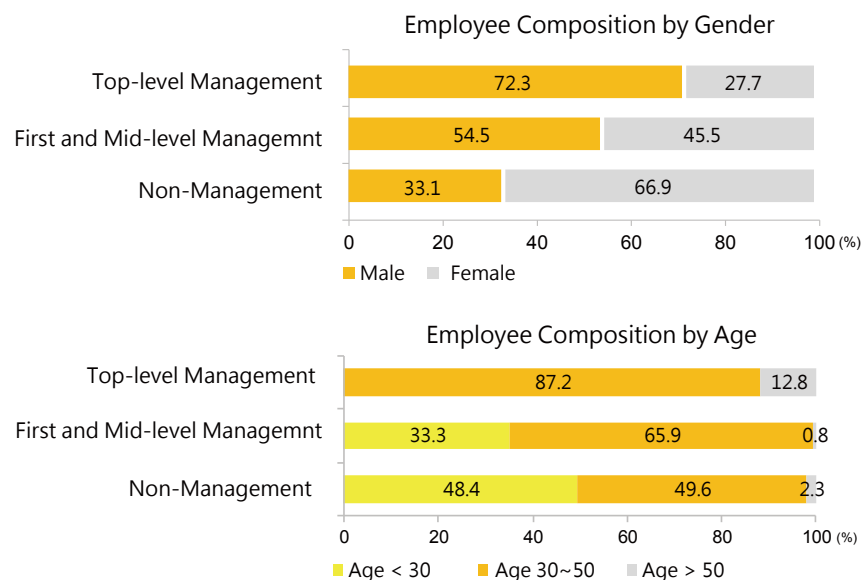
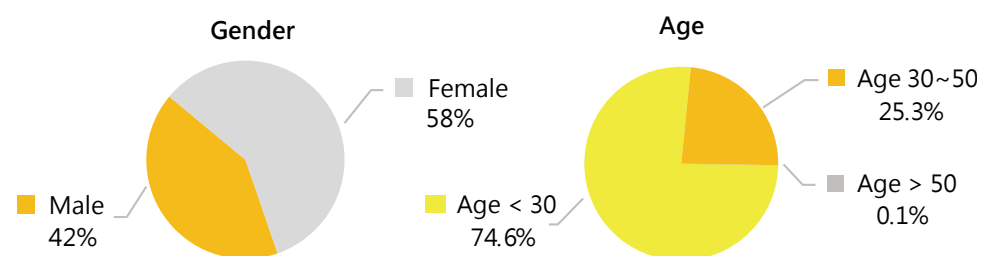
As of the end of 2018, six locals in China, nine locals in Vietnam, one local in Indonesia and five locals in India have held the positions of General Manager at factories. Locals accounted for 100.0% of top-level management in Taiwan, Indonesia, India and China, and 75% in Vietnam.

Top-level Management	First- and Mid-level Management	Non-Management
<ul style="list-style-type: none"> General Managers at the Headquarters Vice General Managers at the Headquarters Regional General Managers Chief Directors at the Headquarters General Managers at Factories 	<ul style="list-style-type: none"> Monitors at the Headquarters Directors at the Headquarters Managers at the Headquarters (Administrative Managers, Production/Manufacturing Managers) Supervisors and Team Leaders at the Headquarters 	<ul style="list-style-type: none"> Special Assistants to General Managers at Factories Executive Vice General Managers at Factories Monitors at Factories Vice General Managers at Factories Directors at Factories Managers at Factories Supervisors at Factories
		<ul style="list-style-type: none"> Engineers Technicians Staffs Specialists Project Managers Clerks Operators



The Compositions of New Recruits

To meet our business growth needs, we recruited 27,170 new employees in 2018, of which 15,769 were female, accounting for 58% of the total new recruits. New employees younger than 30 years of age made up 74.6% of the total new recruits.



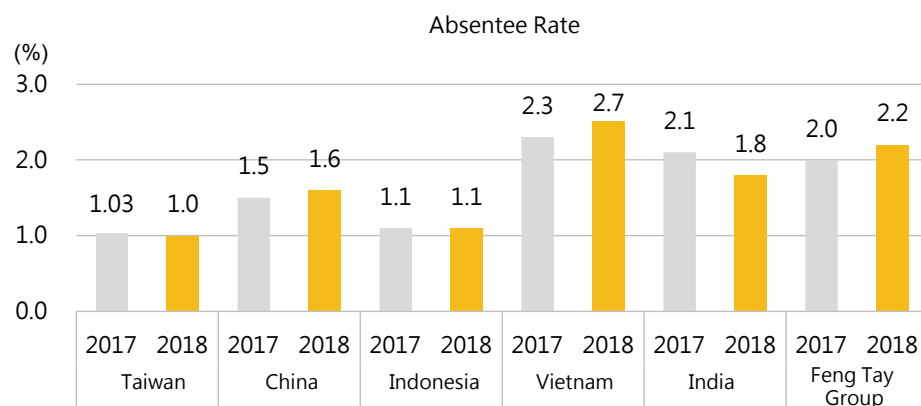
Unit: Percentage

New Recruits Composition	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	38.1	62.0	75.9	24.1	0.0
China	34.5	65.5	35.6	62.9	1.5
Indonesia	6.8	93.3	90.3	9.7	0.0
Vietnam	45.0	55.0	72.9	27.1	0.0
India	43.0	57.0	87.5	12.5	0.0
Feng Tay Group	42.0	58.0	74.6	25.3	0.1



Absentee Rate¹⁴ and Monthly Turnover Rate¹⁵

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 from 2.01% in 2017 to 2.2% in 2018.



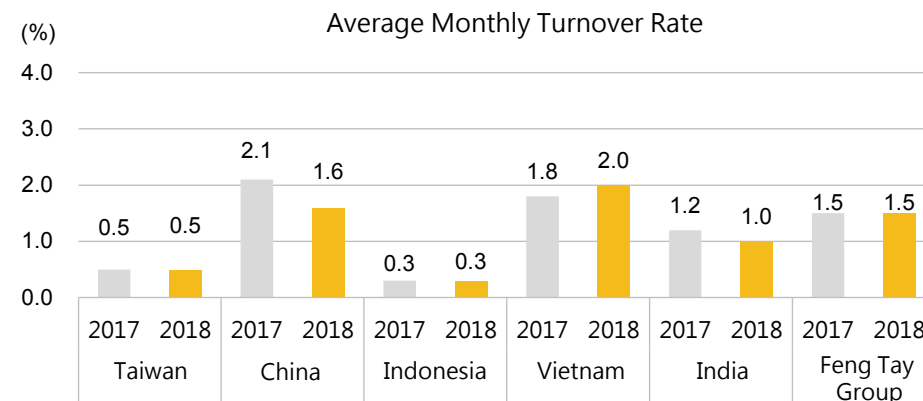
Regarding employee turnover management, once an employee has submitted his or her resignation, the human resource staff will conduct an exit interview to understand the reason for his or her resignation, and do the best to show our care and to retain the employee. The average monthly turnover rate of the Group in 2018 was 1.5%, unchanged from the 2017 level, with the highest in Vietnam (2.0%) and the lowest in Indonesia (0.3%). For employees who had completed more than one year of service, the average monthly turnover rate was 0.8%, unchanged from the

¹⁴ 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.

¹⁵ Monthly turnover rate refers to the monthly number of employees who leave the company expressed as a percentage of the total number of employees.

¹⁶ Average monthly turnover rate refers to the sum of 12 monthly turnover rates divided by 12.

2017 level, with the highest in Vietnam (1.0%) and the lowest in Indonesia (0.2%). Employees younger than 30 had the highest turnover rate at 2.2%, while the 30-50 age and older than 50 groups had the lowest turnover rate at 1.2%.



Unit: Percentage

Average Monthly Turnover Rates		Overall	Male	Female	Age < 30	Age 30-50	Age > 50
Taiwan	All employees	0.5	0.4	0.4	1.7	0.3	0.0
	Employees with more than one year of service	0.3	0.3	0.3	1.1	0.2	0.0
China	All employees	1.6	2.0	1.5	5.5	1.3	1.4
	Employees with more than one year of service	0.9	0.9	0.9	1.8	0.8	1.2
Indonesia	All employees	0.3	0.3	0.3	0.3	0.3	2.8
	Employees with more than one year of service	0.2	0.2	0.2	0.2	0.2	1.6
Vietnam	All employees	2.0	2.8	1.6	2.7	1.3	1.4
	Employees with more than one year of service	1.0	1.2	0.9	1.2	0.8	1.4
India	All employees	1.0	0.8	1.1	1.1	0.6	1.9
	Employees with more than one year of service	0.7	0.5	0.9	0.8	0.6	1.9
Feng Tay Group	All employees	1.5	2.0	1.5	2.2	1.2	1.2
	Employees with more than one year of service	0.8	1.0	0.9	1.1	0.8	1.0

5.1.2 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.

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 2018, we hired a total of 34 employees with disabilities at the Headquarters, 36% higher than required by the regulations in Taiwan.

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 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 factories. 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.

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 factories International Women's Day is celebrated 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. We hold culinary, flower design and soccer contests to further enhance our female employees' sense of accomplishment and active participation. In India, female workers do not take shift work. Monthly awareness training classes are offered to nursing mothers at the Crèche and female police officers are invited to give instructions on prevention of sexual harassment.



Culinary contest in Vietnam



Pregnancy awareness program in India

India Factories- SAKHI Program

SAKHI means "female friend" in Tamil language

SAKHI program empowers female employees to reach their full potential through courses in professional skills training, computer and English.

To promote gender equality in society, we have made an effort to provide female employees with access to higher education. We have invited local education scholars and university representatives to our factories to share information about school curriculum, admission requirements, and career opportunities. Since 2012, 961 employees took part in this program. A total of 32 employees received graduation certificates in 2018.



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 factories for employees who are nursing babies to use one hour a day during working time.
- At factories, 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.

5.1.3 Overall Compensation

Entry-level Wage

Feng Tay Group offers a competitive salary scheme that is superior to the standard of the industry. Our entry-level salary is higher than the local legal minimum wage. All employees are paid based on their performance, regardless of social status, gender, religion, race, nationality or political affiliation. 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 2018:

Region (Currency)	Local Legal Minimum Monthly Wage	Entry-level Wage of Feng Tay Group
Taiwan (NTD)	22,000	25,200
China (RMB)	1,500 / 1,650 / 2,020*	1,800 / 1,800 / 2,580
Indonesia (Rupiah)	2,678,068	2,700,000
Vietnam (VND)	3,980,000 / 3,530,000 / 3,090,000**	4,303,000
India (Rupee)	3,906+DA***	6,145+DA

* RMB 1,500 is the local legal minimum monthly wage in Putian, Fujian Province; RMB 1,650 is the local legal minimum monthly wage in Fuzhou, Fujian Province; RMB 2,020 is the local legal minimum monthly wage in Taicang, Jiangsu Province.

** VND 3,980,000 is the local legal minimum monthly wage in Vung Tau, Trang Bom Province; VND 3,530,000 is the local legal minimum monthly wage in Xuan Loc Province; VND 3,090,000 000 is the local legal minimum monthly wage in Chau Duc Province.

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

Employee 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. We gave out these bonuses to encourage our employees to devote themselves to their career, as well as to attract and retain the best talents.

The "Propose for Improvement" system is established at factories 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 addition, the "Best Kaizen Award" program is also established to encourage employees to strive for improvement and breakthrough in their work, thereby creating business value for the company. Award recipients are invited to the Headquarters to receive their awards at the Group anniversary celebration. There were 12 recipients in 2018.



At Group Headquarters, employees who have completed 8 years of service receive travel allowance. An "Improvement and Innovation Award" program is established in Taiwan to encourage employees to be constantly improving and innovative in daily work. In 2018, there were 128 winning works.

5.1.4 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.

Job Assignment

All new employees are assigned positions according to their educational backgrounds and work experiences. We assess their adaptation status and career potential through regular interviews and department visits, and arrange suitable trainings for them to fit into the team in the shortest time possible. Internal promotion is preferred at Feng Tay. Promotions are mainly based on work performance.

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 factories were gradually promoted to their current positions from entry level by going through various challenging assignments and obtaining good performance evaluation results.

Education and Training

Continuously implementing human resource development program is one of the management strategies we adhere to. 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. 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.

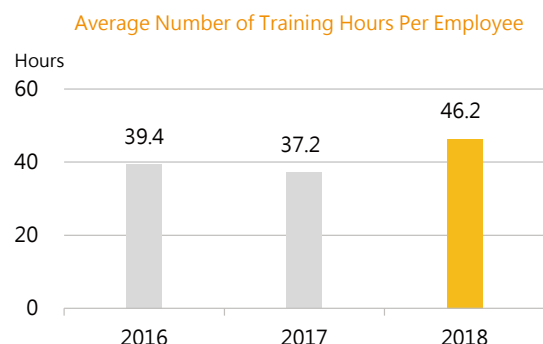
Category	Content	Objective
Core Competence	<ul style="list-style-type: none"> New employee orientation General education for employees 	Help new employees settle into their work environment and company norms. Raise employee life values and promote team spirits.
Management Competence	<ul style="list-style-type: none"> Training for first- and mid-level management Training for top-level management 	Use E-learning, classroom lecture, case study, and practical training to strengthen management capability so that managers can effectively lead team members to achieve organizational goals.
Professional Training	<ul style="list-style-type: none"> Professional training for new employees Professional training in 7 occupational competencies 	Help employees gain an understanding of the latest technologies and industry trends to develop professional talents.

Self-Learning Center

At the Headquarters in Taiwan, we joined the Company's clubs to offer after-work self-study courses since 2017. To offer courses that were oriented toward employees' learning needs, the employees who were specialized in related fields were invited to be lecturers. By providing one computer to each individual for classroom practice, we created a learning group that can be continuously improved and a platform for employees to share their experiences and technical knowledge. In 2018, we held a total of 117 courses with 1,542 people participating.



In 2018, the total training hours in the Group reached 5,529,144 hours, 32% higher than in 2017. There were a total of 1,835,090 attendees. The average number of training hours per employee was 46.2 hours, 24.7% higher than in 2017.



Region	Unit: Hours			
	Top-level Management	First- and Mid-level Management	Non-Management	All employees
Taiwan	19	25.9	34.9	33.6
China	2.0	19.4	41.4	39.5
Indonesia	0.0	49.0	61.2	60.3
Vietnam	1.9	20.3	36.7	35.3
India	0.6	92.9	66.7	69.1
Feng Tay Group	13.8	41.0	46.8	46.2

5.1.5 Employee Communication and Rights

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 factories 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.

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, and company website.

Instructions for the grievance and suggestion system are posted on the bulletin board at every factory 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 2018, 716 cases of grievances and suggestion were resolved. 86% of the cases received were related to labor practices, mainly concerning management style, work arrangement, and work environment. There were 664 cases of grievances, 34% higher than in 2017, which suggest that there is room for improvement in employee relationship. This also indicates 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 2018 are shown below:

Region	Taiwan		China		Indonesia		Vietnam		India	
Category	G*	S**	G	S	G	S	G	S	G	S
Social	1	0	0	0	0	0	0	0	0	0
Environment	0	1	0	0	0	0	0	1	0	2
Labor	39	8	92	3	8	0	193	21	240	13
Human rights	0	0	0	0	3	1	41	2	47	0

*G: Grievance; **S: Suggestion

Freedom of Association

Feng Tay supports employees' rights to form labor unions and engage in collective bargaining with the management. Established at all factories, 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%	93%	99%	100%

Working Hours and Overtime

At Feng Tay, 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 subsidiary companies in each region. Except for executives at top-level management, 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	Local Legal Maximum Allowed Overtime	Feng Tay Maximum Allowed Overtime
Taiwan	8 hours a day, 40 hours a week	4 hours a day, 46 hours a month	2 hours a day, 24 hours a month
China	8 hours a day, 40 hours a week	3 hours a day, 36 hours a month	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	2 hours a day, 14 hours a week
Vietnam	8 hours a day, 48 hours a week	4 hours a day, 30 hours a month	2 hours a day, 30 hours a month
India	8 hours a day, 48 hours a week	4 hours a day, 12 hours a week	2 hours a day, 05 hours a week

Insurance and Paid Leaves

Feng Tay provides employees with sound insurance programs and 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, we provide health insurance. In 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 factories in India which have special regulations on paid leaves, the employees in Taiwan who have worked for six months and the employees in China, Indonesia and Vietnam who have worked for one year are entitled to paid annual leaves.

5.1.6 Employee Care and Welfare

Employee Family Day

We hold "Employee Family Day" events at factories. We take these opportunities to explain company's visions to employees' families, and hope to obtain from them the support to and the sense of identifying with the company, which will be the best backing for the company to move forward. In Taiwan, employees who have completed 25 years of service receive trophies, souvenirs, and recognition from the management team at the anniversary celebration. In 2018, 93 employees received recognition.



Employee family day at a factory in India



Employees with 25 years of service received recognition from the management team in Taiwan

EAP Employee Assistance Program

In India, we have launched an EAP program to offer professional consultations to those employees who have alcohol, marriage, or psychological problems, and set up a free 24-hour hotline to help employees overcome their difficulties in life. In 2018, nearly 15,000 consultations were provided in this program and 151 individuals overcame their suicidal thoughts after consultations. In Taiwan, we started to promote EAP Program in August 2018. We signed a contract with a professional psychologist to regularly visit the factory and meet with the employees who need help. The consultation is kept confidential to protect individual privacy, thereby ensuring that employees can see the psychologist without worry. To closely meet employees' needs, the management team also holds regular meetings with the EAP consultants to review the program implementation status and feedback from employees.



Nursery Schools for Employees' Children

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 factories 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.



Taiwan: Feng Tay Nursery School

Feng Tay is one of the earliest companies that established nursery school in Taiwan. 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.

Year established	1979
Area (Square Meters)	8,000
Age Range	2-6 years old
Number of Students	228
Number of Teachers	18
Number of Alumni	2,810

China: Li Feng and Xie Feng Nursery Schools

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 is currently designated as the "showcase" nursery school in Putien and the pilot center of teaching and research for model teachers of nursery schools. It is also open for study to all preschool education institutions in the region.

School Name	Li Feng	Xie Feng
Year established	1993	
Area (Square Meters)	10,000	23,300
Age Range	3-6 years old	
Number of Students	203	351
Number of Teachers	16	30
Number of Alumni	2,485	4,040



Vietnam: Nursery Schools

Two nursery schools, one in Trang Bom District and another in Xuan Loc, are both rated as excellent nursery schools repetitively. They are highly commended by the Vietnamese Central Government and recognized as the role models for the operations of FDI companies in Vietnam. As a follow-up, the Government is planning to require all future industrial zones to reserve a part of the land for nursery schools.

School Name	DO	DS
Year established	2008	2016
Area (Square Meters)	12,000	22,400
Age Range	3-6 years old	
Number of Students	837	902
Number of Teachers	60	64
Number of Alumni	1,982	391

India: Crèches

The crèches are capable of caring for babies as young as 84 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 (30-80 minutes per session), with one in the morning and another in the afternoon.

School Name	LU1	LU2	EW1	EW2	FA1
Year established	2009	2014	2011	2012	2017
Area (Square Meters)	608	801	351	416	583
Age Range	Under 6 years old				
Number of Students	142	80	108	70	38
Number of Teachers	1	1	1	1	1
Number of Caregivers	18	13	12	11	4
Number of Assistant Teachers	0	0	0	1	0
Number of Alumni	1,196	46	37	148	NA



Employee 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 volley ball court, a golf short game area, a skateboard-practicing facility, barbecue equipment, a karaoke system, a banquet room, and a multi-functional room. In 2018, the facilities were used over 24,915 times by employees. Other benefits include gifts or allowances on special holidays, birthday and wedding gifts for employees, condolence money, free meals or meal subsidies, and dormitory.

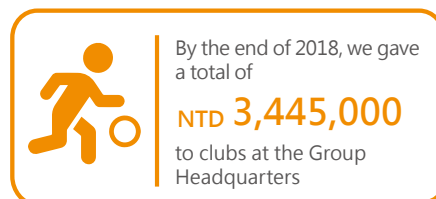
Other measures are implemented to meet special regional needs. For example, free or subsidized shuttle bus services are available for employees commuting at some factories. Free uniforms are provided to employees in Vietnam and India. In Indonesia, employees may receive free medical services at the clinic established by the Group, and every year three employees go on a fully-sponsored pilgrimage trip to Mecca. In India, free vision and hearing examinations are made available to employees and their children; and nutritional supplements are supplied to pregnant employees on every workday.



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 or gift cards on special holidays, emergency assistance grants, and subsidies for domestic tours, year-end party, educational seminars and club activities. Furthermore, our employees can enjoy discounts at over 202 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, financial management, mental health, culture and entertainment.

To promote employee physical and psychological health, we provide spaces and subsidies for our staff to organize various clubs. By the end of 2018, we gave a total of NTD 3,445,282 to subsidize the activities of 24 clubs at the Group Headquarters. Among these clubs, 54% are sports clubs. Uncommon clubs, such as board game club, survival game club and self-defense martial arts club, provide the employees with more activity choices. On average, each employee participated in at least one club activity per month in 2018.



Self-defense Matial Arts Club



Basketball Club

5.1.7 Employee Safety and Health

5.1.7.1 Environment, Safety, and Health (ESH) Management Organizational Structure of ESH Management

Personnel of ESH are appointed at the Headquarters and factories as explained in Section 1.2 Organizational Structure of Corporate Responsibility. The ESH personnel at each factory 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 factory, provide advice and guidance, and conduct audits from time to time. Another responsibility of ESH personnel at factories 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. Starting in 2016, a quarterly review meeting on ESH management performance is also held at each factory. Chaired by the factory general manager, the meeting provides a forum for the management team to discuss ESH policy and strategy, with the aim of sharpening the focus on ESH issues and project execution.

ESH Committee

Feng Tay has established an ESH committee at the Headquarters and at each factory. The chairperson is 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, review on implementation of preventive measures, discussion of ESH projects, and safety awareness promotional activities. To provide a more friendly work environment, quarterly ESH inspections are conducted and deficiencies found during the inspections are promptly corrected.

Workplace Safety Management

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. To reduce injury risk, we inspected nearly ten thousand high-risk machines in 2016, conducted risk assessments on the safety features of these machines, and made improvements accordingly. Starting in 2017, we have been creating standard instructional diagrams for high-risk machines, which fully illustrate the prescribed safety measures and make existing and newly purchased machines at all factories comply with the Group standards. As of the end of 2018, the standard instructional diagrams have been created for 291 types of machines. Manufacturing processes and equipment layout are designed ergonomically to minimize injuries from sustained postures. Personal protective equipment is provided to employees for protection when performing special tasks. And warning signs are posted at high-risk workplaces to remind operators to wear protective gear, thereby reducing exposure to hazards. 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.

5.1.7.2 Employee Health Management Health and Medical Facilities

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

Employee Canteen Management

To supply our employees with safe meals, Feng Tay Headquarters and factories 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 factories 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 elected 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 2018, there were no food poisoning incidents in the entire group.



¹⁷ According to Council of Agriculture, Executive Yuan, Taiwan, a non-toxic agricultural product refers to a product that does not use chemical pesticides, chemical fertilizer or antibiotics during its growth and is tested free of pesticide and heavy metal residues.

Use of Organic/Non-toxic Agricultural Products¹⁷

To provide our employees with healthy food options and to support local farmers who adopt eco-friendly farming practices, the canteen at the Group Headquarters launched an "Improvement project on use of Organic/non-toxic agricultural products" 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 80% by 2018, and the goal was achieved in July 2018. As of the end of 2018, rice and fruits have been switched to organic/non-toxic and three out of four vegetable dishes have been prepared with organic/non-toxic products, which together account for around 80% of all produce used for canteen lunch.

Drinking Water Management

Drinking water supplied to employees is obtained from three different sources: produced from tap water using drinking water equipment (which filters and boils tap water), produced at our own drinking water factories, and purchased from external drinking water producers. Different testing procedures are set up for drinking water from different sources. For example, related personnel at factories are required to conduct monthly hygiene inspections at our own drinking water factories. 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 factories in China, Vietnam, Indonesia and India is tested monthly by government laboratories or government-licensed organizations. If there is any concern of health or hygiene after water analysis, we will immediately stop the supply. All water quality test results are kept on file in SMD department at the Headquarters for two years. To strengthen drinking water hygiene management, we conduct monthly inspections on drinking water equipment to ensure that the cleaning and maintenance procedures meet hygiene requirements. Since 2017, the Headquarters in Taiwan has established standard operating procedures (SOP) for the maintenance and improvement of drinking water equipment. Through an SOP flow diagram and video demonstration, the steps to clean drinking water equipment are described in detail and the frequency of maintenance are prescribed, in order to reduce the water quality noncompliance rate. As of the end of 2018, the test results for drinking water at all factories fully complied with the standards.

5.1.7.3 Disaster Prevention and Emergency Response Measures

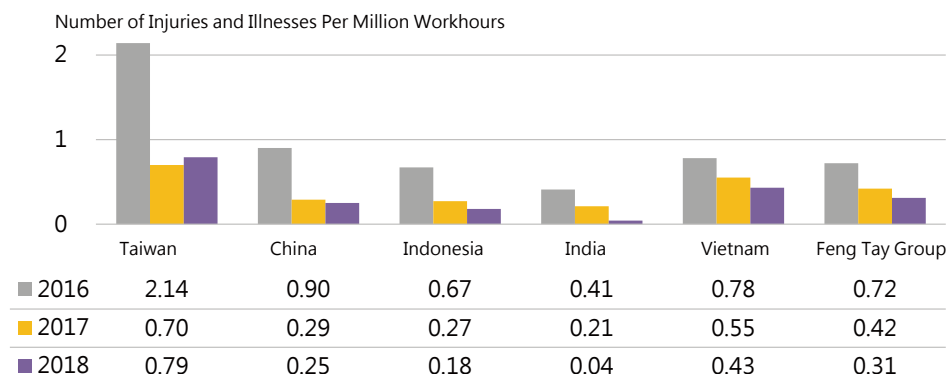
Emergency response plans are developed at the Headquarters and all factories according to potential risks. Emergency evacuation plans are practiced every half year at all factories and dormitories. Emergency exits and evacuation routes are clearly marked in workshops. Buildings are equipped with automatic 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. For ten consecutive years, we have placed number one in Yunlin County's emergency response team evaluation.

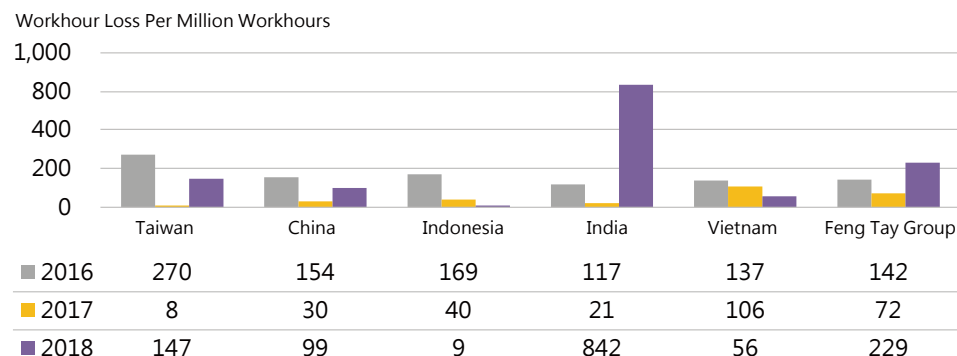
5.1.7.4 Occupational and Commuting Injuries¹⁸

In 2018, the on-site occupational injury frequency rate decreased 26% compared with 2017. The on-site occupational severity rate increased 218%, because of a fatal accident in India. We have appointed ESH auditors to examine the safety performance at each factory regularly. In 2018, we reviewed the safety features of all high-risk machines and corrected any deficiencies discovered accordingly. We have invested USD 1.13 million to upgrade the safety features of nearly 3,300 machines. Every new machine must be examined by ESH Department before being introduced into production processes, to ensure that the safety features meet our standards. And we continue to implement machine safety improvement projects and set up standard operating procedures for all machines. On the aspect of management system, we developed a system to evaluate the safety performance of supervisors and promoted training on safety awareness for them. A simulation-based safety training center has been established at each factory to let employees experience the effects of accidents at workplaces, and raise the safety awareness accordingly. Through case study and data analysis on injury, safety training and inspection of operational permit were strengthened for workers in the department that had a high injury frequency rate, and their safety performance was used in job evaluation. We will continue to improve our management system and safety culture to achieve zero occupational injuries.

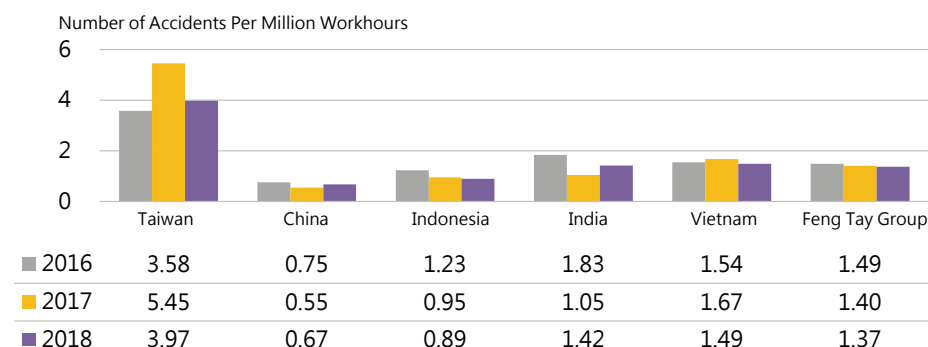
Occupational Injury Frequency Rates



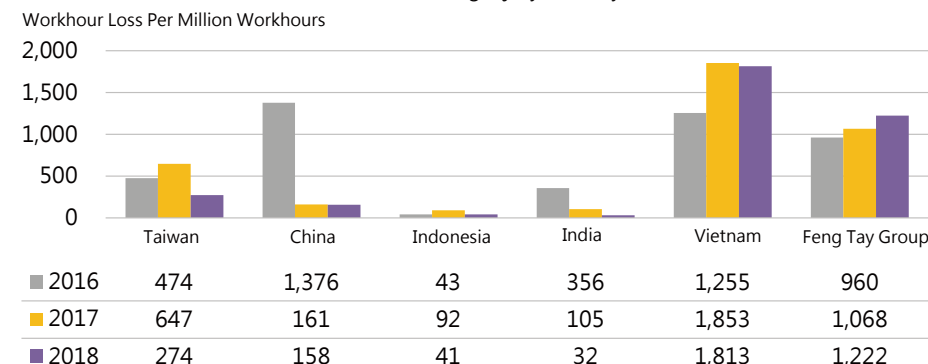
Occupational Injury Severity Rates



Commuting Injury Frequency Rates



Commuting Injury Severity Rates



¹⁸ Occupational injury frequency and severity rates do not include cases incurring less than eight hours of work loss. The data for 2015 and 2016 and 2017 were recalculated accordingly.

5.2 Social Engagement

Feng Tay believes that a long-lasting company is rooted in a sustainable community. Since day one, it has taken on the mission of caring for the community and giving back to society. Through the programs of the foundations we established in Taiwan and China, as well as the efforts of our factories in each region, we continue to fulfill this mission.

Following are the contributions made in 2018 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
3,663,000 (NTD 112,050,000)	352,000 (RMB 2,423,000)	25,000 (IDR 362,421,000)	303,000 (VND 7,026,492,000)	268,000 (INR 18,723,000)

5.2.1 Giving Back to Our Local Communities Sponsoring Community Activities and Resources

Feng Tay's Headquarters and factories continue their efforts, such as sponsoring community activities and providing resources, to meet the needs of local residents and to support community development activities.

● Taiwan (The Group Headquarters)

We made donations to Sacred Hearts High School in Yunlin for replacing the old air-conditioning equipment and renovating canteen and dormitory. In 2018, a total of NTD 11.1 million was donated.

● Taiwan (The Feng Tay Cultural and Educational Foundation)

To promote reading activities, we made donations to township libraries in Yunlin county every year. In 2018, we also supported the expansion of the library in Taixi Township. With the cooperation of local government, we encourage local community to promote reading activities. In 2018, a total of NTD 3.28 million (USD 110,000) was donated.

● Indonesia

We participated in small business projects of local community. We helped residents learn how to build temporary fences with locally grown bamboo to replace metal scaffolds. In 2018, a total of 84 bamboo farmers and 252 craftsmen benefited from this project.

● India

Through the Beyond program, we offered public infrastructure to local disadvantaged villages for improving living conditions, such as drinking water filtration systems for 27 schools and well facilities in three water-deficient villages. In 2018, around 35,250 people benefited from the program.



● China

We held "Great Hope for Kids" toy donation activities, encouraging everyone to show his/her love and create a good atmosphere.

Emergency Aid to Disadvantaged Families

We strive to support disadvantaged families and victims of natural disasters to overcome economic difficulties. The foundations and factories in each region would arrange volunteers to visit the disadvantaged families to understand their actual needs before providing emergency aids and supplies.

● Taiwan (The Feng Tay Cultural and Educational Foundation)

Once notified by schools or communities, the foundation would arrange volunteers to visit the disadvantaged families to help them receive support immediately. In 2018, the Foundation gave a total of approximately USD 9,000 (NTD 290,000) to ten families who had experienced unexpected financial hardships.

● Vietnam and Indonesia

Through the Future Pilot project, we continue to support local disadvantaged families by providing emergency funds and supplies. We also help residents with disabilities and low-income families to build houses. In 2018, a total of USD 170,000 (VND 40 billion) was donated.

● India

The factories gave free supplies and foods to victims who suffered from flooding, helping a total of about 250 people in 2018.

Sports and Arts

The Feng Tay Cultural and Educational Foundation held sports events for local community, such as Yunlin running event, Tee-ball Tournaments, 3 on 3 basketball games and dodgeball competition. We hosted a Special Olympics Lawn Bowls competition with Yunlin County Government for children with disabilities, hoping to help 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 Headquarters in Taiwan continued to donate sports shoes to the team members of Douliu High School sports teams. Our hope is to provide more resources and care to our local students, thereby helping them to achieve better results in sports competitions.



5.2.2 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 2018, a total of USD 6,080,000 (NTD 182,430,000) has been given to 10,205 students.

Improving Educational Resources in Remote Villages

To help students from disadvantaged families, we have provided after-school tutoring and educational resources to remote villages.

- **Taiwan (The Feng Tay Cultural and Educational Foundation)**

The 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 2018, more than 4,000 students have participated in the program.

The foundation has provided financial resources to schools and non-profit organizations in remote villages for them to continue their after-school tutoring programs. The programs offer free after-school classes (between 17:00 and 21:00) to help children, whose parents cannot return home from work until late at night, receive appropriate instruction and care in a safe environment. In 2018, we donated a total of USD 210,000 (NTD 6,380,000) to offer 115 classes with 1,380 students participating.

- **China (The Da Feng Cultural Foundation)**

Since 1991, the Foundation has provided scholarships to 6,840 students in elementary school, intermediate school and university, and has supported the construction or maintenance of 160 buildings, including classrooms and dormitories in primary and junior high schools, in over 30 counties in the Province, in order for children in remote villages to have equal educational opportunities and resources. The total donation is USD 8,920,000 (RMB 61,330,000).

- **India**

Through the Beyond program, the factories in India donated books to libraries. We also offered after-school tutoring, English classes, handicraft workshops, arithmetic courses and field trips. The program motivated children to improve self-confidence and enthusiasm for learning. In 2018, a total of 17 schools and 12,498 students benefited from the program.



After-school program offers children various educational activities



Fife Music Summer Camp motivates student to practice.

Summer Camps and Science Events

The Feng Tay Cultural and Educational Foundation in Taiwan hosted Reading and Creative Writing Summer Camp and Summer Music Camp, in hopes of helping students learn peer interaction and mutual respect through group activities. In 2018, around 300 students attended our summer camps. The Foundation also held, jointly with Yunlin County Government, a robotics competition event to promote science education and to inspire creativity in students. The event attracted a total of 535 contestants and teachers.

5.2.3 Health Care and Hygiene

Improving Medical Resources

Through our factories in each region, we provided free medical clinic and health check, and held blood donation events, in order to improve local healthcare quality and to promote healthy lifestyles.

- **Taiwan (The Group Headquarters)**

To provide care to the teachers who are at high risk of health problems from air pollution, the Group Headquarters and Taiwan Lung Foundation jointly donated funds for health services. The National Taiwan University Hospital Yunlin Branch performed pulmonary function tests for 500 teachers over 50 years of age at local schools. In 2018, the Group Headquarters donated NTD 1 million.

- **Offshore factories**

Sponsor blood donation activities, in which around 4,000 employees have participated.

- **Vietnam**

We sponsored various medical services for residents of local communities. In 2018, 17 sessions of medical services were held and nearly 3,000 people benefited from the project.

- **China**

The factories donated resources such as medical equipment, medicines and fire protection equipment to local medical organizations.



Dental Care Session for children held by Indonesia subsidiary

● Indonesia

Griya Sehat, the clinic at our factory, has joined the national health insurance plan since 2015, and has been considered the best medical institution in local community. The clinic 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 health care quality.

● India

Based on the Beyond program, one of our primary targets is to promote healthy life style in community. We have worked with an NPO—Hand in Hand—to set up Kairasi clinic and provided medical service and free medicine to residents in remote villages. We also launched a short-term collaboration project with a medical service team from Changhua Christian Hospital (Taiwan). Through this project, we worked with a medical team in India, provided free medical assistance in remote villages, and also ran a health camp for local police families and village residents. In 2018, a total of 3,443 people benefited from the Beyond program.

Furthermore, we built public toilet blocks and conducted sanitation campaigns to improve hygiene and living standards of the community. Public toilet blocks were built in 3 elementary schools and 30 villages in 2018. Around 30,000 people benefited from the project.



5.2.4 Environmental Protection Environmental Protection Projects

To raise public awareness, our factories in each region were actively engaged in environmental protection projects. We sponsored environmental protection programs in schools and participated in tree planting events in the neighborhoods of our factories.

● China

We held "Let's Create Green Homes Together" Tree Planting project in Beida Park, to raise the environmental awareness in local communities. On Earth Day 2018, we encouraged students, teachers and residents in the community to participate in tree planting projects, in the hope that the students can learn environmental protection knowledge from a young age.



● Indonesia

The factory actively took part in Ecovillage activities in the community, in an effort to encourage residents to join the riverside tree planting event. More than 3,000 employees participated in this event.

Organic Farming— AGRIC Social Enterprise

Recognizing the importance of environmental protection and food safety, the Feng Tay Cultural and Educational Foundation established AGRIC Social Enterprise Co., Ltd. in September 2016. The company aims to promote organic farming products, improve food safety, and help local farms to raise product value. With the vision of working toward a better environment, fair trade and ecological balance, AGRIC hopes to utilize innovative ideas and advanced technology to support organic farming and promote food and agriculture education in Taiwan.

The rice crop and black soybeans grown by contract farmers were harvested in 2018. By the farm management system, Foodprint, AGRIC provides consumers with traceable agricultural products. As a benefit of organic farming, the rare black-winged stilts which had not been seen for a long time began to show up and look for foods in paddy fields.

- Contract farming area: 18.6 ha
- Organic farming area: 15.8 ha
- Transitional farming area: 2.8 ha

Promoted by AGRIC, these organic agricultural products have been successfully sold to canteens at various organizations and corporations. In 2018, AGRIC has supplied 30 tons of rice and 500 tons of vegetables to the Group Headquarters in Taiwan. To support black soybeans cultivation in Taiwan, 5.2 ha of farmland were used to grow black soybeans. AGRIC also assisted small farmers to develop agricultural product processing, and launched the "Ganyuan" series of organic black soybean products, including black soybean tea and soy sauce. These products were all made by certified organic processing factories, and well received by customers. To promote "The happiness of sharing food" project, AGRIC has donated 3% of the sales volume of organic rice to elementary schools in remote areas every year. Since 2017, 4 schools have benefited from this project and 1,380 kgs of rice, which make around 18,000 bowls of cooked rice, have been donated.

In the future, AGRIC hopes to invite more organic farmers to join the contract farming. It is also hoped that more consumers will cherish the environment and buy more organic agricultural products.



Feng Tay Group
2018 Corporate Social Responsibility Report
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102-47	List of material topics	5	1.4.3 Material Aspects and Boundaries
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102-50	Reporting period	3	1.1 Reporting Boundary
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102-52	Reporting cycle	3	1.1 Reporting Boundary
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		14	3.1.3 Compliance with Regulations and Norms
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		22	IV. Environmental Protection
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		19	3.3.3 Anti-corruption Provisions of the Purchasing Department

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301-1	Materials used by weight or volume	-	Not applicable
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306-2	Waste by type and disposal method	28	4.5.6 Waste Treatment
306-3	Significant spills	-	There is no such spills in Feng Tay Group.
306-4	Transport of hazardous waste	-	Not applicable
306-5	Water bodies affected by water discharges and/or runoff	-	No significant effects were caused by the operations of Feng Tay Group.
GRI 307: Environmental Compliance			
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308-2	Negative environmental impacts in the supply chain and actions taken	19	3.3 Supply Chain Management
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402-1	Minimum notice periods regarding operational changes	-	Feng Tay Group follows government rules of noticing procedure under mentioned circumstances.

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403-3	Workers with high incidence or high risk of diseases related to their occupation	38	5.1.7.1 Environment, Safety, and Health (ESH) Management
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GRI 404: Training and Education			
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404-2	Programs for upgrading employee skills and transition assistance programs	34	5.1.7.1 Environment, Safety, and Health Management
404-3	Percentage of employees receiving regular performance and career development reviews	-	Feng Tay Group carries out performance evaluation with each employee regularly.
GRI 405: Diversity and Equal Opportunity			
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GRI 414: Supplier Social Assessment			
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414-2	Negative social impacts in the supply chain and actions taken	-	There was no such negative impacts on Feng Tay Group
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416-1	Assessment of the health and safety impacts of product and service categories	16	3.2 Customers Satisfaction and Services
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	There was no such negative impacts on Feng Tay Group
GRI 418: Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	There was no such complaint against Feng Tay Group
GRI 419: Socioeconomic Compliance			
419-1	Non-compliance with laws and regulations in the social and economic area	-	There was no such case on Feng Tay Group.



Feng Tay Group

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