

ROO HSING / J.D. UNITED

2018 SUSTAINABILITY REPORT

PEOPLE | PLANET | PRODUCT

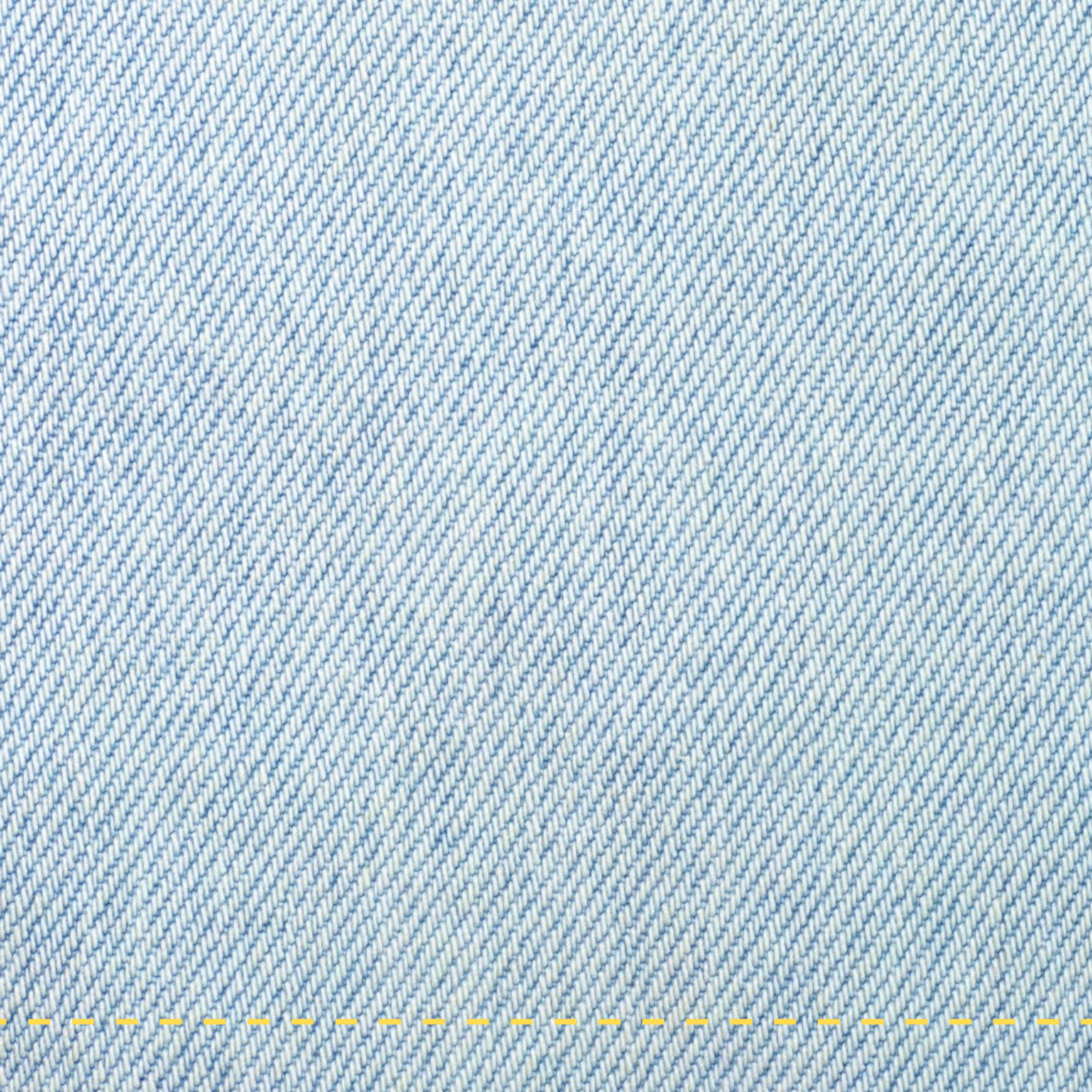
ROO HSING / J.D. UNITED

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2018 SUSTAINABILITY REPORT

PRODUCT | ENVIRONMENT | PEOPLE



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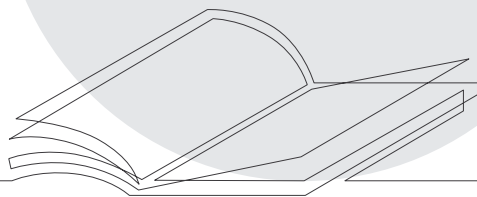
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About This Report



Roo Hsing/J.D. United values and prioritizes corporate social responsibility as crucial tenets of our operation. To engender greater trust and understanding with our stakeholders, we have prepared this report to provide greater clarity and value to our stakeholders.



Reporting period

From 1st January 2018 to 31st December 2018. Parts of the report contain information from previous years.

Scope

This report covers CSR performance of Roo Hsing and J.D. United. Unless otherwise stated, all data and case studies presented in this report are derived from Roo Hsing and J.D. United's operation sites.

Reporting framework

We prioritize the most critical sustainability issues to our organization and to our key stakeholders through collection and identification of the latest sustainability trends in the apparel industry. By utilizing benchmark analysis, we are able to identify our top sustainability priorities more effectively, and to focus our resources, projects and reporting on these core topics.

Publication

The electronic copy can be accessed and downloaded from the company's website.

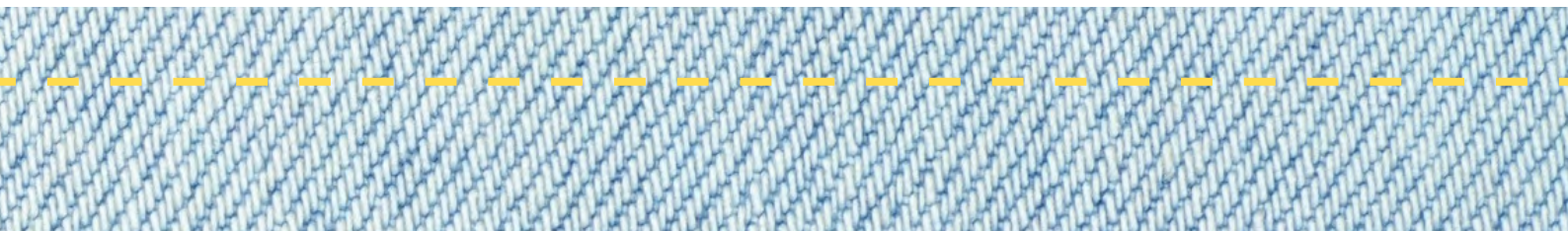
http://www.roohsing.com.tw/zh-tw/social_report.php

<http://www.jdunited.com/csr-report.hph>

Contact

Thank you for your interest in us. We welcome your input and look forward to hearing from you!

Contact Email: csr@tw.roohsing.com
feedback@jdunited.com



Letter From Our Chairman

To reach a larger market and maximize production capacity is what Roo Hsing/J.D. United is always passionate about, we have been consistently making progress expanding across Cambodia, China, Myanmar, Taiwan, Tanzania, Nicaragua, and El Salvador. Simultaneously, we are committed to providing the finest quality product, customer services, operational excellence and corporate social responsibility performances.

Being in a leading role in driving the industry toward a more sustainable and responsible business model is our obligation as a strategic partner to the world's best apparel brands. Sustainability is about the future of our society, for today's industries and businesses, also to transform the business to respect environment while fulfilling social needs. In that sense, Roo Hsing/J.D. United's sustainability report expresses the obvious movement toward greater corporate development.

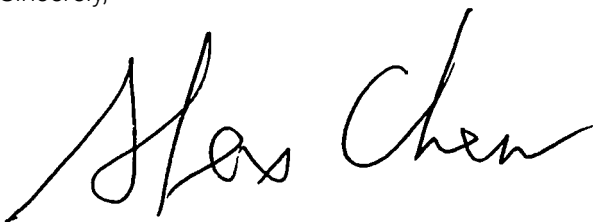
Roo Hsing/J.D. United focuses on the three domains of sustainability: People, Environment and Product. We strive to reduce our environmental footprint through equipment efficiency, energy management, water efficiency, and chemical management. On the operation front, a more centralized logistic operation was built up to improve efficiency in the supply chain and utilize the production process.

Focusing on promoting worker's well-being will extend beyond the pilot program countries to other operation sites from the beginning of 2018 to improve more worker's quality of living. We had introduced V.O.I.C.E., the sustainability strategy in 2018, focusing on growth, value creation and innovation with our staunch commitment to lead our industry into a more sustainable future. Systematic training of worker is just a start to get to it.

Through this report, you will gain a glimpse of our efforts in building a better workplace, strong dedication to technology/innovation and perhaps the most importantly, unparalleled commitment to our environment. We are confident that these initiatives will allow Roo Hsing/J.D. United to become the industry leader in CSR and at the same time, create substantial value for our stakeholders.

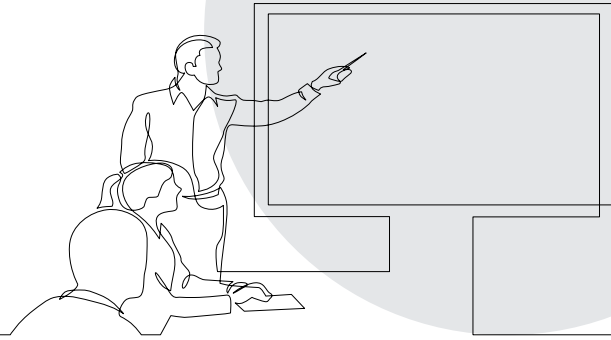
While we are welcoming 2019, Roo Hsing/J.D. United has made it a goal in 2020 for 100% chemical clean, continually enhancing efforts on corporate and social sustainability development that promote public's well-being and creating a more sustainable lifestyle all in harmony!

Sincerely,

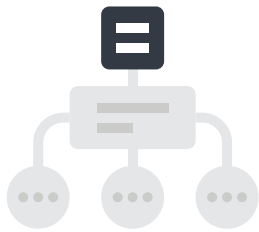
A handwritten signature in black ink, reading "Alex Chen". The signature is fluid and cursive, with the first name "Alex" and the last name "Chen" clearly distinguishable.

Chairman

2018 Highlights



Governance | Environment | Employee and Campaign



Governance

1. Applied the automated manufacturing processes
2. Evolved manufacturing with a **3x - 4x** increase in production capacity
3. Implemented four categories of KPIs each month to monitor our products, including defective rate, passing rate, complaint ratio, and product safety passing rate



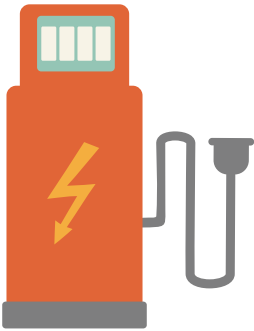
Profession

8 fabric development technicians, **8** professional designers, **6** washing technique development technicians, and **130** finishing technicians



Environment

Cut **3%** of electrical power usage



Introduce **11** Turkish washing machines
→ Reduced water consumption by **50%**



New Turkish drying machines

1. Possessed **200%** larger capacity
2. Saved **15%** energy use
3. Reduced noise dramatically



0% of PP spray and toxic chemical in our processes



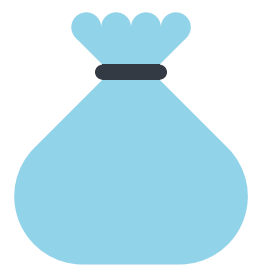
With the use of Ecostone

1. Saved **70%** of pumice stone which produce toxic waste
2. Saved **40%** of the total cost of stone wash process



Introduced the "One Glass, One Garment" production process, which is estimated to save

1. Up to **95%** of water
2. **40%** of electricity
3. **90%** of chemicals consumption



Waste

The solid waste processed rate was **100%**



Employee and Campaign

The utilization rate of our Microbenefits APP has reached **69.7%** in 2018

HER

her
+project

1. Engaged **2,300** attendees
2. **4,600** training hours in total
3. Implemented **200** training plans



C.A.R.E.

1. Implemented **60** training plans
2. Engaged **3,456** participants



P.A.C.E.

1. A total cost of USD **38,570**
2. Engaged **538** participants



1. The total cost of 2018 Trainings and Programs was estimated to be USD **43,100** (including P.A.C.E., HER, C.A.R.E. and annual training)

2. Training performance: estimated over **12,100** attendees counted in overall training programs

3. Total training hours reached over **14,000** hours in China, Cambodia, Tanzania and Taiwan

Roo Hsing/J.D. United Sustainability Path

Sustainable vision and strategy

Sustainable Vision

Become a socially responsible company that puts sustainability as a top business priority and take good care of our employees and the environment.

Sustainable Mission

Execute all CSR relevant works with 4 virtues: Openness, Integrity, Courage, and Empathy.

Sustainable Goals

Examine Roo Hsing/J.D. United's links with 17 Sustainable Development Goals (SDGs) by 2030 comprehensively. We keep putting efforts to the environment, society, economy, and governance to reach our sustainable vision and commitment in the near future.

Sustainable development path

With the advantage of productivity, Roo Hsing/J.D. United partnered with many well-known clothing brands in the fast-growing environment and competitive market.

We also have excellent design teams, innovative technologies, and more than 30 production sites to provide "one-stop service" to our clients. The following factors are the main driving force of our growing path:

Growing Sales

◆ Customer Source:

In addition to maintaining current orders, we also keep developing orders from new clients (mainly in the US and Europe).

◆ Mergers and Acquisitions (M&A):

We expect that the textile industry will experience competition and consolidation as what happened to the electronic industry before, so we start to expand our business scale through mergers and acquisitions in order to catch up with the trend of supply chain integration.

Efficient Productivity

◆ Automated Manufacturing:

Since 2013, automated production equipment has been introduced to improve productivity and to reduce dependence on labor.



◆ Centralized Management:

- ① Introduce computerization of information such as ERP system, Electronic Productive Recording System (RFIDEPRS), etc. for information streaming between clients and suppliers.
- ② Operation sites in different countries carry out the consistent cloth inspection on-line. Clothing materials are examined by the central factory, followed by the uniformed distribution to each operation sites.
- ③ Computerized warehouse management which can shorten front-end operations.

Innovative Technologies

◆ OEM to ODM:

Roo Hsing/J.D. United provides "one-stop service" including design, procurement, inspection, manufacturing and related chain services to our clients. We earn high customer engagement with the advantage of instant design and vertical integration.

◆ Improving production technology and equipment quality:





The introduction of automated equipment (e.g. laser washing machine) helps reducing the use of traditional chemical agents which does harm to environment. New energy-efficient equipment also helps improving productivity and ensuring delivery and quality.

Environmentally Friendly Producing Process



- ◆ Traditional washed-out finishing on denim requires a lot of water consumption, chemical use, and effort to wastewater treatment.
- ◆ International apparel brands are more strict with suppliers in compliance with CSR requirements. Roo Hsing/J.D. United keeps investing in wastewater treatment management to meet the requirements and obtain supplier certifications.
- ◆ We introduced "One Glass, One Garment" technology and Turkish washing machines to reduce water use.
- ◆ Roo Hsing/J.D. United aims to achieve "Zero Toxicity" by 2020 through prohibiting the use of toxic chemicals in our production process.

Good Relationship with Employees

- ◆ Roo Hsing/J.D. United has actively launched several programs with the aims not only to facilitate employees' career development, but also to help them acquire daily self-care knowledge.
- ◆ Roo Hsing/J.D. United is aware of the respect for human and labor rights. Our corporate culture is supported by a clear Code of Conduct to ensure all of our workers are treated equally with respects and dignity in all our operation plants.
- ◆ Safety has emerged as a critical issue in our society. In response, Roo Hsing/J.D. United invested a large amount of resources for occupational safety and health training, optimizing the control and prevention of potential risks, thereby promoting workplace safety.

ESG	SDGs	Meaning to Roo Hsing/ J.D. United	Actions in 2018	Short-term Plans	Mid-term and Long-term Plans
Environment	 	<p>We attach great importance to the environmental responsibility of our products. We aim to achieve sustainable green management in environmental management. We hope to reduce the impact on the environment by establishing a smart production mechanism, investing in energy-saving and water-saving equipment and technology, and improving the efficiency of resource reuse.</p>	<ul style="list-style-type: none"> • Introduced power saving system, e.g. old lighting replacement, water curtain. • Introduced Turkish washing and drying machines to reduce energy use. • Improved water use, wastewater reuse and recycled water reuse. • Established strict chemical management policies and strengthened control of hazardous substances. • Introduced Ecostone to reduce toxic waste. • Used eco-friendly material. e.g. recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, coffee yarn, etc. 	<ul style="list-style-type: none"> • Combine the use of laser technology with the application of ozone to mitigate the impact on the environment. • Noise, waste and wastewater 100% meeting all local treatment standards. • Implement energy and resource management procedures in all factories. • Replace lights with LED lamps. 	<ul style="list-style-type: none"> • Gradually adopt environmental friendly chemicals. • Use resource and energy saving equipment. • Introduce innovative equipment to reduce emissions. • Adopt new technologies and materials to achieve energy saving and carbon reduction. • Optimize wastewater treatment year by year, and increase the reuse rate of purified water. • Achieve zero toxicity in production process by 2020. • Control wastewater discharges and develop specific measures to ensure the disposal of wastewater and waste meeting law and standards.
Society	 	<p>We view our employees as an important part of our success. We attach importance to human rights and work safety of each operation sites and make sure multiple communication channels open. We also provide diverse training programs to motivate our employees in all aspects.</p>	<ul style="list-style-type: none"> • Built diverse talent structure. • Created multiple communication channels. • Promoted human rights norms and code of conduct. • Delivered occupational health and safety education training and advocacy. • Designed diverse training programs. 	<ul style="list-style-type: none"> • Implement labor safety and optimize the working environment. • Meet the goal "Zero Forced Labor". • Strengthen employee internal communication. • Promote all-round training courses. • Optimize employee satisfaction survey. 	<ul style="list-style-type: none"> • Continue to work with local governments to promote workplace health and safety. • Keep optimizing risk management and prevention in the workplace. • Establish multi-dimensional communication channels. • Diverse rewards and welfare measures.



ESG	SDGs	Meaning to Roo Hsing/ J.D. United	Actions in 2018	Short-term Plans	Mid-term and Long-term Plans
Governance	 	<p>We have always been operating with integrity as our fundamental principle. We hope to improve the quality and transparency of information disclosure, protect shareholders' rights and establish a sound communication channel with stakeholders. We aim at deepening the major markets of each country, investing in production technology and materials development and quality management. We will keep improving customer satisfaction and loyalty.</p>	<ul style="list-style-type: none"> • Imported automated process in production and management. • Continued to invest in innovation research and development of washing technology. • Consolidated revenue grew by approximately 73% from the previous year. • Promoted new 3C values: Care, Communication, Creativity. 	<ul style="list-style-type: none"> • Diversify products and customer base. • Update production automation equipment to enhance plant performance. • Introduce SAP system and AWS cloud computing in stages to improve overall operation. • Expand overseas operations actively to strengthen competitive advantage of Roo Hsing/J.D. United. • Organize professional R&D team and cooperate with local partners. 	<ul style="list-style-type: none"> • Strategic alliance with brands to expand overseas and pursue better tariff preferences. • Disclose English information in stages, including official website, financial report, annual report, shareholder meeting and company regulations. • Maintain the status as a leading manufacturer in the industry. • Comply with the government's new policy on corporate governance, and exert the competency of the Board of Directors. Enhance the quality of information disclosure and reinforce the compliance of laws and regulations.



Sustainable Business: Our Vision and Core Value

As one of the top apparel manufacturers in the world, Roo Hsing/J.D. United leads corporate social responsibility, and is committed to providing a safe and fair workplace with lessened environmental pollution. We continuously develop and strengthen our core value, which leads us to providing high-quality products as well as developing a long-term partnership with our stakeholders.

Roo Hsing/J.D. United **V.O.I.C.E.**

The **V**irtues of our core value



Become the preferred, trusted partner for apparel brands!



Corporate Governance

- Operate with integrity as a managing principle; continuously promote the importance of ethics and transparency of information disclosure; and strengthen governance structure.
- Import the automated process to reduce work-related injury and Increase production capacity.

Sustainable Environment

- Minimize the impact on environment; establish a mechanism of intelligent production and offer sustainable choices that meet the diverse needs of customers.

Social Welfare

- Roo Hsing/J.D. United takes human rights and safety of our production line workers seriously. We provide a good place to work, promote diversity/inclusion and offer a dynamic career environment.

CSR Vision

Become a socially responsible company that puts sustainability as a top business priority and takes good care of our employees and the environment.

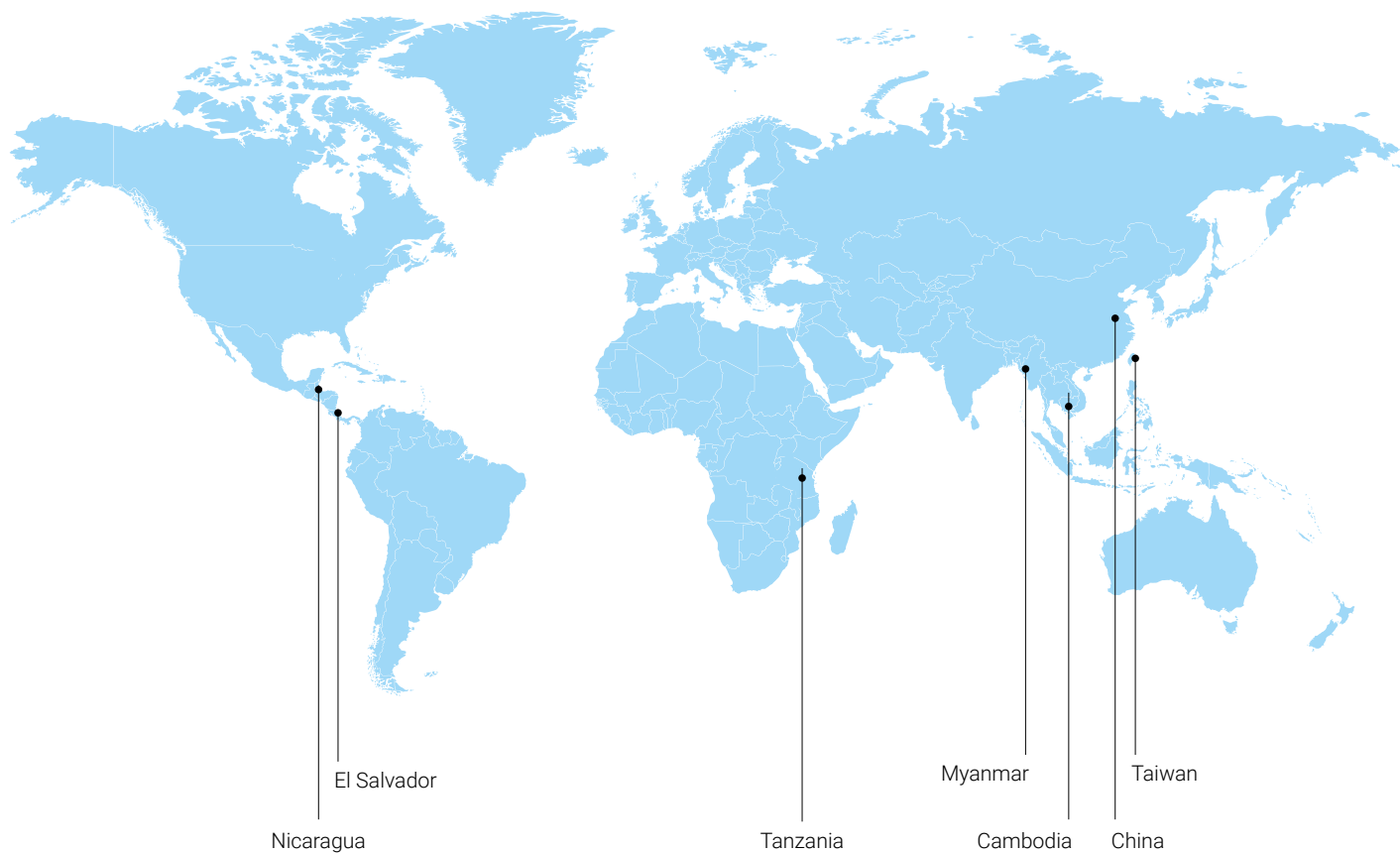
CSR Mission

Execute all CSR relevant work with 4 virtues: openness, integrity, courage, and empathy.

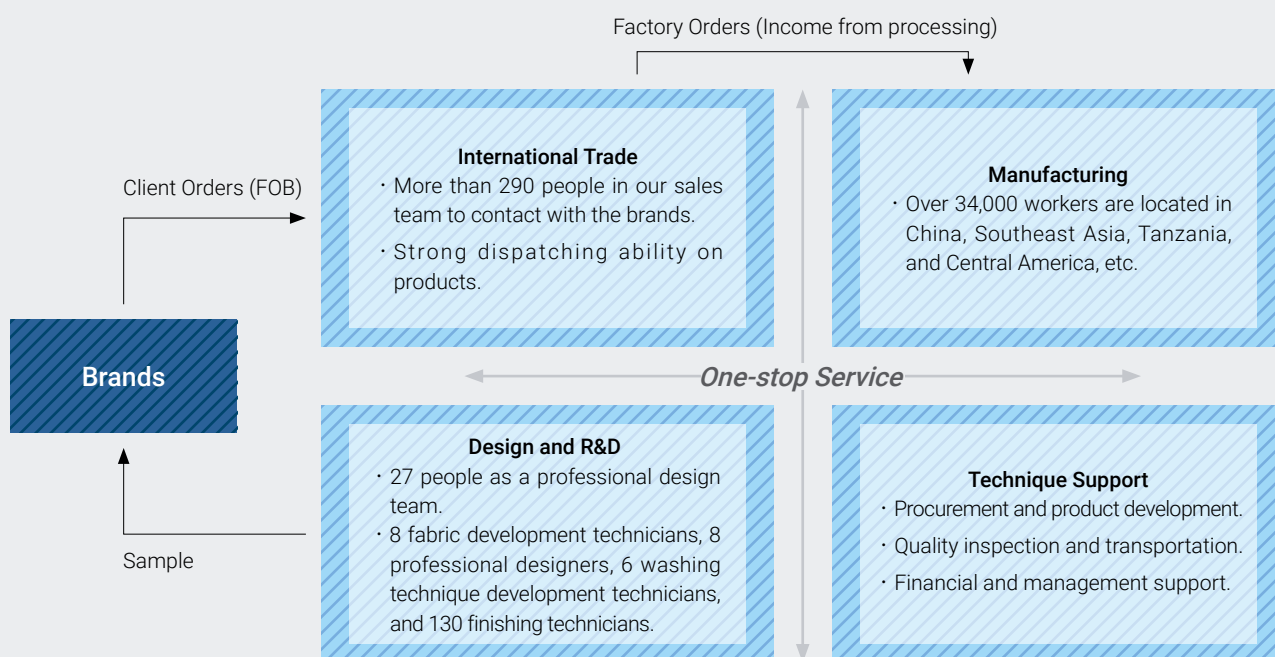
Business Overview

Established in 1977, Roo Hsing started producing garments, denim, integrated design, development, manufacturing and supply chain services, with a goal to provide a complete package of apparel production solutions. We have become one of the largest denim producers with our products and services being used around the world, spanning the US, Europe, Japan, and Asia.

As of 2018, Roo Hsing/J.D. United had around 35,000 workers all over the world. Our operation sites extended from Taiwan, Cambodia, and Central America to Tanzania, Myanmar, and China. The products are mainly exported to international garment brand manufacturers. Our operation sites in China are responsible for the operation, order, and design; factories in Cambodia, Nicaragua and other places are responsible for production, while Changzhou, China has a research and development center.



One-stop Service

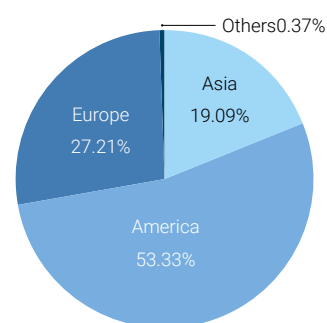


**Our main products and services include:**

- A. Knitting, woven, cotton, wool and leather made garment production, processing, and import/export business
- B. Garment accessories' production, processing, and import/export business
- C. Denim

We are actively developing and investing in automated equipment, laser, and ozone washing machine equipment innovation not only to shorten production lead time of fashion fabrics/garments and to utilize the production process to achieve sustainable management, but also to follow the global trends such as fast fashion, labor rights, eco-friendly measures, and energy efficiency. We collaborate with suppliers to develop quick dry fabric, and new denim fabric which is flexible and fit and develop diverse denim washing styles to satisfy consumer's demand.

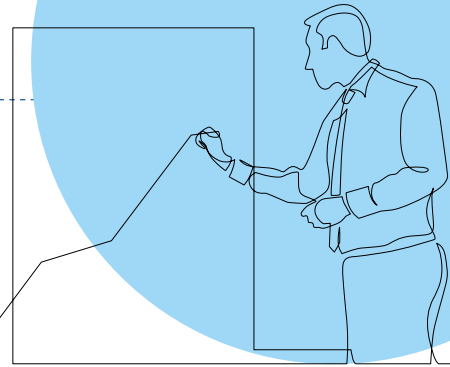
The main products and services of Roo Hsing/J.D. United include style design, development and raw material development. Combining one-stop service with innovation on equipment and technique to improve manufacturing efficiency and quality. The main products are jeans, casual pants and shorts, series of casual pants for golf and tennis activity, as well as a variety of skirts and dresses made with cotton and man-made fiber and other high-end ready-to-wear. Roo Hsing/J.D. United's sales distribution and sales are illustrated in the following pie graph:

Our clients

With the discussion regarding fashion industry in recent years, more and more people are paying attention to issues on human/labor rights, energy conservation and carbon reduction. Roo Hsing/J.D. United has actively engaged in the introduction of automation and laser equipment. Our aims are to optimize the production process and reduce labor intensity. At the same time, due to the improvement of the production process, we will develop a variety of different washed denim styles to provide customers with more choices. Roo Hsing/J.D. United cooperates with upstream factories to search for a combination of blended fabrics and develops new varieties of denim fabrics with a view to meet client needs with more fashion design and application.



Product



The Roo Hsing/J.D. United innovation team are composed of multinational talents. We have an integrated textile and apparel solution with services including design, manufacturing and supply chain coordination.

Roo Hsing/J.D. United provides a complete range of apparel products including various categories of woven and knitwear garments, which meet all aspects of market demand. In addition to traditional apparel manufacturing, our services include design, procurement, manufacturing, rapid sampling and inspection in our self-owned laboratory as well as logistics services and related chain services.



Our clients and suppliers are highly valued, critical business partners. With a view to reducing the impact on the environment and society, Roo Hsing/J.D. United focuses on sustainable products and works to exceed client requirements for safety, quality, and environmental considerations. We endeavor to connect with more sustainability focused partners and facilities to expand this vision of corporate social responsibility by a comprehensive integration on supply chain.

Raw Material

Organic Cotton
Better Cotton Initiative

Social

Human Rights
Worker Well-being
Environmental Health and Safety

R&D

Fabric

Cutting

Dyeing

Washing

Weaving

Finishing

Innovation

Coffee Yarn E-Fiber
Recycled Polyester Seamless Product

Environment

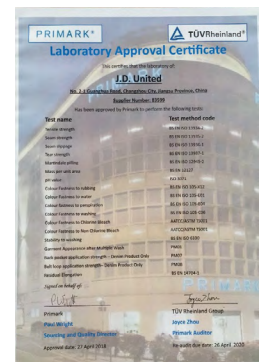
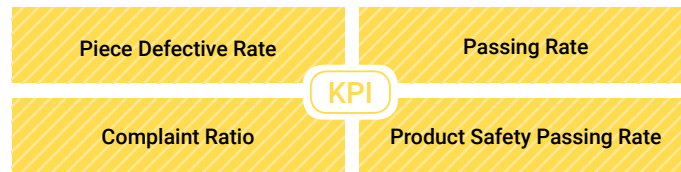
Energy Management Emission Reduction
Water Efficiency Chemical Management
Wastewater Treatment Environmentally Friendly Equipment

Quality Management

Roo Hsing/J.D. United has effectively demonstrated its competence as a professional apparel manufacturer which provides world-class quality products. As a global leader in the apparel manufacturing industry, the quality of our products is the top priority for Roo Hsing/J.D. United, we hope to create shared value together with our clients and supply chain partners by fulfilling our quality standard throughout the production process.

To ensure our quality management system, Roo Hsing/J.D. United has implemented the following quality control mechanisms:

QA internal monitoring



Our quality management team secures the production quality in all stages with a focus to be proactive and secure the processes in the early stages. We retain our responsibility from the quality and sourcing control of raw materials after procurement and we also see communication, collaboration and client-oriented as our core philosophy for quality management.

Roo Hsing/J.D. United's QA department implements four categories of KPIs each month to monitor our products, including piece defective rates, passing rate, complaint ratio, and product safety passing rate.



Rigorous quality management procedures are followed and practiced through training, preventative measures and internal control. The personnel in our quality management team were provided with strict training and evaluations before being certified by the client as quality controllers who are authorized to conduct final examination before shipment. Our quality management team performs spot checks on color, sizes, etc. to ensure the quality stability of daily production.

Roo Hsing/J.D. United's largest production plant has implemented the Quality Management System based on the reference standard ISO 9001 and was officially certified in 2017. Our ability to consistently provide products and services that comply with regulatory requirements is demonstrated with this certification.

In addition to the quality management system, Japanese technicians are also hired to conduct inspections from overseas factories, and our own inspection centers are established to carry out quality control operations for each product line.

Working in cooperation with ITS, Roo Hsing/J.D. United has established a textile testing center and was fully tested in 2012 according to ITS standards. The test report has been approved by major clients. Since then, the physical and chemical indicators of the product are controlled from the initial stages of fabric development, and the various indicators of the final garment are thoroughly tested to ensure product quality. The stringent principles and mechanisms not only maintain the quality and reputation of our products but ensure the safety and satisfaction of our clients.

Research and Development

Roo Hsing/J.D. United's key concept of research and development focuses mainly on whether the product is produced sustainably and responsibly in order to reduce environmental impacts. With our constant efforts on searching for new material and technique to reduce the environmental and social impact on our production process, in recent years, Roo Hsing/J.D. United has actively invested in the technological R&D of the fashionable and functional material, garments and product design.

Key R&D strategies for 2018: Innovate in Sustainability, Innovate Fabric, and Finishing. Our research direction comes from our most senior management, supported by centralized decision-making. Roo Hsing/J.D. United owns a professional R&D and design team, including members of 8 fabric development technicians, 8 professional designers, 6 washing technique development technicians, and 130 finishing technicians. We have created a team that works together to face various challenges within the R&D stage. Our R&D team constantly keeps track of fabric trends, finishing trends, design trends of the global marketplace and global consumers. The team makes occasional/regular visits to various cities that are considered fashion capitals in the world in order to establish a unique position in the market.

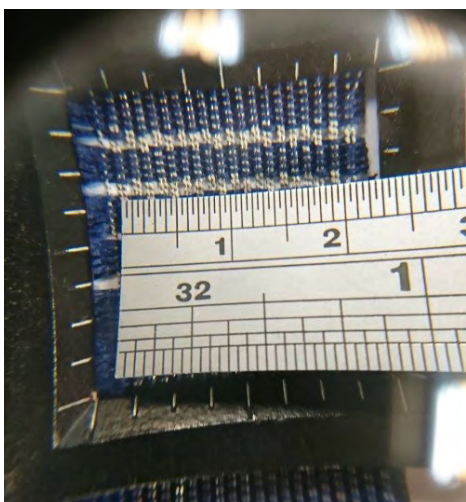




We created a true Fabric, Finishing and Design team respectively with members of experts in each domain. Regarding Innovation in Fabric, we are pursuing innovations in functional, comfort and sustainability. Knit fabrication has been evolving faster than woven in the past couple of years. Our goals are to create a combination of key fabric functionalities and blend ideas to create new fabrics that consumers need, including zonal woven fabric as well as water and stain resistant sustainable fabrics. We also choose a supplier that has the same vision on sustainability as we do and Roo Hsing/J.D. United is trying to expand the usage of eco-friendly material rather than high-polluted material.

Regarding innovation in Finishing, the team is tasked to create finishes that are more sustainable, more premium and at a great price. Our Finishing Experts are collaborating with Key Accounts around the world to create innovations in finishing via Laser, Ozone, E-Flow and state-of-the-art washers and dryers.

Roo Hsing/J.D. United continues to put efforts on reducing our environmental footprint by introducing eco-friendly material, aiming to achieve excellence in patterning as well as fabric waste reduction. Until 2018, we have introduced various eco-friendly materials and one technique in our design, which is recycled cotton, TENCEL, organic cotton, recycled polyester, recycled yarn, coffee yarn, plant dyeing and seamless design. With a view to expanding our R&D capacity, Roo Hsing/J.D. United is going to train the teams on finishing, fabric, manufacturing, and finally the essentials of design.



E-Fibers

Smart technical textiles are that can sense and interact with their environmental conditions as well as stimuli from multiple resources. Roo Hsing/J.D. United has been investing in the development of E-Fiber manufacturing techniques with a view to develop various types of smart fiber. This technology can be applied for the development of new sensors with the integration of a variety of materials.

Our persistent efforts have contributed to fruitful innovative results and have gained abundant recognition through the patents we have obtained. The patents of Roo Hsing/J.D. United has obtained in 2018 are listed below:

Patent Name	Description	Country/Region	Patent No.	Status
Signaling Yarn	Signaling Yarn and its manufacturing approach	Taiwan (utility model patent)	M562302	Obtained
Memory Fabric	Temperature-control Fabric and the wearable made from the Fabric	Taiwan (utility model patent)	M568271	Obtained
Heatable Fabric	Heatable Fabric	Taiwan (utility model patent)	M565211	Obtained
Infrastructure Design	Electronic components protection devices, smart fabrics equipped with electronic components protection devices as well as the manufacturing approaches of the electronic components modules	Taiwan (utility model patent)	M566455	Obtained
Rubber Protection		USA (invention)	Expect to receive in Jan. 2019	Passed (expect to receive the certificate in Jan. 2019)

Coffee yarn

The coffee yarn, a type of textile, is made of coffee wastes and recycled bottles. This kind of unique textile is a commonly used material for outdoor and sports apparel, features UV protection, odor control, ice-cool touch as well as fast drying. Because of its eco-friendly characteristics, it is often applied to certain new designs and eco-friendly products.

Recycled polyester

Polyester, one of the popular fabrics for garment, is a production of the crude oil extraction. Applied in 21% of the material, this non-renewable resource thus drawing the attention of the R&D team, and great efforts are dedicated to using recycled polyester. In this way, the aim of reducing the environmental influence and increasing the using rate of the non-renewable resources could be achieved.

Working with our mills

We are working with key fabric mills in China, Pakistan and the ASEAN to create new fabrics using Recycled Cotton, Recycled Polyester, and Recycled Sundries. We plan to build more fabric plants and continually strengthen overseas plant capacity.





Supplier Management

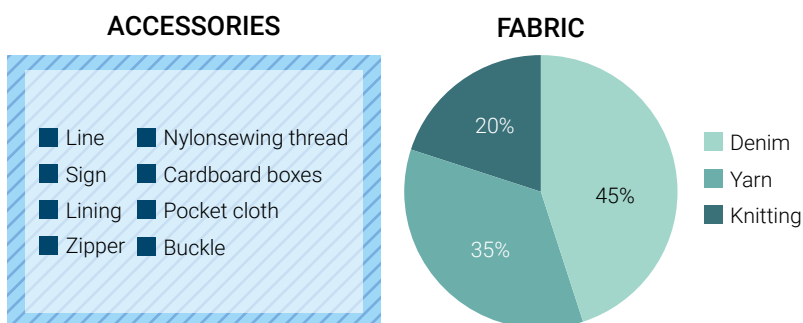
In a view of creating more high-value and high-quality products for our clients and consumers through an innovative and revolutionary process, we want to manage our sourcing and production process in a way that respects the environment, people and the planet as a whole. Roo Hsing/J.D. United selects our suppliers that share the same vision on sustainability as we're trying to expand the usage of eco-friendly material rather than high-polluted material. To make our products part of the global contribution towards sustainable development, we build international relationships with the right suppliers.



Our main material and supplies

Roo Hsing/J.D. United has been focusing on creating added value through pursuing a vertical integration of the supply chain-ranging from thread production and fabric manufacturing to apparel production.

Our search for the best material begins with our material management team, which aims to research and develop materials meeting our performance requirements on quality and safety. For new or potential suppliers, due diligence process is undertaken initially to ensure its transparency and business integrity. The steps for mills to comply with the program are similar to those for other factories that provide us with other accessories.



A thorough management approach

Roo Hsing/J.D. United wants to make sure that we are gathering accurate data about our supplier's performance. We are dedicated to transparency throughout the supply chain and manage the fabric and chemical information through our supply chain JDSD platform. This platform can help us monitor the work environment and review information on the main ingredients.

To stabilize Roo Hsing/J.D. United's sourcing and materials management, our plans for materializing and source management include maintaining a decentralized purchasing and evolving Tanzania manufacturing with a capacity increased by 3 to 4 times.

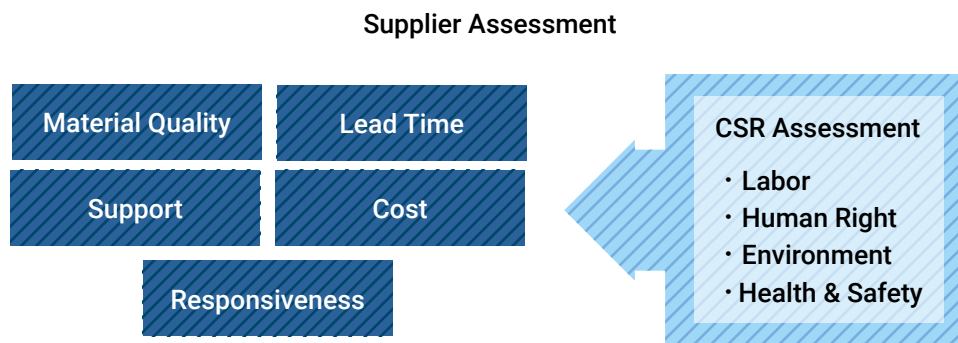
Roo Hsing/J.D. United has a rigorous auditing process and maintains a zero-tolerance approach to serious issues at our supplier's production units. With a holistic approach, we hope to build capacity for change through the close partnership with our supply chain.

Supplier assessment

What Roo Hsing/J.D. United expects of suppliers are clearly stated and communicated through our Supplier Code of Conduct and regularly checked through audits by our team. Roo Hsing/J.D. United regularly implements leading assessment programs in order to build a responsible and resilient supply chain, an annual performance assessment has been conducted by the assessment team, which is formed by internal control department, R&D department, procurement department, and quality supervisors. Multiple factors are adopted as our criteria for reviewing raw materials suppliers.

Roo Hsing/J.D. United's assessment phases includes quality, lead time management, responsiveness and cost based on our supplier management policy.

The assessment result is divided by levels and only suppliers graded at level C or above can be viewed as our qualified partners. A supplier database has been created to record suppliers' basic information and performance records.



Responsible sourcing

In addition to energy-saving and eco-friendly equipment/machinery, Roo Hsing/J.D. United's approaches to sustainability also take into account raw materials and their impacts. In the apparel industry, cotton is one of the major raw material that accounts for the highest consumption, hence, it is also where the largest impact is coming from. The organic cotton is grown by farmers without harmful chemicals and the quality is equal to or better than conventionally grown cotton. For this reason, and drawing from inspirations from our customers, we have increased the usage of certified organic cotton into our production. This results in a product that is better for the environment and people who produce it. We also adopted the Better Cotton Initiative (BCI) that grows cotton in a socially and environmentally responsible way.

Organic Content Standard (OCS)

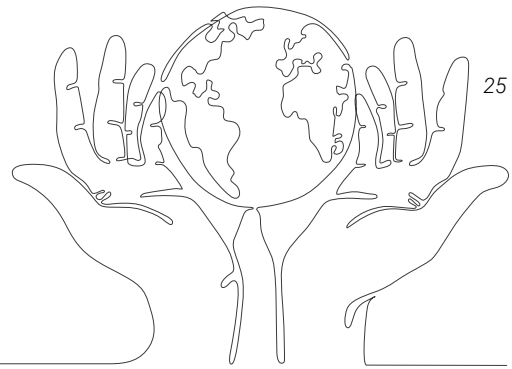
- 1.Reduce the environmental impact of cotton production
- 2.Improve livelihoods and economic development in cotton producing areas
- 3.Improve commitment to and flow of Better Cotton throughout supply chain
- 4.Ensure the credibility and sustainability of the Better Cotton Initiative



Better Cotton Initiative (BCI)

- 1.Same high quality as conventional cotton
- 2.Zero use of pesticides or synthetic fertilizers
- 3.Restrictions on the use of genetically modified seed
- 4.2018: 30% of our products are manufactured using BCI cottons





The apparel industry has been increasingly under the spotlight as it has caused severe environmental and social impacts. Therefore, we are striving to tackle the issue as the impact will also affect our future generations. We will steadfastly uphold the promise of sustainable development with the expectation of becoming a pioneer in green manufacturing, reduce the impact on the environment through low-carbon manufacturing technologies, improve water treatment, as well as waste and chemical management.

We have institutionalized a series of mechanisms and guidelines to conserve energy and water, use more recycled water to reduce carbon emission and ultimately will apply these mechanisms and guidelines across the entire lifecycle of all our products. Roo Hsing/J.D. United had set forth the environmental targets for 2019 in mid-2018 to ensure we use resources efficiently throughout the production cycle. Our Nagapeace Corporation Limited, one of our washing plants in Cambodia plans to reduce the expense of chemical material procurement, steam expense, water expense and renovation fee by 5% next year.

2018 Environmental Goals and Approaches

Categories	Goals	Management approaches
Environmental safety	Zero Safety & environmental related incidents	<ul style="list-style-type: none"> • Completion and updates of the Environmental and Safety Policy • Employee training regarding environmental and safety topics • The environmental emergency response training • Invite Environment Impact Assessment • Sufficient qualified fire control facilities along with regular checks • Encompassing onsite chemical management and related training
Wastewater control	100% reaching the local wastewater discharging standards	<ul style="list-style-type: none"> • Compliance regarding daily sewage and discharge • Wastewater treatment system • Conducting discharged water tests periodically • Filing of the records regarding wastewater treatment system • Wastewater test conducted by a qualified third party
Solid waste disposal management	Solid wastes are 100% collected and well handled	<ul style="list-style-type: none"> • Solid waste collection and classification for further recycling and processing • Classification inspections in production and daily operation areas
	Hazardous waste is 100% collected and well handled	<ul style="list-style-type: none"> • Separate hazardous waste collection and storage in line with environmental regulations • Warehouse registrations documentation • Contracts with qualified contractors
Emission control	100% meeting all local emission standards	<ul style="list-style-type: none"> • Documentation of records regarding emission treatment facilities • Emission tested by a qualified third party
Noise control	100% meeting all local statutory standards	<ul style="list-style-type: none"> • Machinery /equipment and noise control facilities installation
Energy conservation and reduction	Reducing power and water consumption by 3%	<ul style="list-style-type: none"> • Water and electricity management system • Employee environmental awareness building • Elimination of lagging production facilities and purchase of energy-saving equipment • Regular inspection and maintenance on all electrical equipment, water valves, pipes, and pumps to prevent water dripping • Optimization and strengthening of the process control system

In accordance with our policies, we strive to reduce environmental impacts on manufacturing and throughout the product lifecycles. To implement group-wide environmental management activities, our CSR department has been conducting practices in four main directions in accordance with our environmental industrial standards.

Full Participation	We managed to have 100% of our factories at different sites implemented with the energy and resource management procedures. Meanwhile, to sharpen our employees' awareness of accident prevention as well as to enrich their know-how to environmental protection, various training has been delivered to our employees.
Energy Saving	Full implementation of the energy and resource management procedures have been executed in all our plants. In addition, efforts have been made to replace lights with eco-friendly LED lamps, and power-efficient machines have been acquired.
Scientific Management	A range of actions have been taken place to improve our management. For example, procedures regarding chemicals control have been implemented in all factories. Another dedication could be seen in the establishment of the water treatment system and the leakage protection facilities.
Environment Protection	Environmental regulations and external rules are strictly complied with, and GHG emissions and water consumption have also been under close monitor, with the aim of reducing. Besides, the implementation of hazardous substances discharge management could also be noticed.

Roo Hsing/J.D. United is planning to improve our environmental mechanisms year after year and looks forward to sharing our expertise and experience in order to form a partnership with external organizations and create a sustainable future.

Energy

Roo Hsing/J.D. United has set targets to cut the electricity use by 3% and will keep our commitment to monitor energy use with stringent process control. The overall energy consumption of our Cambodian plants in 2018 are listed below:

It can be observed through the results of Roo Hsing/J.D. United's energy inventory that our primary source of energy is electricity, followed by steam and small amounts of natural gas.

Category	Unit	2018
Electricity	kWh	13,003,208
Natural gas	kg	43,680
Steam	ton	51,171



Energy-saving practices

In 2018, all our factories have implemented the above-mentioned energy-saving measures and have cut 3% of electrical power usage.

Lighting Replacement

- Highly aware of the impacts of environmental changes, Roo Hsing/J.D. United has taken several mitigative actions. Lighting replacement is one of the noticeable actions that work on saving energy. To be more specific, LED light bulbs were purchased and adopted in our factory to enhance our employees' awareness of electrical waste. After that, they are also encouraged to turn off those lights before the departure of their workplace. In addition, we replaced our lamp models from T8 to T5, with a reduction of the total quantity of lamps as well.

Water Curtain

- Water curtains are used for cooling down the laundry workshop temperature by approximately 3 to 12 degrees, which can save up to 50% of the power and air circulation within the workplace can be boosted. The water used for the water curtain is from the circulated water.

Prevent Energy Waste

- We noticed that leaving the tumblers on even when they are not in use is a great waster so we improved the process by switching them off after the wet garments came out of them. The garments are then hung outside for drying.

Water

Water use and management

As a textile manufacturer, one of the largest water consumers, Roo Hsing/J.D. United is highly aware that our operations consume a huge amount of water. To be more specific, growing denim alone uses more than 95% of the water used for the whole denim production process. Washing denim garments after they are purchased is another noticeable water consumption activity. As a result, we believe that it is crucial to find ways to ensure that water resource conservation is put in place.

The production process of dyeing and washing a pair of denim jean is estimated to consume an average of 70 liters of water. Consequently, efforts have been made to reduce water use. For example, instead of using the traditional equipment, we applied our Turkish washing machines, which account for 50% of water use reduction. In addition, we notice that there is some chance in our plants to save water through production process improvement. Another water-saving mechanism is the implementation of recycled water-pipelines and other supporting facilities.

Our key principle prevents the excessive use of water and chemicals early in the production process and builds our capacity to continually improve resource efficiency.

STWI is an initiative launched by Swedish textile leather brands and Stockholm International Water Institute. The idea behind STWI was to solve the water challenges faced by the industry and finding the most appropriate mechanisms to address them.

We have introduced the STWI Project with strict policies and brand requirements through communicating with other members regarding the methods, enhanced capacity and cases for sustainable water use. In 2018, this initiative has moved to a new phase in which the coverage is expanded to Cambodia, where our production plants are located.

**SWEDEN
TEXTILE
WATER
INITIATIVE**

Wastewater treatment

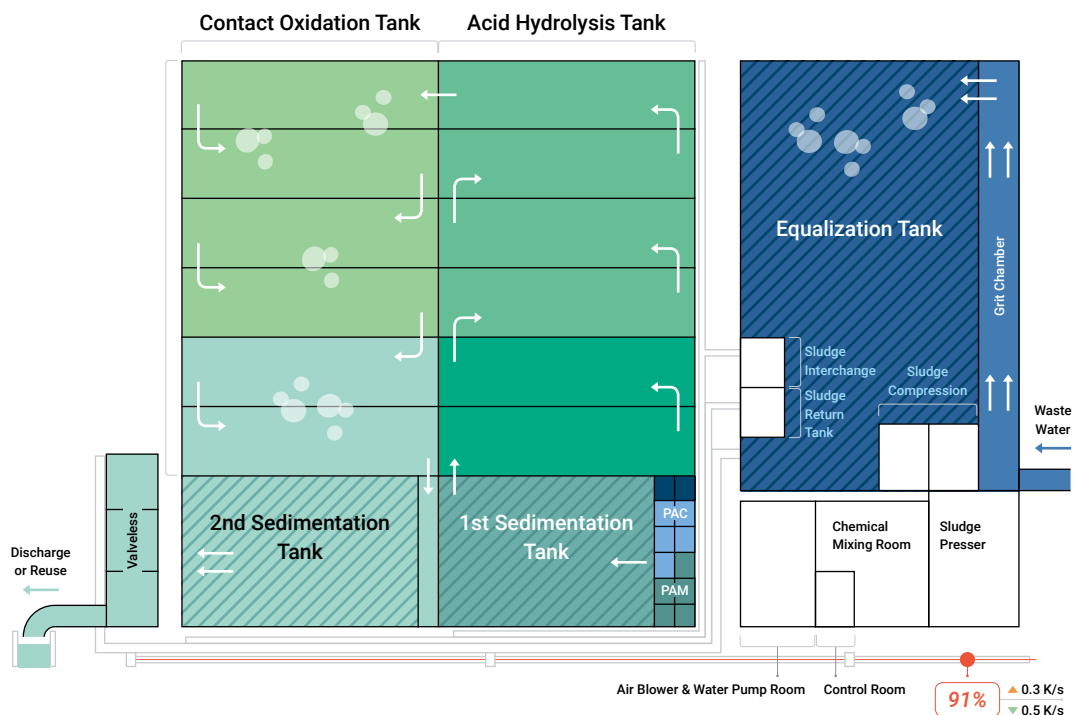
All wastewater is discharged only after we receive the permission issued by the local government and we have introduced wastewater treatment and recycling mechanism to reducing the amount of wastewater generated during the manufacturing process.



2018 Wastewater Feature Plan: Increase the efficiency of our sewage treatment tank and establish a recycling system.

Starting with our Changzhou plant, we are planning to reuse the processed wastewater for dyeing by constructing a water recycling system, **which is estimated to recycle around 300 to 400 tons of wastewater every day**. This system can dilute the recycled water with running water as well as filtering and decolorizing the water with active charcoal. It is estimated that 800 tons of running water can be mixed with 400 tons of recycled water every day and **we can ultimately recycle 10,000 tons of wastewater per month**.

Our main washing plants in Cambodia generate 4,300 tons of wastewater per day. The plants have also constructed water treatment and recycling equipment along with two wastewater assessment performed each year. The amount of reclaimed water is also included in the assessment of washing plant managers, which also indicates our improvement regarding internal awareness building.





Waste and Emission

An effective waste management mechanism has been applied to control the disposal and handling of any waste generated during our daily operations.

The scraps and household waste are collected and disposed of by our environmental sanitation department. The sewage sludge in our incineration treatment are processed in the thermal power plant; the disposal of waste rubber sheet and waste chemical packaging materials are conducted by qualified vendors. In 2018, the solid waste processed rate was 100% and we will continue to make sure that we are not imposing a direct impact on the environment.



Our solid wastes and the corresponding treatment can be categorized as follows:

Type of waste	Processing approach
General solid waste	We classified the collected waste, recycled and centralized it according to the treatment requirements.
Hazardous waste	Different kinds of toxic and hazardous chemical waste and other pollutants like containers for hazardous chemicals and oily gloves, cloths, etc. are uniformly and centrally stored in isolated areas or specified warehouses. The pollutants were also only commissioned to specialized firms. Any collection, storage, and disposal of such waste that violates the safety requirements in our factories are strictly prohibited.
Recyclable waste	We only cooperate with qualified vendors and comply with environmental regulations and external audit rules. We track the flow of recycled production wastes such as scraps, wrapping paper, fiber, and fabrics.



▲ Waste management trainings in Cambodia

Equipment upgrade and renovation

In addition to the program in China, our main washing plants in Cambodia have also conducted a renovation of steam pipes and related equipment in order to improve steam utilization and expand the recyclability of steam. This can considerably reduce the use of woods and waste gas emission. Roo Hsing/J.D. United performs timely maintenance and inspection of the boiler dust removal equipment with an aim to ensure the absorption of exhaust gas and dust. We conduct our renovation procedures in accordance with the requirements from the Cambodian government, which can further contribute to the destruction of forest resources.

Chemical Management

To remove indigo dye from the denim, the chemical substances like hypochlorite and potassium permanganate (PP) are used in bleaching and washing. The chlorine in bleach and manganese in PP can cause water pollution. Moreover, if the chlorine is not properly used, it can be harmful to workers, too. Therefore, during the bleaching process of denim jeans, the potential effect on the environment, workers and consumers must be considered since chemicals are constantly used during the bleaching process of denim jeans.

In order to achieve "Zero Toxicity" by 2020 in our production process, Roo Hsing/J.D. United is dedicated to enhancing hazardous waste control and carefully select those chemical suppliers that only use eco-friendly additives.

Scrutiny at the early stage

We ask our chemical suppliers to conduct a third-party product assessment and analyze the number of hazardous substances in the products they provide. Our goal is to make sure that all products are 100% certified by 2020. Roo Hsing/J.D. United also sends the large chemical products to Nimkartek, India for conducting analysis and detection of harmful substances.

All factories have conducted registration of Clean Chain, and each of them has uploaded chemical data monthly in accordance with the customers' requirement for data management. Technical representatives in the production plant regularly assess the formula of water washing, calculate whether the harmful substances contained in the formula exceed the standard, and take precautions to prevent the excessive use of RSL substances.

Facilities and training

Our chemical substances are placed in a designated area and strictly managed by our EHS Commissioner in the factory in accordance with the MSDS management requirements provided by the chemical suppliers. Corrosive and severely hazardous chemicals are stored separately to prevent any chemical reaction. Additionally, installations of exhaust fans, smoke detectors, fire extinguishers, eye washers, other facilities are conducted in chemical warehouses and other areas where the chemical being used.



All chemical procurement and warehousing are managed by assigned person. In addition, we have instituted rigorous policies and installed anti-explosive fans to ensure ventilation. A variety of additional activities are planned in 2018 for education of handling chemical substances. Workers in chemical distribution rooms regularly carry out chemical training and only workers who pass the chemical safety training are qualified to access the chemical substances.



Chemical Safety Training

Awareness Building:

The training program is for the employees who handle the chemical substances so as to raise the awareness of carefully using the hazardous chemical substances during their works. The contents of the program not only comprised of the available chemical information, management manual, but also explained the effects of chemical substances and the symptoms they might bring. Furthermore, the training contents should meet the requirements by the National Fire Protection Association. Also, the training program ought to remind that chemicals should be properly labeled.

Actions and Procedures:

The actions and procedures of the training program should follow: the First Aid measures in cases of accidents, the Use of Safety Data Sheets and the Chemical spill practices.



Health Hazard	Flame	Exclamation Mark
 <ul style="list-style-type: none"> • Carcinogen • Mutagenicity • Reproductive Toxicity • Respiratory Sensitizer • Target Organ Toxicity • Aspiration Toxicity 	 <ul style="list-style-type: none"> • Flammable • Pyrophoric • Self-Heating • Easily Flammable Gas • Self-Reactives • Organic Peroxides 	 <ul style="list-style-type: none"> • Irritant (skin and eye) • Skin Sensitizer • Acute Toxicity (Harmful) • Narcotic Effects • Respiratory Tract Irritant • Hazardous to Ozone Layer (Non-Mandatory)
Gas Cylinder	Corrosive	Exploding Bomb
 <ul style="list-style-type: none"> • Gases Under Pressure 	 <ul style="list-style-type: none"> • Skin Corrosion/Burns • Eye Damage • Corrosive to Metals 	 <ul style="list-style-type: none"> • Explosives • Self-Reactives • Organic Peroxides
Flame Over Circle	Environment (Non-Mandatory)	Skull and Crossbones
 <ul style="list-style-type: none"> • Oxidizers 	 <ul style="list-style-type: none"> • Aquatic Toxicity 	 <ul style="list-style-type: none"> • Acute Toxicity (Fatal or Toxic)

Chemical substances management:

1. Chemical substances are handled according to our chemical management procedures.
2. All technical representatives need to be well trained and qualified before officially being in charge of the chemical management job.
3. We conducted worksite-specific chemical safety training in all our factories on topics such as first aid measures, proper chemical labeling, personal protective equipment (PPE) instructions and chemical safety data sheets and chemical spill practices, etc.
4. Install fans to ensure ventilation and prevent leakage in the working environment.
5. All factories TR check the warehouses weekly according to the chemical management requirements. If there are any non-compliance conditions, the relevant personnel immediately make the corrections and record all the inspections.
6. The factory TR personnel review the washing formula, calculate whether the harmful substances contained in the chemical in the formula exceed the standard, and formulate preventive measures when the RSL substances exceed the standard.

Environmentally Friendly Equipment

To strengthen our sustainable production, we continue to invest in our eco-friendly equipment, including E-Flow nanobubble washing machines, Laser denim pattern machines and Ozone G2 machines. It is estimated to save up to 95% of water, 40% of electricity and 90% of chemicals consumption. The main appeals of the "One Glass, One Garment" are ecological technology, worker safety, and higher productivity. The combination of the above-mentioned equipment requires merely one glass of water to achieve the dark look soft type rinse, worn and aged effects of our jeans instead of consuming the average 70 liters that are needed with the traditional process.



One Glass, One Garment

E-Flow

Our E-Flow nanobubble machines are used to mix chemical additives and raw materials. The nanobubbles consume a minimum amount of water. After properly mixing, all the mixture in the machine will be processed into a nanometer state. With the "One Glass, One Garment" technology, we are able to create the washed-out finishing on denim with less than 1 liter of water when using the nanobubble machine. This revolutionary sustainable process allows us to spray dye and softener resin and create a washed-out effect on denim.



Laser

The introduction of laser equipment can take over the traditional use of sandpaper, which is designed to brush the surface of the garment and make the white base of the yarn visible. With the laser equipment, it has become more effective for creating localized bleached areas custom designs on denim. Compared to the conventional process, the new method doesn't require chemical additives so to make the white surface more apparent. The newly introduced laser machines not only eliminate the use of harmful chemical substance but also reduce the cost of manual labor.

We are investing more resources in laser machines. In 2018, we eliminated the use of PP spray and toxic chemical in our processes.



Ozone machines

Roo Hsing/J.D. United's Ozone(O₃) technology is applied to the zero toxic production process as well as energy and water consumption reduction. We use ozone as a bleaching agent due to its effective whole garment bleaching and back-staining removing capability during the fabric finishing process.

The technique of ozone generators is to use an electrical current to charge oxygen molecules and convert the air to ozone gas. At the same time, the gas will wash the garment fabric before transforming back to oxygen and being released into the air. The gas could be also applied by Ozone machine to our products during washing and produce a chromatic bleaching effect. The white worn effect created by the laser machines can then become more apparent after applying ozone to our products.



Therefore, we don't need any chemicals and the entire process time can be shortened. With the advantages brought by ozone machines, we can ultimately reduce the overall energy consumption. Through the combination of laser technology and the application of ozone, the impact on the environment can be dramatically mitigated.

Ecostone

We saved 70% of pumice stone which produce toxic waste and the total cost saving in the stone wash process was 40%. Since 2018, Roo Hsing/ J.D. United is able to use E-Flow technology for making stonewashed fabric with the help of the newly introduced "Ecostone". Ecostone replaces pumice stone and allows us making stonewash process in the E-flow machine.



Turkish washing and drying machines

Turkish washing machines are capable of reducing **50%** of water use. New Turkish drying machines which possess **200%** larger capacity comparing with the old machines and **15%** of energy use can be saved.

Roo Hsing/J.D. United has introduced 11 Turkish washing machines in 2018, which has reduced 50% of water consumption with the help of new resource-efficient machines. Our research and development team in Changzhou, China continues to introduce new washing machines. Roo Hsing/J.D. United is expecting to introduce new machines with a view to reducing water consumption up to 70% in the upcoming years.

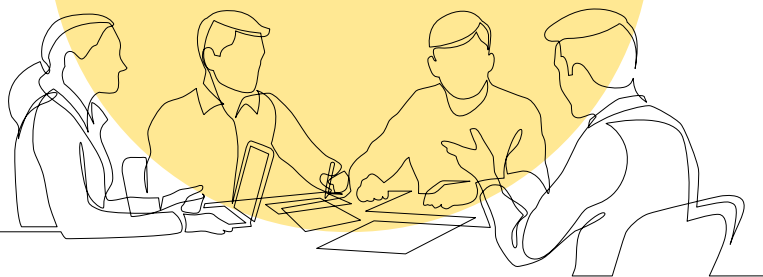
To continue reducing our impact on the environment, we will uphold the concept of protecting the precious water resources of the planet and develop more innovative washing technologies in the future.

In addition to the washing procedure, Roo Hsing/J.D. United has also introduced new Turkish drying machines which possess 200% larger capacity comparing with the old machines. With the use of new machines, 15% of energy use can be saved and this can dramatically reduce the noise in the plant. In 2018, we have introduced 2 machines and we are planning to replace more old equipment in the future.



Our Goals: We persist to uphold our 3R-philosophy to Reduce, Reuse and Recycle as much as possible and continue to invest in new equipment that demonstrates our vision on improving our consistency, efficiency, and speed of production. The investment in laser equipment, E-Flow machines, Ozone machines, new washing machines, new drying machines, and any additional equipment will help us reach our goal and ensure ourselves as the leader in apparel manufacturing.

People



Acknowledging the fact that our business depends on our people, Roo Hsing/J.D. United is dedicated to cultivating an working environment of health and safety, and customizing training and education to help talented employees to achieve their full potential not only in their life but also to learn and to grow with us. We believe giving individuals new challenges enable people to nurture creativity and to bring their full selves, their ideas, and their passion to work every day.

Furthermore, Roo Hsing/J.D. United cooperates closely with local governments, neighbors, and other encountered stakeholders to conduct various campaigns and programs to enhance future development of the employee. We further fortify our competence and embed a sense of belonging to each employee by respecting their diversity, fostering youthful talents and leaders, and providing them with rational rewards, regardless of their race, nationality, or gender.

Workforce: Diversity and Inclusiveness

We seek for greater competitiveness by celebrating diversity, promoting inclusiveness and champion equality of our workforce and providing an equal career opportunity for every individual. With all diverse backgrounds among our people, we expect ourselves to embrace the similarities and differences of people and enhance our human capital development. Roo Hsing/J.D. United is a place where inclusiveness, curiosity, and empowerment is emphasized and celebrated.

We strive to create a workplace that is transparent and trustworthy, fair and equal through human capital management. We also promote a value-driven way of working and expect all employees can bring their potential into full play and improve the overall competitiveness as the company continues to succeed.

Human Resource Management System

We implemented and established various strategies to mitigate potential risks, from monitoring local policy, establishing solid competence and training system, to expanding recruitment channels and improving internal communication mechanism.

Human Resource Risk	Mitigation Strategy
Compliance risk (Changes of local law/social security policy)	<ul style="list-style-type: none"> • Keep track on local law & social security policy • Communication with local government in diverse ways
Continuous growing trend of legal salary rate	<ul style="list-style-type: none"> • Set up competence system and training course according to level and work requirements
Manpower	<ul style="list-style-type: none"> • Partner with local schools through promoting talent programs, training and other channels to expand recruitment
Talent	<ul style="list-style-type: none"> • Create multiple internal communication channels • Able to fulfill competitive salary and welfare package • Reinforce talent training system

Internal Communication

People-oriented culture is valued by Roo Hsing/J.D. United. The Employee Relationship Team takes the responsibility to cope with all communication and problem-solving, it also needs to cooperate with each department and the CSR team. We are dedicated to providing our people with multiple communication channels to express their thoughts to firm relations between employees and managers.

Employee Communication Channels



Roo Hsin/J.D. United's Employee Feedback Committee handles complaints and supervise the implementation of the Labor Union's general assembly's resolutions. Any potential workforce-related risks are regularly monitored and the corresponding control measures are developed based on the level of detected risks in a timely manner. There has been no serious labor disputes nor any losses resulting from the complaints in 2018.





Roo Hsing/J.D. United's Code of Conduct

While operating business of Roo Hsing/J.D. United, we actively implement corporate social responsibility to meet international sustainable trend. Furthermore, we enhance economic contribution and improve the quality of life of employees and communities with the sense of corporate citizen. Therefore, we have established a code of conduct for corporate social responsibility to strengthen our competitive advantage.

To fulfill corporate social responsibility, attention should be paid to whether the interests of stakeholders are well-valued. In order to obtain sustainable operation and profitability, we take environmental, social and governance factors into consideration when developing our management approaches and operational activities.

We pay serious attention to the relationship between CSR trends and core business of Roo Hsing/J.D. United. We also get to know more about our business impact on stakeholders, so we established a task force responsible for corporate social responsibility policies, systems, relevant management approaches and specific measures for planning and execution.

The following are our CSR implementation principles:

- 1 Implementing corporate governance.
- 2 Developing a sustainable environment.
- 3 Maintaining social welfare.
- 4 Strengthening CSR information disclosure.



Labor union

Roo Hsing/J.D. United is making concentrated efforts to support the workforce without any human right violation issues. We support freedom of association and the rights of workers to lawfully organize and bargain collectively. All our factories have set up local unions in compliance with local legislation.

Labor and human rights

Roo Hsing/J.D. United is aware of the respect for human rights because it is a fundamental part of any successful business. We are committed to providing a safe and fair workplace where all our workers are treated equally with respects and dignity in all our operation plants.

Our corporate culture is supported by a clear Code of Conduct and Human Rights and Employees' policies, which help to face our challenges in our operations and supply chain.

Human rights policy

In line with Code of Conduct (CoC), Roo Hsing/J.D. United has a set of guidelines and basic requirements in human rights, for all employees to ensure the effectiveness of human rights policies and business ethics policies. We also conduct training on a regular basis and developed a series of campaigns to promote human rights and ultimately achieve a sustainable society.

Non-discrimination

Our diversity of talents makes Roo Hsing/J.D. United irreplaceable. We put much effort to prohibit any kind of discrimination or harassment from our workplace. Thus, we develop our own "Non-discrimination and non-retaliation Policy" to secure the rights of our workers during hiring, promotion, access to training, etc.

Roo Hsing/J.D. United cultivates people with same visions and value and treats them without regard to race, color, gender, nationality, disability, sexual orientation, or political affiliation.

Better Factories Cambodia (BFC)

- Performance Improvement Consultative Committee is founded on our respect for human rights and on International Labor Organization (ILO) and with the help from BFC to support our factories to follow national labor legislation under the regulation from 2015 to 2018. In addition, our Human Rights Policy also lies on the ILO and BFC regulations to ensure the recruitment and training process comply with the laws and prevent potential human rights risks.
- The assessment reports produced by BFC are reviewed and discussed with the corrective action plans for future improvement during monthly meetings.



Prohibition of forced labor and sexual harassment/abuse behavior

Zero Forced Labor

At Roo Hsing/J.D. United, we strictly prohibit any corporal punishment, threats of violence or mental, physical coercion or any other forms of physical, sexual, psychological or verbal harassment and abuse against our workers. We treat our people with respect, in order to do so, we operate our business ethically and refer to documents such as the Universal Declaration of Human Rights, etc.

Monitor and eliminate involuntary labor

There's no forced labor in Roo Hsing/J.D. United for certain because the workers have the right to sign a voluntary overtime work form when it is necessary to spend extra time on work. All management teams need to follow the fixed overtime policy. Therefore, our employees are all paid with reasonable overtime wages, and this compliance is continuously monitored.





Sexual harassment prevention

Our policy covers entire workers and any behavior considered as harassment should be denounced and a thorough investigation will be conducted, followed by a report issued by the investigation team comprising of the Corporate Operations Officer, Internal Control Lead, HR Director and CSR Director within 30 days of the reporting time, since we will not tolerate, condone or allow any forms of sexual harassment, whether engaged with fellow employees, supervisors, clients or other non-employees who conduct business with us. Therefore, we hold regular training in all our factories to ensure no behavior which may be considered sexual harassment occur and encourages reporting of all incidents.

Prohibition on the use of child labor

Roo Hsing/J.D. United strictly maintains a strong focus on protecting human rights, including issues such as child labor (workers under 16 years old in China and 15 years old in Cambodia) and ensure that facilities respect local laws and international standards related to employing younger workers who are not children.

Underaged workers

For the underage workers (age between 15 and 18 in Cambodia and from 16 to 18 in China), we conduct a careful procedure and do not accept any documents other than national ID to verify their identity before hiring. All underage staffs will receive special care and are exempted from any hazardous working environment. They will go through an annual health check and be allocated based on their health conditions.

In-plant Inspection

Our CSR team in the factory dedicated to conducting cross-checks on the age of employees as well as routine inspections on risky situations. We also raise awareness through clear publicity mechanisms.



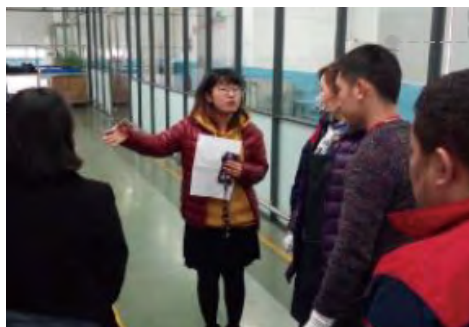
Health and Safety

At Roo Hsing/J.D. United, our long-term success depends on employees' safety and health, therefore, we believe that a safe and healthy environment is a fundamental right of everyone and a business imperative. Thus, all operators have gone through a rigorous training and mentoring regime before operating.

EHS Committee plays a significant role in maintaining health and safety in the workplace, from conducting regular health and safety check, raise awareness on potential risk or concern, to monitor corrective and preventative action. We also keep up with local laws and international EHS trend to perform better practice on workplace health and safety.

5S Workplace Organization Methodology Application

The Japanese 5S management principle method: Seiri (Sort), Seiton (Straighten), Seiso (Shine), Seiketsu (Standardize) and Shitsuke (Sustain) is adopted within the management of our workplace. This methodology aims to ensure each department and employ is well-organized and comply with factory health and safety regulations to reduce workplace injury and accident. Meanwhile, the 5S Committee reviews each department's 5S performance to provide further guidance and suggestion.



Occupational safety and health training

Safety has emerged as a critical issue in our society. In response, Roo Hsing/J.D. United invested a large number of resources for occupational safety and health training, optimizing the control and prevention of potential risks, thereby promoting workplace safety.

Occupational Safety and Health Training

Training Program	Training Focus
Occupational Safety & Health General Training	<ol style="list-style-type: none"> 1.Awareness of EHS issues 2.Prevention of work-related injury & death 3.Healthy & safe working condition 4.What corrective actions are needed
Chemical Storage & Handling Safety training	<ol style="list-style-type: none"> 1.Awareness training 2.Storage incompatibilities 3.Personal safety for minimizing exposure 4.Use of personal protective equipment (PPE) 5.MSDS knowledge
Personal Protective Equipment Training	<ol style="list-style-type: none"> 1.Awareness training 2.Proper PPE wearing demonstration
Environmental Hygiene Training	<ol style="list-style-type: none"> 1.Improving workplace sanitation 2.Protecting workers' health 3.Ensuring the safety of productions



Employee benefits

In addition to the above-mentioned safety and health training, we provide spacious and friendly workplace for team-building and to motivate our employees to organize, participate, and compete with each other in activities, such as sports, yoga, dance, etc. Beyond physical fitness, we give due consideration to small details such as availability to fresh air and ventilation through large fans, and we also have stringent hygiene standards across offices and factories, including tidy uniforms for our operators.





Rising health awareness among us

We have organized a gym with modern facilities available in Roo Hsing/J.D. United to encourage physical fitness, and we take participation rate into part of the performance review to encourage management level to participate in sports activities. These activities not only enable our employees to pursue physically and mentally healthy life but also help to create a harmonious work atmosphere in Roo Hsing/J.D. United.





Training

Development and Cultivation of Human Resources

With Roo Hsing/J.D. United's expansion, we pay attention to the development of employee both internally and externally, committing to enhance worker's professional ability. The corresponding training hours and courses are designed according to different functions and positions to promote working capability and efficiency.

Simdustry Training conducted in Roo Hsing China

Training expectation: In order to enhance employees' leadership and management capacity, Roo Hsing/J.D. United China facilitates Simdustry Training that focuses on participants' decision-making quality. Participants are instructed to review the company performance in the past years, to analyze the gains and losses of the strategy, to combine the management ideas and exposing their own errors, and to practically improve the quality of comprehensive management through repeated exercises of adjustment and improvement.



Program Category	Program focus	Participants	Frequency	Total hours
Orientation	<ul style="list-style-type: none"> • Orientation training • EHS training • Factory regulation • Employee manual 	563	72	216
Technical program	<ul style="list-style-type: none"> • IT software • Shipping knowledge • Manufacturing Process knowledge 	538	10	25
V.O.I.C.E.	• Delivering vision to white-collar workers	648	32	48
	• Delivering vision to blue-collar workers	874	20	30
HER	• 5 core competence training	2,300	40	80
P.A.C.E.	• 7 core competence training	538	240	360
C.A.R.E.	• 5 core competence training	3,456	189	189
SBF (Sewing for bright future)	• 5 core competence training	1,232	185	185

Campaign

Roo Hsing/J.D. United has actively launched several programs, including P.A.C.E., HER, SBF/CARE, and V.O.I.C.E. with the aim not only to facilitate employees' career development but also to cultivate them to be a creative thinker. We also regularly share our success with our employees through goal setting to provide them better opportunities for personal and career development because they are the most important asset for us. In 2018, we have launched two new programs, V.O.I.C.E and VOW, expecting to integrate the core culture of the Group and enhance employee well-being.

V.O.I.C.E.

In 2018, we launched the V.O.I.C.E project to create and build a firm foundation on company growth, value creation, and innovative sustainability for Roo Hsing/J.D. United. We executed the project by offering training classes for both white collar and blue-collar workers, conducting activities with more than 400 attendees, and marketing campaigns to spread our value and ideas. We anticipate the project could bring all of our employees altogether with the same vision by holding manager sharing or speech, electing culture ambassador, etc. by 2020.

P.A.C.E. (Personal Advancement Career Enhancement)

The Personal Advancement Career Enhancement (P.A.C.E.) launched in September 2016 in partnership with GAP Inc., providing female workers with foundational skills and support that will help them advance in the workplace and their personal lives, through life skills education and technical training. This global initiative has engaged more than 65,000 women in 12 countries and has committed to reaching one million women and girls in the communities around the world by 2020.



Purpose

1. Build their awareness through

- i) Lectures/Graduated Testimonial
- ii) Companywide Wechat/Microbenefits Campaign

2. Taking Actions through

- i) Interactive Recruitment Program
- ii) Referral System
- iii) Selection Mechanism

Our female workers are trained in the following four directions:

HR Professions

Lecturer,
Teaching Assistant

Production Workshop
Supervisor

Art/Performance
Talents



Results

We put much effort on this project with a total cost of USD 38,570 and reached excellent result of 538 participants at the end of 2018.

Every participant will spend 1.5 hours per week on the training modules with a class of up to 35 participants. In 2018, we have conducted our year-round P.A.C.E. training modules focusing on six topics:

- Communication
- Problem-Solving and Decision-making
- Time & Stress Management
- General & Reproductive Health
- Execution Excellence
- Water, Sanitation & Hygiene

Goals

We plan to expand our P.A.C.E. program to 5 plants, with 750 participants in 2019. For our 2020 targets, we plan to expand the influence to 8 factories, with over 900 participants. Our annual targets from 2019 to 2020 are listed below:

#/ Year	2019	2020
Country	2	3
Factory	5	8
Trainer	50	75
Graduate	563	720
Participants	750	900
Participation rate (%)	100%	100%

In addition to the above benefits from the P.A.C.E. program that empower women's career potential, they are also taught to improve their ability in financial management and health monitoring. We hope to cultivate more female managers through the implementation of this program. With their leadership, more staff can be motivated and ultimately to achieve Roo Hsing/J.D. United's value and vision in building a harmonious work environment with our female employees.



P.A.C.E. participants sharing

My growth within P.A.C.E.- problem solving and decision making modules

Problem solving and decision-making modules sharing

I like to participate in the P.A.C.E. courses. Our team director also supported us to participate in the training. I attended almost every class and shared with my children what I've learned in class. My children knew that I would go to class in addition to going to daily works, and I was not so unfamiliar with the training class after a few sessions. The P.A.C.E. course has not only improved myself, but also brought a positive impact to my family.



Problem solving and decision-making modules sharing

I am one of the team members. Once I had an urgent task which I had to rush home and I was first not allowed to take the leave since our work schedule was quite tight. After thorough communication with my team leader, I eventually convinced my team leader with a condition of day-off reduction. I am thankful that my negotiation finally succeeded.





HER (Health Enable Return)

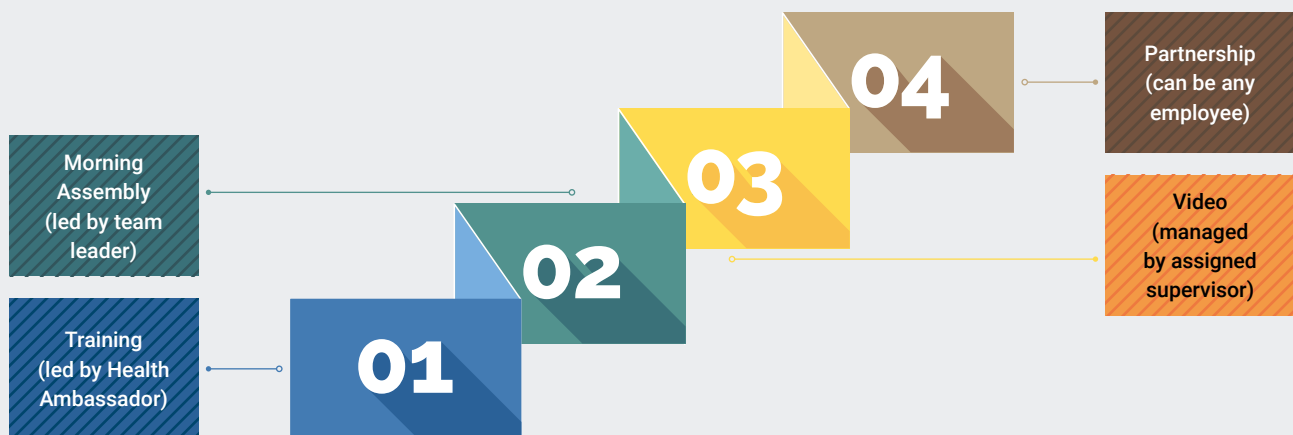
HER project, the initiative led by Business for Social Responsibility helps guide actions that advance and empower women in the workplace, educates apparel factory workers about health and access to health services, and raises knowledge in self-conscious and self-care.

We have incorporated the following topics in our training:

- Nutrition
- Family Planning
- Waterborne diseases
- HIV/AIDS & STIs
- Maternal and Child Health
- Hepatitis B, C and Breast Cancer

her
+project

In addition to the previously mentioned lectures, the main characteristic of HER project is the "Companion Education" for promoting health awareness. We hope that companion education can accelerate the campaign promotion and the workers can receive timely privacy concerns or other communication barriers. Other ways of program promotion include:



We have designed our own HER project schedule incorporating the activities listed below:

We aim to engage with our factory management to establish their roles and responsibilities on assessing female workers' health needs, holding and participating peer educator training sessions, and developing factory outreach activities.



We hope to utilize the HERproject to all female workers through extension training such as HERhealth, HERfinance, and HERrespect project to escalate females' working and living quality. We hope to engage with more than 4,000 female employees within our operating plants by 2020.



Purpose

To advance and empower women in the workplace, educate factory workers about healthcare, and raise their knowledge of self-care.

Results

We have engaged 2,300 participants in a series of training. We implemented 200 training plans and spent 4,600 training hours in total.



C.A.R.E. (Connecting, Appreciating, Responding, Encouraging) SBF (Sewing for Brighter Future)

Roo Hsing/J.D. United partnered with C.A.R.E. Cambodia, Cambodia Women for Peace and Development (CWPD) and Phnom Penh Municipal Health Department (MHD) to introduce C.A.R.E. SBF into our daily operation with its core spirit in 2010. We have implemented the program across our offices and factories and engaged with the community as much as we could.



We provided not only wages beyond the industry's average in our region but also provide comfortable working environment to enhance working efficiency. With regard to awareness enhancement, we also helped our workers to develop knowledge in healthcare and financial management through professional trainers.

Topics	Frequency	Total hours
Reproductive health	1 hour per week during 3 months	12
Financial literacy	1 hour per week during 3 months	12
Nutrition awareness	1 hour per week during 3 months	12
Maternal and newborn health	1 hour per week during 3 months	12
Sexual harassment prevention	1 hour per week during 3 months	12



Purpose

Strengthen the development of working functions and improve the quality of life, which will have a positive impact on the local community.

Results

We have implemented 60 training plans and engaged 3,456 participants in a series of training.



Roo Hsing/J.D. United Microbenefits APP in Changzhou, China

掌知识

Due to the local employees' habit of using communication equipment. We developed the Microbenefits APP as a tool for employees to instantly communicate and publicize knowledge or policies, this APP has a utilization rate of more than 69.7% by 2018, and the rate is growing steadily.



ROO HSING/ J.D. UNITED



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