

**Our Green Report on
Corporate Social Responsibility 2013**



Visions for a greener tomorrow

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From the publisher

A SHAMPOO THAT CHANGES THE WORLD



Steven Ko
CEO of O'right

Established under the name Hair O'right International Corporation in 2001, O'right started operation on March 8, 2002, the International Woman's Day. In the beginning we acted as the agent of a foreign brand. After a few years, however, I found out that haircare or cosmetic products, like most products of this kind, were nothing less than chemical products. To being able to follow green and sustainable trends, we decided to create our own brand. Due to my allergic constitution and that my parents died of cancer and kidney disease in just the same year when I established O'right, I made the commitment of helping people get away from toxic pollutants in the environment. The commitment is expressed in O'right's vision – It's O'right, in which the big letter "O" represents the beautiful earth and its pronunciation of "all right" implies that we do only right things to the earth.

Green stands for opportunity

On 30 September 2013, the Intergovernmental Panel on Climate Change (IPCC) published the *Fifth Assessment Report*, which indicated that the impacts of climate change have been felt around the world. Floods, draughts and changes in rainfall patterns have left people living on islands and in coastal cities helpless. City inhabitants are also more likely to be struck by severe inland floods and heatwaves, which further lead to food shortage. In face of these challenges, sustainability becomes key and green consumerism a trend among the public. In the business sector, green consumerism not only lessens the impacts of climate change but also creates business opportunities. O'right addresses environmental issues with positive attitudes and showed a 31% of annual growth rate in 2013, proving that we are on the right track.

A responsibility-conscious enterprise

O'right has always been aware of its social and environmental responsibilities. In addition to ecofriendly business operations and products, we lay much stress on environmental education, holding events like planting trees, Earth Hour, coastal cleanup and Sight the New Age Salons for years. We also supported many charity organizations including Eden Social Welfare Foundation, ELIV International, Tao Foundation and Orbis International with cash and product donations. We further sponsored the Taiwan premiere of HOME – an environmental documentary – to let people realize the dilemma we are facing. In 2012, we further built the O'right Green Headquarters, which has attracted groups and groups of visitors to learn about O'right's green concepts and all of the green implementations. As a corporate citizen, we take the full responsibility in the hope of bringing the whole haircare industry and the society a step further.

The ever-greening O'right

In the next stage, O'right is going to put even more effort into three aspects – product development, environment/society, and corporate management – to progress towards an even greener future with all stakeholders together. In terms of product development, we will (1) work with local organic farmers to extract active ingredients from plants or agricultural wastes; (2) put more efforts in the study of plant extracts, establish the first P2 laboratory among Taiwan's haircare SMEs and cooperate with professionals from each field for ultimate product safety and efficacy; (3) schedule a stricter carbon reduction plan on all products, with carbon neutrality being the ultimate goal. In terms of environmental protection, we plan to combine tree-planting and green products with the aim of planting one million trees in the next twenty years. As to management, we are scheduled to obtain certifications of ISO 14001, OHSAS and Green Factory, etc. Given the efforts, we are confident that our products will be even safer and healthier.

I believe that "each small step counts in bringing about a big change." O'right takes due care of all aspects, from manufacturing, service to the enterprise itself. As a company of modest size, O'right fulfills its corporate social responsibility in no way inferior to big companies. I know that, if we want to make real changes, the effort of a whole society is definitely more powerful than that of one company. We earnestly hope this green report can inspire people as well as the stakeholders to practice their social responsibilities.

A handwritten signature in black ink, appearing to be the name 'Steven Ko' in a stylized, cursive script.

ABOUT THIS REPORT

It has been 12 years since the establishment of O'right. This year we added another historic milestone as we for the first time prepared a Corporate Social Responsibility (CSR) report, in which we share our green journey with the stakeholders as well as with the public. As a medium-sized company, we challenge ourselves by preparing the report in accordance with the GRI G4 Guidelines – Core Options – published by the Global Reporting Initiative (GRI) instead of the GRI G3.1 version. In this way we are not only able to take all interests of our stakeholders into account, but also able to learn about the issues we still need to improve in the future. (See Appendix 1 for the GRI G4 index)

The information and figures disclosed in this report are based on the business operations of the year 2013 taking place at the O'right Green Headquarters, which is located in Lungtan Township in Taoyuan County of Taiwan. As in the age of globalization the (measurable) impact of a corporation on society and environment has become a main focus, we decided to include our distribution partners in a survey on these two specific topics. (See page 67)

The O'right CSR Reporting Team, which includes heads of all departments and the CEO, convened two meetings to identify twelve main stakeholder types (Figure 1; Table 1). We conducted a survey and distributed a total of 330 questionnaires to all types of stakeholders for the purpose of identifying their interests or concerned issues. The statistical analysis of the data resulted in the identification of 25 main stakeholder interests and their concerned issues. Further, we also identified another 7 interests that we voluntarily disclose (Figure 2; Table 2) with indicators like "number of suppliers providing preferred organic raw materials," "number of suppliers providing material safety data sheet" and "number of in-house labs or product testing equipment" added to the aspect of Customer Health and Safety. Finally we formulated two aspects of "sustainability-related communication with stakeholders" and "sustainability-related education" to further present the scope and depth of O'right's relevant practices.

Due to insufficient historical data, some information can only be disclosed in the 2014 report. For instance, O'right had far fewer employees in the beginning; as a result, we did not yet launch internal committees like the labor-management committee or sexual harassment prevention committee. With the preparation of the 2013 report, we also hope to learn what we can do better in the future. We kindly ask you to await the second version of the report for the financial year of 2014.

The report has been prepared under the aegis of the Sustainable Development Department of the Brand Strategic Management Center with the vital support of all departments of O'right. The CEO Steven Ko took part in all meetings and discussions related to the report and gave his approval for the final version.

An external assurance of the data and information disclosed in this report has been conducted by SGS Taiwan. Please see Appendix 2 for the External Assurance Statement.

If you have further questions regarding the content of this report, feel free to contact Kathrin Hirth of the Sustainable Development Department.

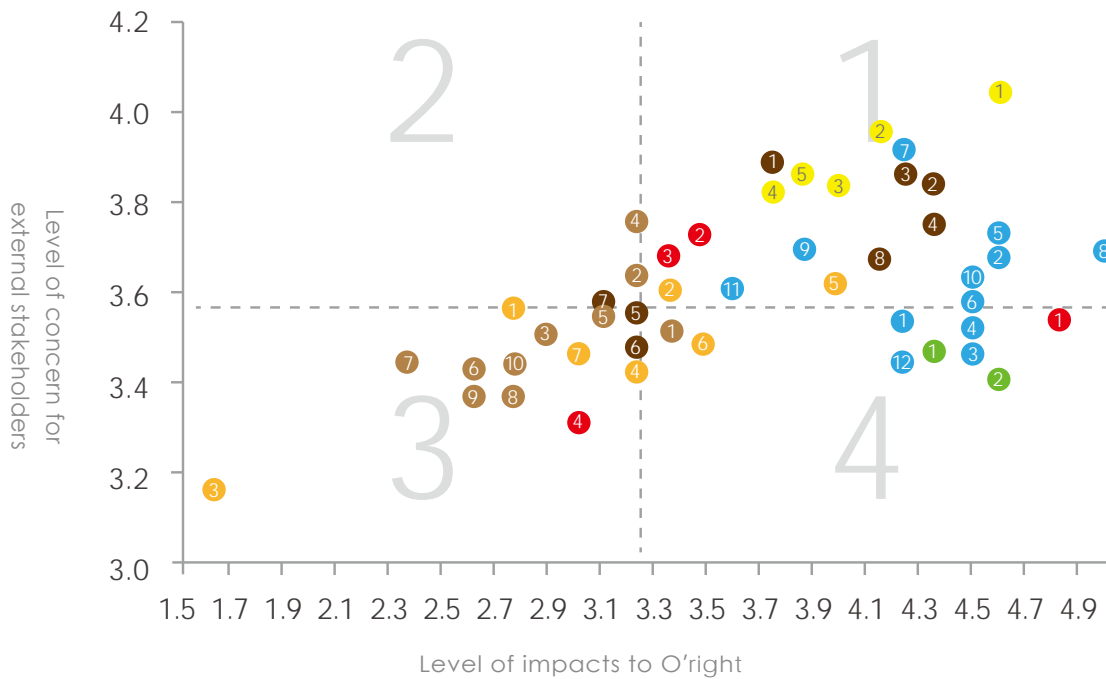
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Tel | 886-3-4116789 ext. 1304



Figure 1 Stakeholder Identification Process

Table 1 Stakeholder Identification and Issues Concerned

Category	Highly concerned issues	Relevant responses in the report
Shareholders	economic performance, compliance with laws, environmental expenditures and investments, customer health and safety	Chapter One 1.1; 1.8 Chapter Three 3.4; 3.6 Chapter Four 4.1
Customers	customer privacy, product and service labeling, compliance with laws	Chapter One 1.8 Chapter Three 3.6.1
Salon customers	customer health and safety, marketing communications, customer privacy, product and service labeling, compliance with laws	Chapter One 1.4; 1.8 Chapter Two 2.1; 2.4 Chapter Three 3.1; 3.2; 3.6; 3.7 Chapter Four 4.2; 4.3; 4.4
International distributors	customer health and safety, marketing communications, product and service labeling, compliance with laws, economic performance	Chapter One 1.1; 1.4; 1.8 Chapter Two 2.1; 2.4 Chapter Three 3.1; 3.2; 3.4; 3.6; 3.7
Employees	Effluents and waste, employment, products and services, emissions, labor/management relations	Chapter One 1.6; 1.7; 1.8 Chapter Two 2.4 Chapter Three 3.4; 3.6
Suppliers	Customer health and safety, training and education, product and service labeling, occupational health and safety	Chapter One 1.7; 1.8 Chapter Three 3.4; 3.6
Subcontractors	customer health and safety, labor/management relations, employment, child labor, non-discrimination	Chapter One 1.6; 1.7; 1.8 Chapter Three 3.4; 3.6
Government	customer privacy, compliance with laws, child labor	Chapter One 1.6; 1.8 Chapter Three 3.6.2
Community	products and services, emissions, effluents and waste, compliance with laws	Chapter One 1.8 Chapter Two 2.4 Chapter Three 3.4; 3.6; 3.7
NGO's	labor/management relations, employment, occupational health and safety, training and education	Chapter One 1.6; 1.7
Banks	employment, emissions, energy, customer privacy, diversity and equal opportunity	Chapter One 1.6; 1.7 Chapter Two 2.4.2; 3.4 Chapter Three 3.6; 3.7
Media	energy, products and services, indirect economic impacts, environmental expenditures and investments	Chapter One 1.6 Chapter Two 2.4.2; 3.4 Chapter Three 3.4; 3.6 Chapter Four 4.1



● Economic	● Environmental	Social				● O'right Indicators
		● Labor Practices and Decent Work	● Human Rights	● Society	● Product Responsibility	
<ul style="list-style-type: none"> ① Economic Performance ② Market Presence ③ Indirect Economic Impacts ④ Procurement Practices 	<ul style="list-style-type: none"> ① Materials ② Energy ③ Water ④ Biodiversity ⑤ Emissions ⑥ Effluents and Waste ⑦ Products and Services ⑧ Compliance ⑨ Transport ⑩ Overall ⑪ Supplier Environmental Assessment ⑫ Environmental Grievance Mechanisms 	<ul style="list-style-type: none"> ① Employment ② Labor/management Relations ③ Occupational Health and Safety ④ Training and Education ⑤ Diversity and Equal Opportunity ⑥ Equal Remuneration for Women and Men ⑦ Supplier Assessment for Labor Practices ⑧ Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> ① Investment ② Non-Discrimination ③ Freedom of Association and Collective Bargaining ④ Child Labor ⑤ Forced or Compulsory Labor ⑥ Security Practices ⑦ Indigenous Rights ⑧ Assessment ⑨ Supplier Human Rights Assessment ⑩ Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> ① Local Communities ② Anti-Corruption ③ Public Policy ④ Anti-Competitive Behavior ⑤ Compliance ⑥ Supplier Assessment for Impacts on Society ⑦ Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> ① Customer Health and Safety ② Product and Service Labeling ③ Marketing Communications ④ Customer Privacy ⑤ Compliance 	<ul style="list-style-type: none"> ① Sustainability-related Communication with Stakeholders ② Sustainability-related Education

Note 1: ● Economic ● Environmental ● Labor Practices and Decent Work ● Human Rights ● Society ● Product Responsibility ● O'right aspects
 Note 2: Quadrant 1: material aspects; quadrants 2 & 4: voluntary disclosure

Figure 2 Correlation Graph of O'right's Material Aspects

Table 2 Aspect Assessments

Category	Boundary		Inside O'right		
			O'right	Customers	
Economic	● Economic Performance		■		
	● Market Presence		■		
	● Indirect Economic Impacts		■	■	
Environmental	● Materials		■	△	
	● Energy		■		
	● Water		■		
	● Biodiversity		■		
	● Emissions		■		
	● Effluents and Waste		■		
	● Products and Services		■	■	
	● Compliance		■		
	● Transport		■		
	● Overall		■		
	● Supplier Environmental Assessment		■		
	● Environmental Grievance Mechanisms		■		
Social	Labor practices and decent work	● Employment	■		
		● Labor/Management Relations	■		
		● Occupational Health and Safety	■		
		● Training and Education	■		
		● Diversity and Equal Opportunity	■		
		● Labor Practices Grievance Mechanisms	■		
		● Non-Discrimination	■		
		● Child Labor	■		
	● Forced or Compulsory Labor	■			
	Society	● Anti-Corruption	■		
		● Anti-Competitive Behavior	■		
		● Compliance	■		
		● Customer Health and Safety	■	■	
	Product responsibility	● Product and Service Labeling	■	■	
		● Marketing Communications	■	■	
		● Customer Privacy	■	■	
		● Compliance	■	■	
	O'right	● Sustainability-related communication with stakeholders		■	△
		● Sustainability-related education		■	■

Outside O'right				
Salon customers	International distributors	Suppliers	Subcontractors	Local community
■	■	■	◎	■
△	△	■		
		◎		■
		◎	△	△
				△
■	△	■		
				■
	△	△	■	
		■		
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◎				
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■	■			
	■	◎		
■	■	■		
■	△	■		
■	■			
△	△			
■	■	◎		
△	△	■	△	△
■	■	■	■	■

Note 1: ■ Material aspects disclosed in the report ◎ Material aspects to be disclosed within 3 years
 Note 2: ● Material aspects ● Non-material but voluntarily disclosed aspects ● O'right aspects

HAIR O'RIGHT
INTERNATIONAL
CORPORATION



Chapter One

HAIR O'RIGHT INTERNATIONAL CORPORATION

A SUSTAINABLE AND RESPONSIBILITY-ORIENTED ENTERPRISE

- 1.1 Management and economic performance
- 1.2 From an agent to a brand
- 1.3 Our organization
- 1.4 Our concept
- 1.5 Product range and market scope
- 1.6 O'right green team
- 1.7 Benefits and training for employees
- 1.8 Compliance with laws and regulations

HAIR O'RIGHT INTERNATIONAL CORPORATION

A SUSTAINABLE AND RESPONSIBILITY-ORIENTED ENTERPRISE

Chapter One

Regarding itself as part of the society and the planet, Hair O'right International Corporation has always been aware of its responsibilities for products, society and environment since the first shampoo came into being. We care about profits, but we care even more about what we can do for the society and for the environment.

1.1 Management and economic performance

Hair O'right was officially registered on 28 August 2001 and began its business operations on 8 March 2002 – the International Women's Day. To further promote environmental concepts, we began to build the new O'right Green Headquarters in 2009, which was completed in June 2012. In addition to the new Headquarters, we set up ten branch offices around Taiwan, including Taipei, New Taipei, Taoyuan, Hsinchu, Taichung (Branch 1 and Branch 2), Chiayi, Tainan and Kaohsiung (Northern K. and Southern K.). For the less populated Eastern Taiwan region, O'right has established three SOHO offices to satisfy the needs of each single customer. With all the effort, O'right experienced a substantial rise in sales revenue from 2011 to 2013. For related financial information please refer to Table 3.

Table 3 The Financial Report of O'right

Category	2011	2012	2013			
Net sales	173,543	206,326	245,433			
Cost of goods sold	153,454	183,715	228,575			
Operating income	20,089	22,611	16,858			
Salary expense	64,090	69,836	86,286			
Employee benefits	177	364	1,938			
Government subsidies	Internship project for college students	260	Installation of solar water heating system	8	Development of renewable energy	795
	Participation at Cosmoprof Italy	158	Participation at Cosmoprof Italy	261	Participation at Cosmoprof Italy	200
	Human resource enhancement project	112	On-job training project	555	Participation at Cosmoprof Asia	121
	On-job training project	7				
Total assets	218,037	297,046	315,825			
Retained earnings	17,840	22,865	17,943			

Source: Financial Report of O'right 2011-2013

Unit: Thousand TWD

1.2 From an agent to a brand

Established under the name Hair O'right International Corporation in 2001, we started operation on March 8, 2002 as the agent of a foreign brand. After a few years, however, we found out that, like most products on the market, the brand's haircare and cosmetic products were made of chemical ingredients. As a result, we decided to create our own brand O'right, which has been growing quickly under the CEO Steven Ko's leadership and now is an enterprise with 188 staff members. Steven Ko's creativity and executive ability brought him the Entrepreneurship Award (2012) in addition to various corporate awards in Taiwan, including Taiwan Superior Brands Award (2009), National Outstanding SMEs Award (2012), National Corporate Social Responsibility Award (2011-2013), National Sustainable Development Award (2012), Enterprise Environmental Protection Award (2012), Industrial Sustainable Excellence Award (2012), Environmental Sustainability Award (2012-2013), Eco and Green Excellence Award (2012-2013), Taiwan Green Classics Award (2011, 2013), etc. O'right is also internationally recognized with the Red Dot Design Award – Best of the Best 2013 (See Appendix 3). These achievements prove that O'right is an enterprise with powerful innovation and management strengths.

O'right not only performs well in the fields of management and innovation but also does a good job in promoting cross-industrial cooperation. To spread the concept of Natural, Pure, Ecofriendly in the business sector, O'right actively engages in various industrial communities and organizations. Currently, the CEO Steven Ko acts as the supervisor of Taiwan Excellent Brand Association and the director of Taiwan Cosmetics Industry Association.

1.3 Our organization

The Board of directors serves as the supreme executive body and the CEO is appointed by the board to manage the company's strategies, product manufacturing and marketing, as well as ensuring the operation in compliance with the board's decisions. The O'right board of directors consists of three directors and two supervisors.

Table 4 O'right's Board of Directors

Chairman	Hsueh-ching Chiu
Board members	Wang-ping Ko (Steven Ko) Kuei-ren Chang
Supervisors	Hsiao-ling Chang Cheng-li Lin

The organization has two subordinate business groups (Brand Marketing Business Group & Brand Customer Business Group), eleven divisions and departments, and seven committees/groups. Five of them are about environmental sustainability and product development.

1. Sustainable Development Committee

Comprised of heads from all departments, the committee makes suggestions about sustainable and carbon-reduction implementations like the improvement of local material sourcing or simplifying of manufacturing processes.

2. Brand & Product Development Strategic Group

The group, which was renamed as Product Development Strategic Group in 2014, is in charge of setting the overall product development strategy and determining brand marketing strategies.

3. Product Development Execution Group

The group carries out the decisions made by the Brand & Product Development Strategic Group in various aspects like development procedures, procurement, design and marketing.

4. Intellectual Property Management Committee

The committee deals with issues concerning intellectual property rights (patents, trademarks, copyrights and trade secrets), including the obtaining, protecting, maintaining and applying of O'right's intellectual properties and is also the stimulus for innovation and research.

5. Energy Management Committee

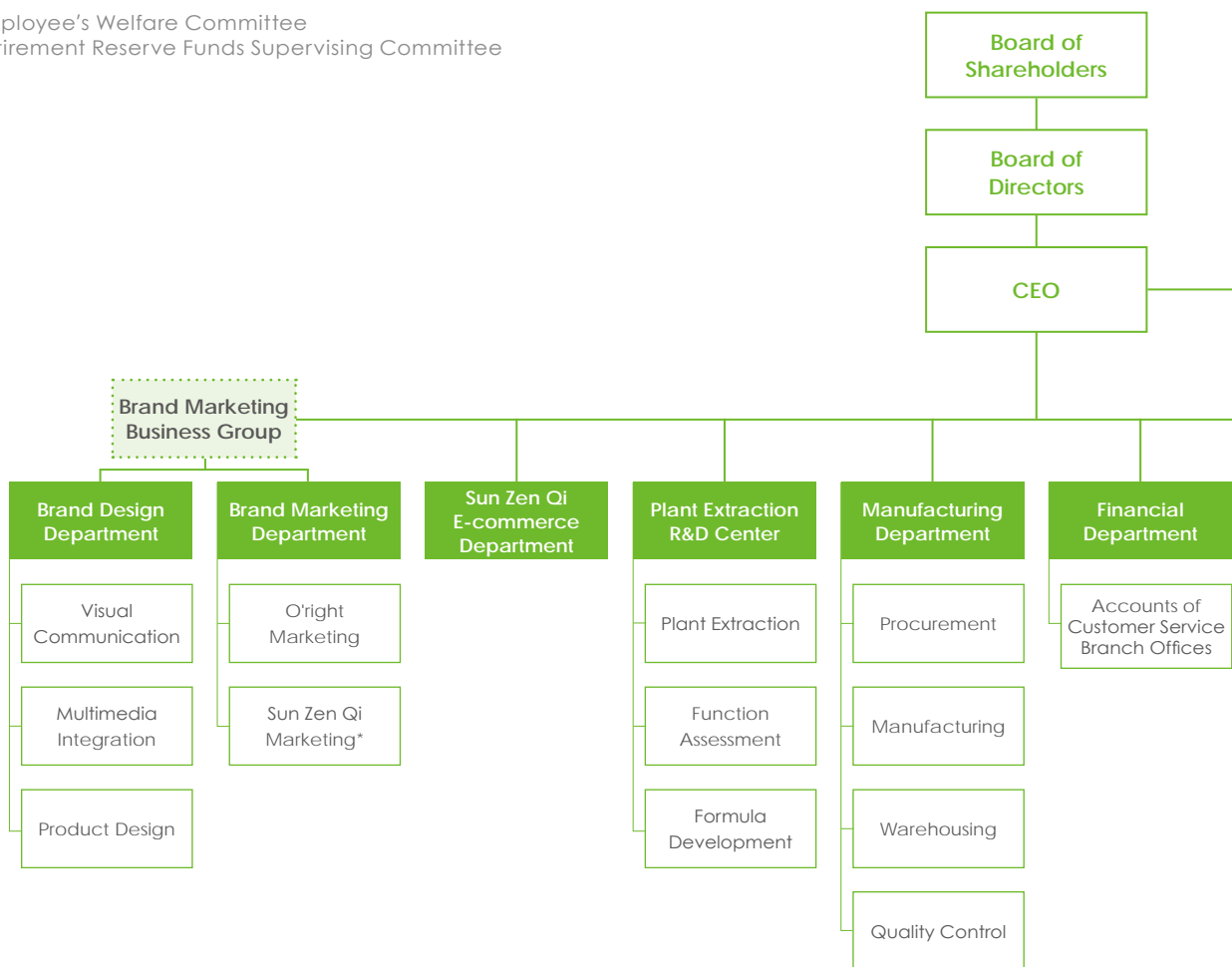
The committee aims at improving our energy-saving practices for more efficient energy management.

1.4 Our concept

In the brand name of O'right, the big letter "O" represents the beautiful Earth. With "It's O'right" as our mission statement, we are determined to do things that are good and "all right" to the earth. The "O" also symbolizes our concern for environmental protection.



- Employee's Welfare Committee
- Retirement Reserve Funds Supervising Committee

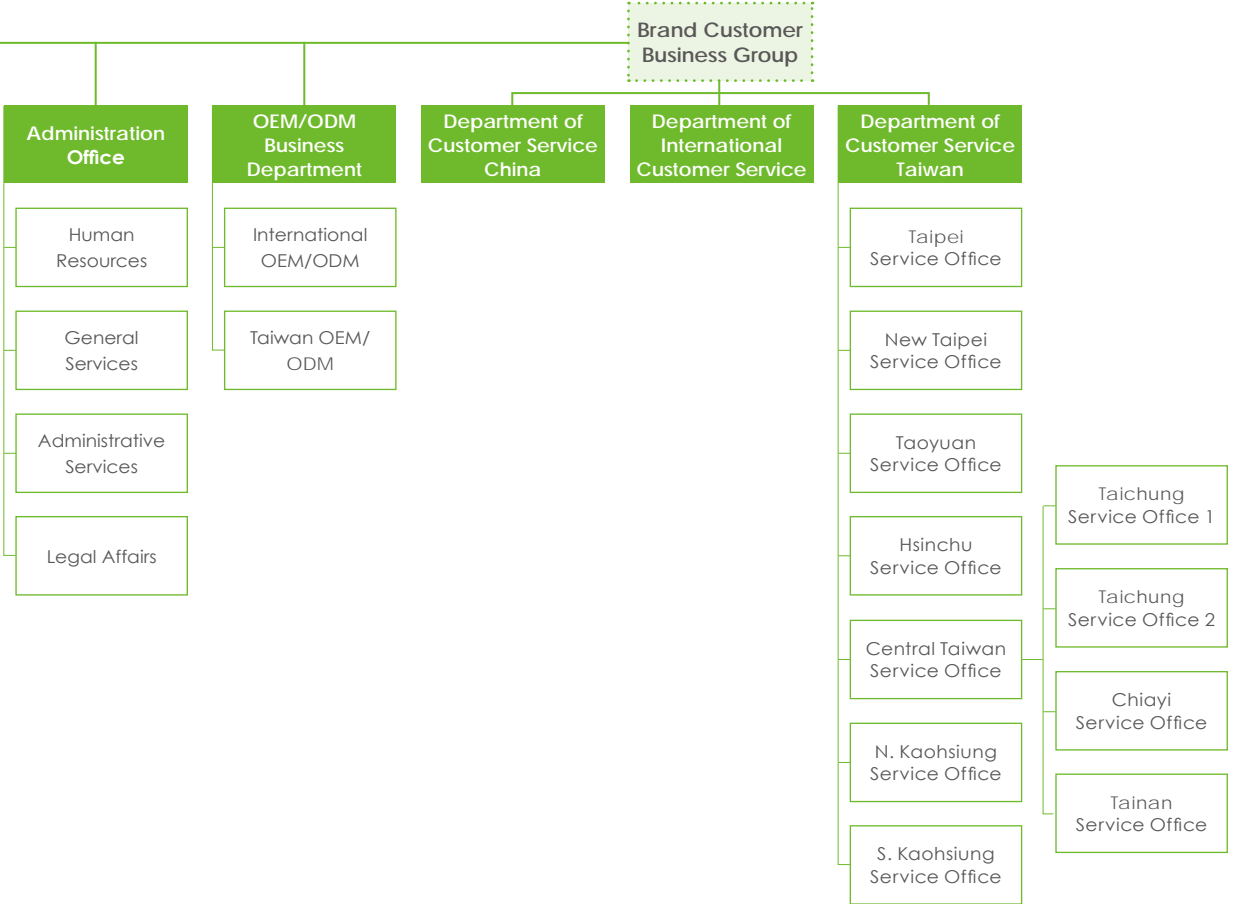


*Sun Zen Qi Marketing and Sun Zen Qi E-commerce Department were renamed as *Shan Brand Business Group on 22 April (Earth Day) 2014.

Figure 3 O'right Organization Chart 2013

- Sustainable Development Committee
- Brand & Product Development Strategic Group
- Product Development Execution Group
- Intellectual Property Management Committee
- Energy Management Committee

CEO's Office
Management representative



1.5 Product range and market scope

O'right has about 90 ecofriendly haircare products including shampoo, conditioner, scalp care and styling products as well as those for body and facial care. (Figure 4)

In Taiwan, O'right products are mainly sold to hair salons. Among the 20,000 salons in Taiwan, about 7,000 are O'right's customers. For its international market, O'right works with distributors from around the world. At the end of 2013 O'right products are sold to 25 countries in Europe, America, Asia, Australia and Oceania (Figure 5). Now O'right's green haircare products are available in many countries!





Figure 4 O'right produces a wide range of haircare products



O'right products are sold to 25 countries

Asia:
Singapore, Malaysia, Thailand, India, Hong Kong, United Arab Emirates, Korea, Philippines

Europe:
Italy, Ukraine, Lithuania, Holland, Belgium, Luxemburg, Denmark, Poland, Czech Republic, the United Kingdom, Switzerland, Sweden

America:
the United States, Canada, Mexico

Oceania:
New Zealand, Australia

Figure 5 O'right International Marketing Web

1.6 O'right green team

O'right's green team is comprised of efficiency- and responsibility-oriented employees. On his/her first day in O'right, each newcomer will receive the code of working practice, which defines policies such as salary, working hours, retirement, female-friendly working rules, performance evaluation, occupational safety and respect between the sexes.

By the end of 2013 O'right had 188 staff members with about 60 % of them working in the O'right Green Headquarters and the rest of them in branch offices (Table 5). The total number of employees increased by 21 (13%) compared to 2012. (The employees who joined and also left O'right in 2013 are not included.) O'right has far more female employees for the sole reason that women are clearly dominating the haircare industry in Taiwan. (Figure 6)

Among the 188 employees, 184 of them are permanent workers (male 53; female 131), one is a fixed-term employee (male) and three are temporary workers (male) with diversified age and education distributions. (Table 6; Figure 8-9)

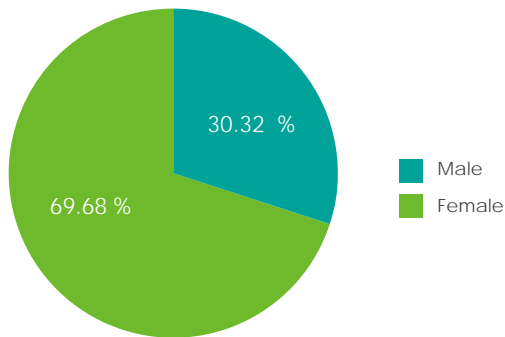


Figure 6 Employee Breakdown by Gender

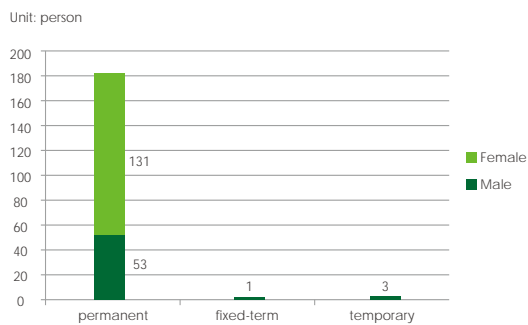


Figure 7 Employee Breakdown by Gender and Contract Type

Table 5 Employee Breakdown by Region

Region	Number	Percentage
O'right HQ	117	62.2 %
Taipei	12	6.4 %
New Taipei	9	4.8 %
Taoyuan	7	3.7 %
Hsinchu	4	2.1 %
Central Taiwan	2	1.0 %
Taichung	6	3.2 %
Taichung	7	3.7 %
Chiayi	5	2.7 %
Tainan	6	3.2 %
N. Kaohsiung	8	4.3 %
S. Kaohsiung	5	2.7 %

Note: Number of employees on 31 December 2013

Table 6 Employee Breakdown by Age

Age	Number of employees
20-29	67 (35 %)
30-39	84 (45 %)
40-49	32 (17 %)
50 and up	5 (3 %)

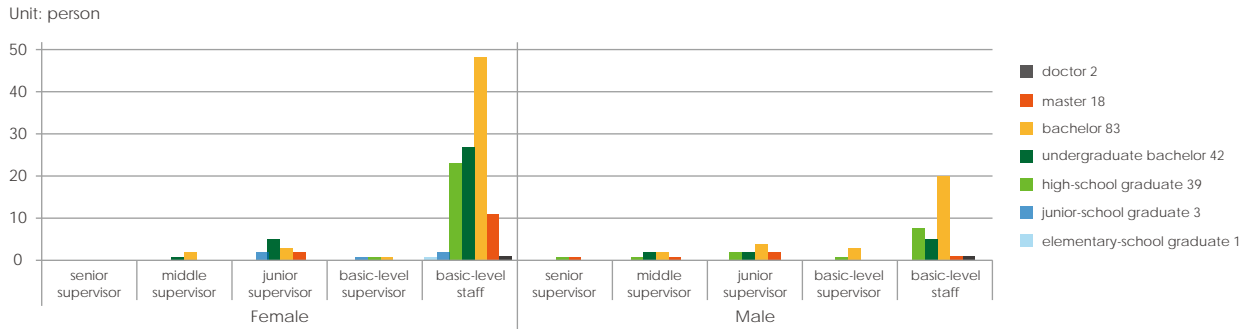


Figure 8 Employee Diversity by Education

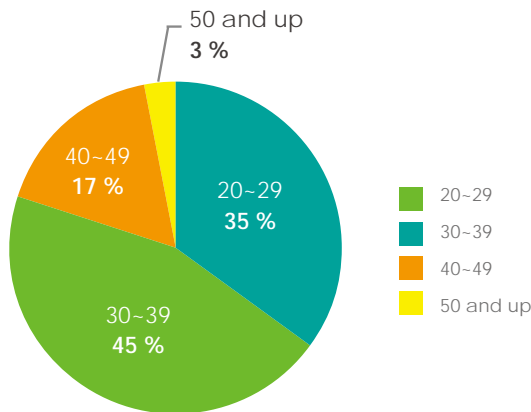


Figure 9 Employee Diversity by Age

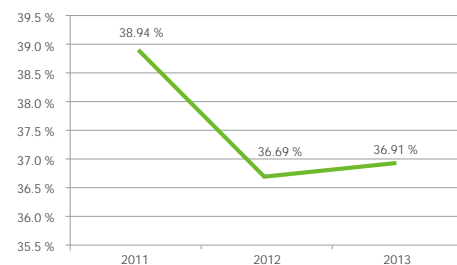
Table 7 Distribution of New Staff by Sex and Age

sex/age	20-29	30-39	40-49	50 and up	Number of new staff by sex
male	11 (15%)	2 (3%)	4 (5%)	0 (-)	17 (23%)
female	30 (41%)	22 (29%)	5 (7%)	1 (1%)	58 (77%)
Number of new staff by age	41 (56%)	24 (32%)	9 (12%)	1 (1%)	75 (100%)

Note: not including employees coming and leaving their job in 2013

75 new members joined the O'right green team in 2013. 77 % of them were female in their twenties (Table 7). 35 workers (47 %) were from the local area (Taoyuan County) and 40 of them (53 %) from regions other than Taoyuan County. Newcomers made up 40 % of the total employment rate.

The labor turnover rate shows a mild decrease with a reduction of 2 % in 2013 (Figure 10). Workers leaving within 3 months contribute 57 % to the total labor turnover rate (male 22 %; female 36 %). The range in age is as follows: 20-29 years, 57 %; 30-39 years, 35 %; 40-49 years, 6 %; 50 years and up, 0.01 %. After analysing the situation we found out an employee is likely to give up in the first three months if he/she doesn't adapt well to the O'right corporate culture or work rhythm. As a result, we decided to adjust our recruiting policy and procedures to spot more suitable workers.



Note:

2011 – 81 employees (male 36; female 45, making up 63 % of total employees (128);

2012 – 91 employees (male 39; female 52, making up 57 % of total employees (157);

2013 – 110 employees (male 49; female 61, making up 58 % of total employees (188).

Figure 10 Labor Turnover Rate 2011-2013

As a valuable asset to O'right, each employee is compensated with proper salary according to their professionalism, education, work experience and performance instead of their sex, race, religion, political position and marital status. To support local employment, we actively participate in community career fairs and welcome all kinds of career pursuers to join O'right.

A labor contract is signed between O'right and employees to protect mutual interests. The contract includes the salary payment procedures, payday, deductible items, salary adjustment and absence rules. The O'right basic-level salary compared with national salary level for 2013 is as follows:

TWD 29,400 (average salary of O'right for male employees) / 19,273 (national minimum wage) x 100 % = 153 %

TWD 29,700 (average salary of O'right for female employees) / 19,273 (national minimum wage) x 100 % = 154 %

Average salary: 29,600 / 19,273 x 100 % = 154 %

Note: Basic-level employees are those without a managerial position.

As to job absence, five employees applied for maternity leave and one for paternity leave in 2013. Six employees were applicable for parental leave without pay (1 male; 5 females) and two female employees made the application. One employee returned to her job from parental leave in 2013. The other employee will return to her job in June 2015. Thus the repatriation rate for 2013 is 100 %.

O'right conducts two employee performance evaluations annually. The supervisor is asked to make a fair and objective comment on his/her team members by evaluating their job performance.

To prevent potential corruption, we ask the new staff to name a guarantor. During the orientation class, new staff members are informed of the rules about dealing with received gifts and payments. As to collecting payments from customers, we offer favorable prices to encourage paying with credit card instead of cash to prevent defalcation. Additionally, sales staff is required to fill in a daily payment report and hand in cash payments the day after they receive them.

To ensure a healthy and safe workplace, we set up the Code of Labor Practice to prevent job injuries. All new employees are required to take a physical examination before starting to work. Sessions on job hygiene and safety are held to further enhance the working conditions. Thanks to the efforts, no cases of job injuries occurred in 2013, with only two occupational sickness leaves occurring due to traffic accidents during commuting. No disability resulted, which means the occupational injury rate is 0 (Table 8). The absence rate is as follows:

Total working hours

= total working days x number of employees x daily working hours
= 249 x 184 x 8 = 366,528 hours

Labor day rate

= (labor loss due to occupational injury / total work hours) x annual work hours of 100 employees

= (95 / 366,528) x 200,000 = 51.8

Absence rate

= (absence days/total work days)

= 719 / 45,816 = 1.6 %

O'right abides all codes of labor and human rights and treats all employees fairly and equally. O'right's employees work either in the A shift (production) from 8:30 to 18:00 (with two 15-minute breaks) or in the B shift (office) from 9:00-18:00. Lunch time for both shifts is from 12:30 to 13:30.

Normally employees work eight hours a day. Less than four additional hours a day are permitted from Monday through Friday. Working on holidays must not exceed 8 hours and the monthly overtime working hours should not be more than 46 hours.

Table 8 Labor Loss (Due to Occupational Injuries) and Absence Rate

Absence days	719
Total working days	45,816
Total working hours	366,528
Number of employees (those covered by labor insurance)	184
Labor loss days (due to occupational injuries)	95

Table 9 O'right's Employee Benefits System

Benefit	Permanent	Fixed-term/ temporary
Proper promotion channels	√	√
Annual bonus (determined according to the performance of the company and individual staff)	√	
Revenue bonus, sales bonus	√	
Training and education (newcomer orientation class, professional training, management and leadership training)	√	√
Chinese New-year banquet	√	√
Brand activities	√	√
International company outing for employees achieving his/her performance goal	√	
Employee health check	√	
Group Insurance (casualty and occupational injury insurances)	√	
Birth allowance	√	
Subsidy for occasions like marriage or funeral	√	
Emergency subsidy	√	
Product discount for staff	√	√
Birthday coupons	√	
Dragon Boat Festival coupons	√	
Mid-autumn Festival coupons	√	
Free organic vegetables and fair-trade coffee	√	√

Employees can choose overtime wage or time compensation for those overtime hours. According to O'right's working rules, employees can refuse to work overtime or to attend the meetings held after usual working hours.

Communication channels are open to all employees and they can freely complain about all kinds of unfair treatment or sexual harassment. A labor/management committee (consisting of 5 labor and 5 management delegates, with another two from the labor side as substitutes) has been set to communicate opinions and ideas of both parties. We further use instant messaging apps like Skype, Line and Facebook for instant communication.

We also ask our investors, suppliers, subcontractors and distributors not to recruit child labors. Currently we are drafting a "Supplier Commitment on CSR Implementations," which includes issues like child labor, human rights, occupational safety, public safety, anti-corruption and energy-saving. All suppliers are asked to sign it when cooperating with O'right. With their commitment, we are able to practice corporate social responsibility together with all of our suppliers.

1.7 Benefits and training for employees

We are always doing our best in creating a healthy and positive labor/management relationship as well as a supportive and caring working environment.

To achieve the goal, we provide various employee benefits which cover all aspects of their needs (Table 9). The CEO also pays visits to the employee's families to appreciate their support for the team as well as share O'right's green concepts.

Additionally, a birthday card with hand-written cheers from most staff members is given to the persons concerned. All of these practices help bring the employees closer to each other.

As to pension funds, all of the employees chose the new Taiwan labor pension system, with nine of them qualified for both the new and the old systems. The amount of money in the pension fund is TWD 519,163 while the accrued pension liability is 814,775. According to Art. 56 of the Labor Standards Act, O'right will continue to allocate 2 % of the employee's salary into the pension reserve account until fully funded.

In addition to the welfare benefits, we also emphasize staff growth. For O'right, continued education is as important as working. In order to cultivate "green-collar" workers, we practice a system of professional competence inventory to evaluate the professional skills needed in performing each job. We then create education projects based on the evaluation results (Figure 11). For the number of employees (male and female) who receive training sessions as well as their training hours and its percentages in 2013, please refer to Table 10 and Figures 12-15. In Figures 14 and 15, you will find that the proportion of male to female trainees is 34.92 % to 65.08 % because we have more female workers than male ones.

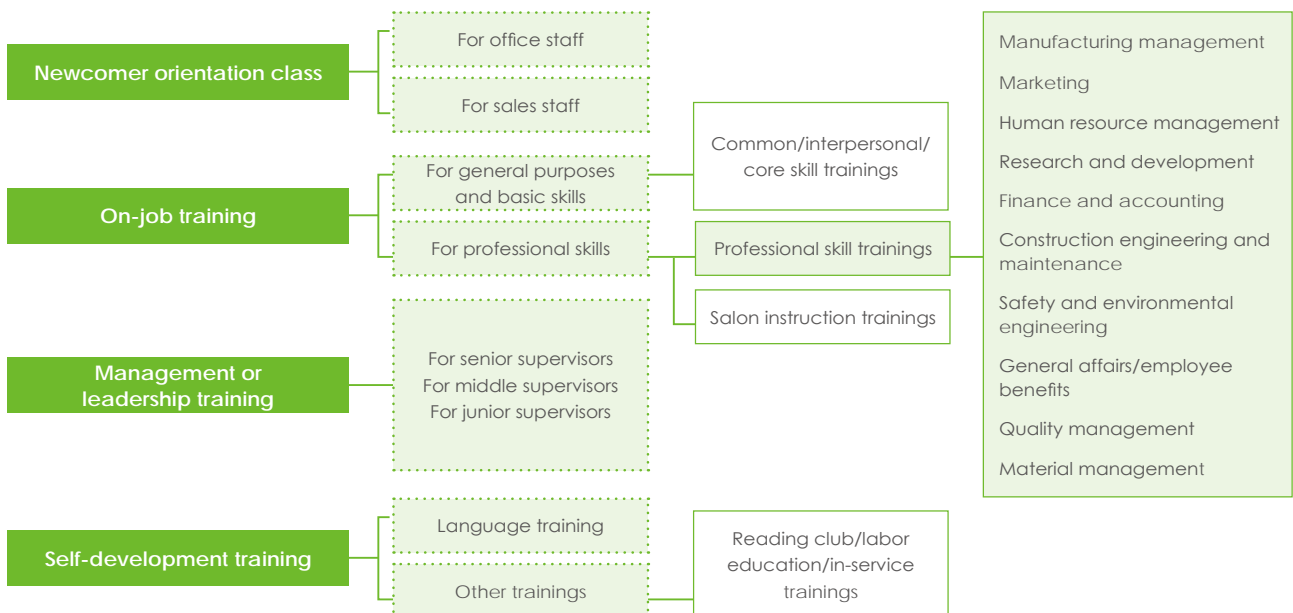


Figure 11 O'right's Employee Education Plan

Table 10 Average Training Hours of Male/Female Employees

		Senior supervisors	Middle supervisors	Junior supervisors	Basic-level supervisors	Basic-level staff
Male	Total training hours	9	444.5	513.7	211	1,225
	Number of staff	2	6	10	4	35
	Average training hours	4.5	74.1	51.4	52.8	35
Female	Total training hours	0	319	818.4	159.5	3,817.5
	Number of staff	0	3	12	3	113
	Average training hours	0	106.3	68.2	53.2	33.8

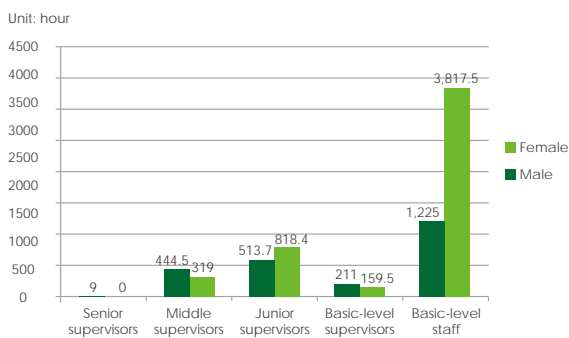


Figure 12 Proportion of Employee Training and Education by Position and Sex

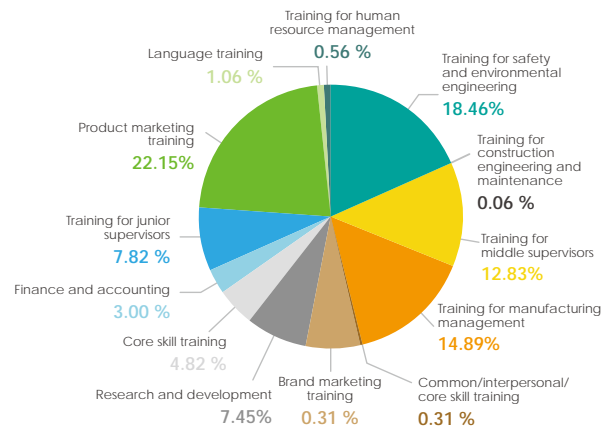


Figure 13 Employee Training and Education by Position and Job Type

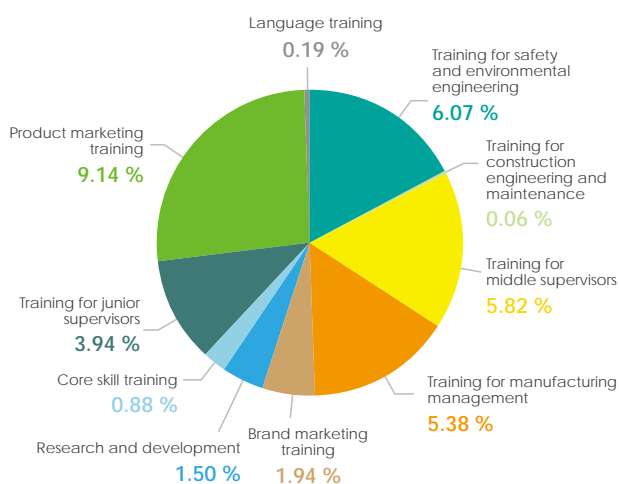


Figure 14 Training and Education of Male Employee by Position and Job Type

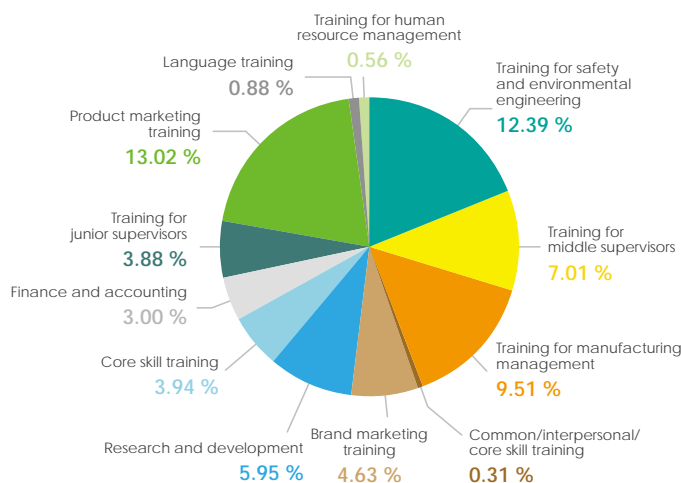


Figure 15 Training and Education of Female Employee by Position and Job Type

1.8 Compliance with laws and regulations

No major violations of Taiwan laws and regulations occurred in 2013 except we contravened the Fair Trade Act for one time. It began as some online shops and beauty shops deliberately destroyed our labels and maliciously sold the products with unreasonably low prices. O'right was forced to make necessary amendments in order to protect customer's rights and ensure fair trade. However, we were fined TWD 100,000 by the Fair Trade Commission for "improper interference of the pricing policy of distributors." We failed to make an appeal on this unfair judgment because we were not well-acquainted with the Fair Trade Act by then. In fact, the abovementioned shops violated the Art. 24 of the Act: "In addition to what is provided for in this Law, no enterprise shall otherwise have any deceptive or obviously unfair conduct that is able to affect trading orders". O'right immediately accepted the correction and revised relevant contracts. The new contracts were edited by a lawyer to avoid recurrence. O'right was also fined three times for not printing product information in Chinese language on the packaging. Instead we printed it in English because English is a global language. It resulted in a violation of the Taiwan Cosmetics Advertisement Act and a fine of about TWD 10,000. After the incidents, we reviewed our printed materials and incorporated the case in our training sessions. We are also appealing to the government for reconsideration on the Chinese and English labeling regulations, which is necessary if the products made in Taiwan really want to go for the global market.

Chapter One
Hair O'right International Corporation

Chapter Two
O'right Green Headquarters

Chapter Three
A Sustainable Supply Chain

Chapter Four
Towards a Sustainable Partnership

O'RIGHT GREEN
HEADQUARTERS



Chapter Two

O'RIGHT GREEN HEADQUARTERS

AN ECOFRIENDLY COSMETICS PLANT INSIDE OUT

- 2.1 The first GMP certified green cosmetics plant in Asia
- 2.2 An ultimate green project
- 2.3 An educational facility for all
- 2.4 A natural, pure, ecofriendly design
 - 2.4.1 Natural / A green ecological park
 - 2.4.2 Pure / Green production center
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O'RIGHT GREEN HEADQUARTERS

AN ECOFRIENDLY COSMETICS PLANT INSIDE OUT

Chapter Two



The O'right Green Headquarters is an innovative green building nestled among greenery on a gentle slope leading to downtown Longtan in Taoyuan County, Taiwan. This three-storey green building features a designer look which always catches people's attention as they pass by. As a symbol of our commitment to the earth, the O'right Green HQ has more than just a pretty face. With the eight environmental indicators standing on the roof, O'right tries to make people aware of the climate crisis they are facing.

- **The atmosphere**
All lives on earth will be endangered if the CO₂ concentration exceeds 450 ppm and the temperature increases by 2° C
- **Arctic region**
Global warming is worsening with the ice layers shrinking
- **North Pacific Ocean**
Plastic debris at 40 times the size of Taiwan is floating on the sea
- **Taipei 101 tower**
The highest green building with LEED Platinum certification
- **Borneo tropical rainforest**
An area of 13 soccer fields disappears each minute
- **Amazon Rainforest**
An area of 6 soccer fields disappears each minute
- **Groundwater**
We will face a global fresh water shortage by 2025
- **Depletion years of underground minerals**
Silver 2021, Copper 2039, Petroleum 2050, Iron 2087

Shrinking forests, resource depletion and worsening air quality, the environmental issues on the indicators are showing people how desperate the environmental crisis is, and the construction of the O'right Green HQ is meant to communicate such looming crisis and arouse people's environmental consciousness.

2.1 The first GMP certified green cosmetics plant in Asia

O'right invested about USD 6.6 million (more than 2 times the invested capital) to build the O'right Green Headquarters. This fashionable and artistic-looking building was designed on the concept of "a sustainable coexistence of people, building and the environment." The fair-faced concrete walls give the building a plain and natural look. Part of the second floor is supported by several pillars which are an imitation of timber in the forest. Intimate and wild dialogues between the space and nature take place at every corner in the building. All in all, O'right Green Headquarters is a living building with vigor and diversity.

"Nature First" The architect on his design concepts

Natural instead of mechanical

Nature is always our best teacher no matter how fast technology is striding ahead. The building uses natural instead of mechanical ways (such as air conditioning) to make the building more energy efficient. Big glass panels are smartly allocated according to wind directions, inviting cool breezes to lower the indoor temperature. By this implementation, air conditioning needed for summer days is cut down significantly.

A home for wildlife

An excellent green building should be like a tree or grass "growing out of the land." The construction of O'right Green Headquarters creates a new home for plants, frogs, butterflies and birds instead of destroying their habitats. In a word, this green building is not just a healthy workplace and ecofriendly factory but also the home for all creatures living here.

High tech pays nature back

Eleven round structures of solar panels are set on the roof of the O'right Green Headquarters. Slightly tilted towards south, these solar panels are designed so to catch the most sunlight. They are just like green leaves bathing in the sun performing photosynthesis. Utilizing the generated solar energy for manufacturing, the O'right Green Headquarters proves to be a humble yet smart learner of nature!



2.2 An ultimate green project

One day in September 2006, several young people sat in a small room in the former O'right office in Pingchen discussing about ways to achieve corporate sustainability. With ambition, enthusiasm and advices from various specialists, we decided to build a green cosmetics plant to deliver ideas about resource use and to promote sustainability.

1st step: Finding the best location

To find the most suitable home for O'right products and to use the resources in a reasonable and ecofriendly way, the CEO Steven Ko searched around Taiwan for the right place. In May 2009, after one and a half years, he located a piece of property on a mild slope near Longtan Township in Taoyuan County.

As the construction site on the slope is about 300 m above sea level, the temperature there naturally is 2°C lower. With abundant sunshine and wind, the place is ideal for developing solar and wind powers. Longtan is also famous for pure and clean springs of water, which is the most important ingredient in cosmetics. O'right uses specially processed tap water for production instead of taking the water directly from underground springs to protect the precious water resource. O'right further collects rainwater and post-production waste water for the use of toilets, irrigation and cleaning. Measurement of the total amount of water reused is yet to be conducted.

2nd step: Personal involvement

Personal involvement is the key to this green project. After the location was decided, Steven Ko began to investigate its environment on sunny and rainy days. He also spent several weeks standing on the property to find the best orientation for the building according to the wind and sun directions. Moreover, various ecofriendly practices from foot-controlled faucets, window allocation to lighting fixtures are all the result of careful design and discussions. Echoing our concept of Natural, Pure, Ecofriendly, this innovative building has been recognized with several awards since its establishment.

2.3 An educational facility for all

This innovative headquarters has attracted visitors from every part of the society since its establishment. At the end of 2013, O'right Green Headquarters attracted 9,515 visitors from 972 companies, colleges, hair salons, organizations as well as environmentalists from around the world. The guests O'right received include:

- **Enterprises:**
3M Taiwan, BenQ, Alibaba Group, Toyota, Epson, China Airlines, etc.
- **Hair salons:**
Mentor Hair, Happy Hair, M. L. Group, Showlin Hair, Visavis Hair, etc.
- **Government representatives:**
Intellectual Property Office, Ministry of Transportation and Communications, Ministry of Foreign Affairs, Taoyuan County Government, etc.
- **Non-profit organizations:**
The Society of Wilderness, Cradle to Cradle Strategic Alliance, Lions Club Taiwan, Taiwan Rotary Club Association, etc.
- **Colleges and universities:**
National Taiwan University, National Cheng Chi University, National Taiwan University of Science and Technology, National Chiao Tung University, National Central University, etc.

Through this kind of experience exchange, O'right encourages everyone and every company to think about what they can do to protect the earth.



2.4 A natural, pure, ecofriendly design

As a company dedicated to manufacturing green products, we further extended our concept of Natural, Pure, Ecofriendly into the O'right Green Headquarters. This smart connection between building concept and its implementation practice wins O'right the Taiwan EEWH Green Building Gold Certificate of 2012 by achieving seven out of nine indicators:

- **Greening Index**
(3.7 times more than the standard)
- **Water Retention Index**
(2.5 times more than the standard)
- **Daily Energy Conservation Index**
- **CO₂ Reduction Index**
- **Indoor Environment Index**
- **Water Resource Index**
(3 times more than the standard)



Honors for the O'right Green Headquarters

- * Taiwan EEWH Green Building Gold Certificate 2012 – the highest level among same-sized green buildings
- * Honorary Recognition Award for Green Building Best Practice 2013
- * Green Factory Certification under application

O'right HQ is a building with efficient water and electricity consumption. We used to work in a cosmetic factory, which consumes 43 % more electricity than the O'right HQ does now while the size of the former factory building was just one-third of the latter (Table 11). In addition to that, 100 % of rainwater and post-production water is recycled and reused for irrigation, air-conditioning and other domestic uses. (Table 12)

Table 11 Electricity Consumption of O'right HQ and the Old Factory in Pingchen

Factory / Land size	Old factory	O'right HQ
	547 pings ¹	1,500 pings
Total power consumption	181,795.3 kWh (Jan. - Dec. 2011)	283,030 kWh (Jan. - Dec. 2013)
Annual power consumption per ping	332.4 kWh	188.7 kWh
Annual power consumption per 1,500 pings	498,525 kWh	283,030 kWh ²
Energy efficiency of O'right HQ (per 1,500 pings)	-	- 43 %
Units produced / Growth rate	885,556	1,095,190 24 %
Net sales / Growth rate	TWD 173,543,000 100 %	TWD 245,432,000 41 %
Environment control system ³	Air-controlled room	Clean room ⁴
Water control	RO	ultrapure water (processed in 8 purification steps)
Relevant management systems	ISO9001	ISO9001, GMP, ISO22716, ISO50001, OHSAS 18001, ISO140001

Note:

1. Ping is a common land measurement unit in Taiwan. 1 ping is approximately 3.3 m².
2. The energy consumption in the Pingchen factory is similar to that of common cosmetics factories. As a result, this chart can be regarded as a comparison of the energy efficiency between a green cosmetics factory and a traditional one.
3. The stricter environmental control in the O'right HQ resulted in a power efficiency growth of 41% in 2013. As a result, we apply 1.41 (141 %) as the base for computation (498,525 kWh*1.41 = 702,920 kWh).
4. The comparison ignores factors of environment and equipment differences between the HQ and the Pingchen factory.

Table 12 Total Amount of Water Consumed and Recycled in 2013

Total tap water consumed/unit*	Total ultrapure water produced/unit (for production)	Total amount recycled/unit (domestic use, air-conditioning, spraying and irrigation)
9,662	6,441	3,221
Percentage of water reused	33.3 %	

* 1 ton of water



2.4.1 Natural / A green ecological park

Nature is a complex yet rational system with rich diversity and a man-made building has to respect nature and retain as much biological diversity as possible.

With its fenceless and open space design, the O'right Green Headquarters is an excellent example of "returning the land to nature." This green aesthetics creates a natural environment for the people working inside, and through this building, people can learn to relax themselves and return to a balanced relationship with nature. Such philosophy is well-represented in the performance of the building in greening, water retention, water resource and CO₂ reduction indices, with three of them exceeding the EEW standard. (Table 13)

- **Greening Index**

The O'right HQ is covered with lush vegetation which offers amazing beauty:

1. **Large amount of trees**

Around the building there are 60 large trees, including Japanese cherry (*Prunus xyedoensis*), camphor (*Cinnamomum camphora*), Formosan sweet gum (*Liquidambar formosana Hance*) and cypress (*Taxodium distichum*); 600 bushes including common jasmine orange (*Murraya paniculata*), Taiwan Rhododendron (*Rhododendron taiwanianum Ying*) and golden dewdrop (*Duranta repens Linn.*); 100 climbing plants of Boston ivy (*Parthenocissus tricuspidata*) and creeping fig (*Ficus pumila*). All of the tree species are native trees and their multilayered vegetation attracts birds to further promote biodiversity.

2. **10,000 ground cover plants**

Most of the ground cover plants around the O'right HQ are Golden Glory (*Arachis duranensis*), which is an evergreen plant and needs little tending. It also helps reduce more than 30 % of nitrogen loss and increases the carbon sequestration in the soil to slow down climate change.



3. Green Hallway

The vertical garden, which takes a space of 47.5 m², is completely covered by various greenery such as devil's ivy (*epipremnum aureum*), Boston fern (*Nephrolepis exaltata*) and arrowhead vine (*Syngonium podophyllum*), etc. These great carbon absorbers provide fresh air for the staff as well as visitors. The plants are automatically watered for two minutes in the morning and afternoon each day. Three digital interactive screens nestled among the green leaves provide the latest environmental news and information for guests.

4. Sky Farm

The sky farm features a collection of solar panels and a bird habitat. When the construction of the Headquarters started, we removed the plants on the land to a nearby place. After the building was completed, these "green residents" were invited back to their original home. We consulted The Society of Wilderness before migrating the plants. Now 11 plant species, including Australian Laurel (*Pittosporum tobira Ait*), Silvery Messerschmidia (*Messerschmidia argentea*) and Ceylon Ardisia (*Ardisia squamulosa Presl*) are thriving and flourishing, a sign of good adaptation. Pebbles are also used to retain rainwater and decrease indoor temperature. With the plants and pebbles, carbon emissions of the building are significantly reduced.

• Water Retention Index

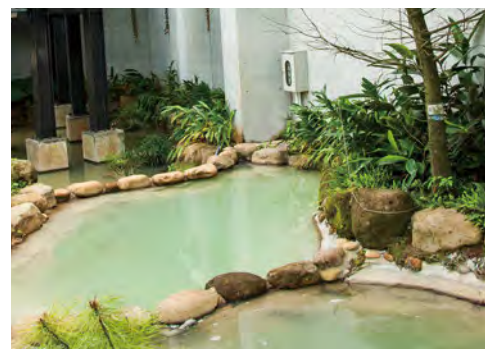
The water retention index refers to the ability of a building to keep the water in the soil instead of flushing it into the sewage system. A building with good water retention ability helps support healthy soil as well as release the burden of the sewage system. The construction site for the O'right HQ has a size of 2,788 m² with a water retention space of 1,103 m² (40 %), which includes green area, ecological ponds, rainwater reclaiming pond and the roof. Thanks to these areas, the water retention capacity of the O'right HQ is 2.5 times higher than the standard. In addition to the implementations, covered drains and all of the plants are also helpful in keeping water on site.

Table 13 O'right Green HQ's Achievements in 3 EEWI Indices

EEWI index	Base value	Performance of O'right HQ	Surpassed level
Greening Index	TCO ₂ C = 250,920	TCO ₂ C = 913,814	3.7 times more than the standard
Water Retention Index	Standard water retention capacity: 24.1	Designed water retention capacity: 59.7	2.5 times more than the standard
Water Resource Index	2.0	6.0	3 times more than the standard

• Water Resource Index

1. We use toilet and shower appliances with a national water-saving mark only;
2. The rain catching area on the roof is 1,123 m², which guarantees an efficient recycling of rainfall.
3. Three water recycling systems
 - **Post-production water treatment system**
After the subterranean four-pool process of adjustment, containment, hydrolytic oxidation and hydrogel precipitation, the water undergoes other purification processes to make it safe for discharge. The clean water is discharged into eco-ponds which are occupied by various water plants and about 600 frogs.
 - **Rainwater reutilization system**
Water is reutilized for irrigation and spraying for low precipitation days. The water can be used to raise fish, grow aquatic plants as well as for water quality monitoring and observation.
 - **Reclaimed water reutilization system**
Water reclaimed from the purification processes is high in natural minerals and can be reutilized for daily cleaning uses, the landscaping waterfall, and as restroom water.



• CO₂ Reduction Index

The index evaluates the carbon emissions generated during construction (equipment not included). As a result, lightweight construction materials and a smart design play an important role in a building's carbon performance. The constructional CO₂ emissions (CCO₂) of 0.792 for the Green Headquarters are complying with the standard emissions for green building constructions.



/// Green power management system

2.4.2 Pure / green production center

O'right uses wind and solar power to generate electricity for production. The green energy has to be infed into the grid of the Taiwan Power Company before being used by O'right. We infed 48,992 units (generated from solar power only) of electricity to Taiwan Power Company in 2013. The amount rises to 88,497 units if calculated from June 2012. With the green energy and high energy efficiency, O'right obtained the ISO 50001 certification for energy management systems.

The green production area is built according to the topography of the land with 3/4 of the area built below ground level. With this design the cleanroom is lower in temperature, which means lower need for air conditioning. To provide a healthy environment for the staff working inside, a Makeup Air Unit (MAU) is installed to sterilize the air with UV light before pressing it into the cleanroom. As most potential pollutions are avoided, O'right products only contain the minimum amount of natural preservatives.



/// Green production center



/// Wind power turbine



/// Solar power infeed station

About preservation of cosmetics

Preservatives in cosmetics are necessary because cosmetics are easy to deteriorate. Cosmetics without any preservation can go bad in seven days. For most cosmetics the use of chemical preservation is common while O'right uses the least amount of natural preservatives.

Comprehensive energy-saving implementations

• Two separate areas

1. Air-controlled area

The entrance is equipped with an air curtain to keep dusts and bacteria off the area. Personnel access is controlled by the fingerprint identification system.

2. Clean room

This advanced production room meets a cleanroom standard with a colony count of 100 cfu/m³. This extremely clean environment for production keeps the preservatives at a minimum level and makes our products more stable and reliable.

• Three energy-saving systems

1. Process Cooling Water (PCW) system

2. Makeup Air Unit (MAU)

3. Instant cooling equipment

This equipment cools down semi/finished products like emulsions instantly from 80°C to 25°C, making the particles as tiny as those of creams and allowing easy absorption.

• Four sterilizations

1. Ultraviolet sterilization

2. Ozone sterilization

3. Steam sterilization

4. Sterilization with alcohol (fermented from organic corn)

The four natural sterilization methods completely clean the production facilities and product containers to avoid contamination.



• Five flows

1. Personnel flow

People need to put on a clean suit and go through an air shower equipped with inter-locking system before entering the cleanroom.

2. Raw material flow

All materials for production have to stay in the buffer zone for accuracy check before they are sent into the emulsion room.

3. Finished product flow

Semi-finished products are delivered to the product test zone for quality inspection. The products meeting the standard are sent for filling. The filled bottles have to be capped before being sent to the outer packaging area.

4. Air flow

Fan filter units are installed above the clean room. Dirt particles and bacteria are kept outside by the high efficiency air filter.

5. Effluent flow

All of the emulsion equipment is operated with smart man-machine interface, enabling the emulsion engineers to control the emulsion by simply touching the panel. The tanks in the emulsion room are made of type 316 stainless steel. After each production the tanks and pipelines are thoroughly cleaned and sterilized with ultrapure water and steam at 121° C.

• Six dust prevention treatments

1. Separation of logistics zone (with dust collector) and outer packaging area

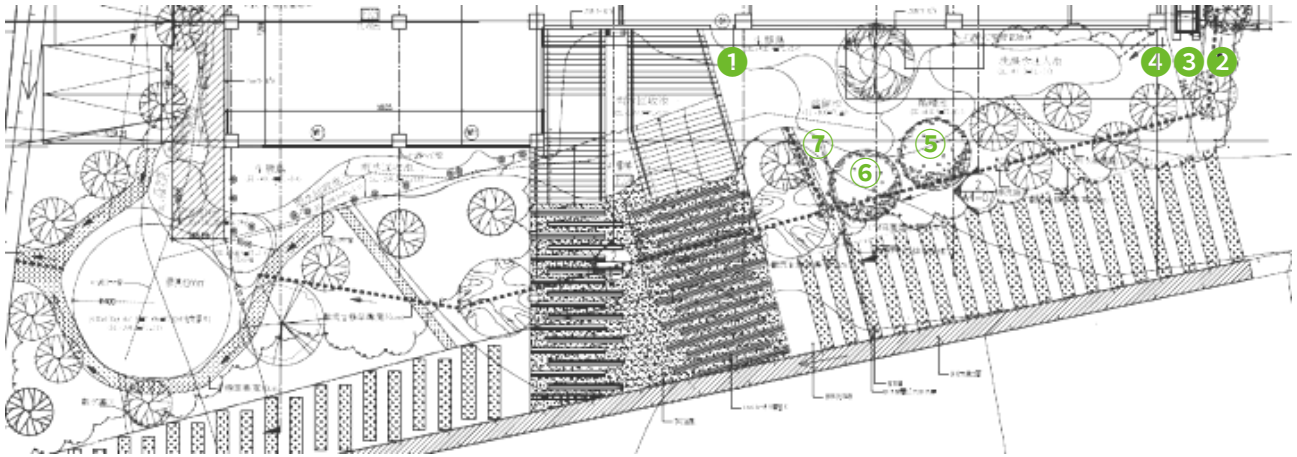
2. Product sampling for testing and quality control in the air-controlled area

3. Complete cleaning and drying for glass containers

4. Dust collection for plastic containers

5. Sterilization of containers before filling

6. Personnel passing through buffer zone before entering the cleanroom



• **Seven post-production water treatment ponds**

The water treatment ponds are at the front side of O'right HQ (See the above), with four of them underground and three on the ground. The water used for cleaning the production equipment is sent here for treatments. After completing the processes of oil filtration, hydrolyzation and settlement, the water is then safe to be discharged into rivers.

Post-production water → ① regulation tank (coarse filtration) → ② isolation tank (filtration of oil and bubbles) → ③ hydrolyzation tank → ④ first settlement tank → ⑤ oxidation tank → ⑥ second settlement tank → ⑦ ecological pond (water quality check) → discharge

• **Eight-steps ultrapure water preparation**

As a critical ingredient for our products, the ultrapure water is processed in eight steps and stored in a giant type 304 stainless steel tank, which is equipped with an ultraviolet sterilization system. The water sent through the pipes to the production area is further sterilized with ultraviolet, ozone and steam.

- 1st step: active carbon treatment (removing chloride)
- 2nd step: water softening treatment (removing minerals)
- 3rd step: 5 μm particle pre-filtering (through 7 filter cartridges)
- 4th step: RO purification
- 5th step: pure water polishing
- 6th step: 1 μm particle filtering
- 7th step: ultraviolet sterilization
- 8th step: 0.2 μm particle absolute filtering (clearing all substances including dead bacteria)





2.4.3 Ecofriendly/Low-carbon working environment

Employees are the main users of the O'right HQ. As a result, designing a low-carbon office was one of the main focuses when constructing the building.

- **Low-carbon Office**

The Low-carbon Office is the main occupied zone in the O'right HQ. As a result, we apply an open design to ensure good natural lighting and ventilation.

1. **Open space office design**

The open space provides excellent ventilation conditions, which minimize the need for air conditioning in summer.

2. **LED lighting**

LED lighting is applied for all lighting fixtures. As estimated, these LED lights save 63,168 kWh of electricity annually.

3. **Total Heat Exchanging System and Smart CO₂ Monitor**

The implementation of the advanced Total Heat Exchanger and Smart CO₂ Monitor further makes the office healthier: when the CO₂ concentration exceeds 800 ppm, the Smart CO₂ Monitor will activate the Total Heat Exchanging System to send fresh air from the outside into the office.

4. **Desk electricity control switch**

Each desk is equipped with an electricity control switch. The last person leaving the office has to turn off the switch under the desk to avoid unnecessary standby electricity consumption.

5. **Outward eaves**

Outward eaves are built above the terrace to shield the office from direct sunlight and thus reduce the need for air conditioning.

6. **Acacia wood desks**

Acacia is one of the most efficient carbon absorbers. In Taiwan, acacia is often used for power poles and an enormous amount of wood scraps end up as garbage in the dumpsite. Regarding them as a valuable resource, we asked the master craftsmen in Tashih in Taoyuan County to turn the wood scraps into office desks. Not a single nail is used for the making of these beautiful desks. These desks also release the office from a dull, boring workplace.



/// Tablecloth made from recycled PET bottles



/// Organic salad meals



/// Organic salad meals



/// Ecofriendly meeting room



/// Colleagues preparing organic meals

• Ecofriendly meeting rooms

There are two meeting rooms in the O'right Green Headquarters. One is named Earth and the other Home to convey the concept of the Earth as our home. All of the meeting tables in the Earth room are covered with an eco-tablecloth which is made from 42 600 mL recycled PET bottles. To create a healthy meeting environment, an independent Total Heating Exchanging System and smart CO₂ monitor are installed. When the CO₂ concentration inside the room exceeds 800 ppm, the Total Heating Exchanging System will be automatically turned on to send in fresh air from the outside.

• Organic Vegetable Cafeteria

O'right's green philosophy emphasizes more on value than on cost. In order to incorporate environmental concepts into daily life, we decided to create an organic vegetable cafeteria for the employees.

1. Organic salad meals

Organic vegetable salads and bread is provided in the cafeteria on workdays. Vegetables like cucumbers and lettuce are all recruited from local organic farms. We purchase these foods from nearby areas and look for other sources only when the supply is not sufficient.

2. Organic meals prepared by colleagues

All of the staff members including designers and engineers take turns to prepare the salad for their colleagues. Instead of hiring a lunch lady for the job, O'right hopes all staff members can learn to cherish food and be aware of their responsibility for the environment. Actually, some employees may never have had the chance to wash vegetables and prepare meals for other people. Working in O'right, all people have to learn to do something for others as well as for the earth. This meaningful practice makes O'right the only company of its kind.

3. An ecofriendly cup of coffee

We feed only UTZ certified coffee beans to the coffee machine in the organic vegetable cafeteria. UTZ certification stands for sustainable farming and better opportunities for farmers, their families and the planet. The milk added in the coffee comes from Chulu Ranch in southern Taiwan, where cows are fed with local fresh grass instead of GMO grains.

4. Foot-controlled faucets

A careful calculation on the energy consumption of the building was conducted at the beginning of construction, and we found out that a smartly-chosen faucet does save power – a lot of power. Initially we thought sensor-controlled faucets are eco-friendlier, but after study, we found out that sensors are not as ecofriendly as they seem because they run on a 24-hour non-stop basis. It means the faucets (there are forty of them in the building) are still working even after all people leave the office, resulting in an annual power consumption of 1,752 kWh. It is a significant waste of electricity based on the fact that we work only eight hours a day and 200 some days a year. Another advantage is that the installation fee of the two systems are almost the same, however, a foot-controlled faucet needs no electricity for its operation. (Table 14)

UTZ coffee certification

The UTZ organization is a renowned non-profit certification body which supports socially- and environmentally-responsible farming methods. The UTZ is also strongly against the exploitation of the middlemen and promotes a proper reward for coffee growers.

Table 14 Energy-saving Efficiency of Foot-controlled Faucets

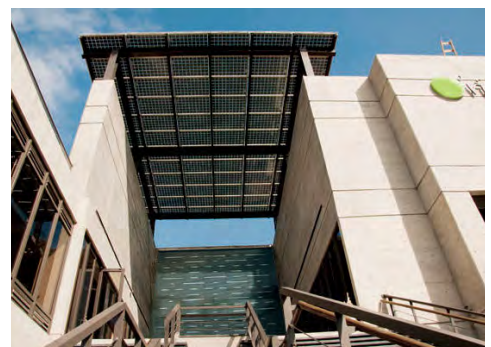
	Sensor-controlled faucets	Foot-controlled faucets
Power consumption of a faucet	5 Wh	0
Annual power consumption of 40 faucets	1,752 kWh/year	0





- **Vision Hall**

Located at the top of the entrance stairs of the O'right Green Headquarters, the Vision Hall gives comfortable, refreshed feelings thanks to the spacious high-ceiling design. We made this area cool and breezy by learning about the buoyancy-driven ventilation effect from anthills. Rainfall on the roof of the building is also collected. It flows down in small streams through the horizontal grooves of the landscaped waterfall at the back of the Vision Hall, creating a refreshing water curtain. Making use of the phenomenon of "hot air up, cool air down," the three-storey high waterfall not only keeps the Vision Hall from heat but also constantly sends cool and moist air into the Low-carbon Office.



註：資料來源：(科技部新竹科學工業園區管理局：園區環境保護資訊網)
http://saturn.sipa.gov.tw/SPA/EPI/page_detail.do?&fmeLv1Id=5cf6ff61-1f23-4f47-8f58-59b227637629&fmeLv2Id=72ff7cc3-72be-409b-beb3-4265c1fb2ded

To make the building green, we follow these construction principles:

1. Reducing the surface area of the building to diminish the unwelcomed impacts of weather; 2. Efficient ventilation design to ensure the indoor air quality; 3. Heat-proof roof insulation to cool down the indoor area and ventilation airway above the eaves and discharge heat; 4. Use of other highly insulating building materials. Thanks to smart green implementations, the O'right HQ enjoyed more than 300 AC-free days in 2013. We are proud of this achievement given that Taiwan has long hot summers with annoying humidity. From Table 11 we can see that the carbon emissions of the O'right Green Headquarters are reduced by 43%, which means 57% of carbon emissions are inhibited. The following three green building indicators further prove that the working environment for O'right employees is very healthy:

• **Daily Energy Conservation Index**

1. **Less AC days**

Air conditioners in the O'right HQ are usually in operation on summer days from 11 a.m. to 17 p.m. According to the summer electricity pricing policy (which is usually higher than that in cold seasons) announced by Taiwan Power Company, on average there were 85 AC days in 2013 while O'right had to use AC only on 45 days. Compared with other companies based on the same cooling capacity (60 tons of coolant), O'right saved 17,876 kWh of electricity in 2013, offsetting 11,101 kg of carbon emissions.* This carbon emission capacity also equals to planting 941 trees.

Table 15 AC Consumption of O'right HQ in 2013
(compared with general cosmetics factories)

AC consumption	General factories	O'right	Energy-efficiency of O'right HQ
		43.6 kWh	
AC consumption in 2013	43.6 x 8 (hours) x 85 (days) = 29,648 kWh	43.6 x 6 (hours) x 45 (days) = 11,772 kWh	

2. **Foot-controlled faucets**

The 40 foot-controlled faucets in the O'right Green Headquarters help to save about 1.75 million kWh of electricity annually with a water-saving rate of 65.5% (data obtained from an hydraulic test conducted by Industrial Technology Research Institute of Taiwan).

• **Indoor Environment Index**

1. **Excellent sound insulation**

Solid walls ranging from a thickness of 15-25 cm together with the composition of airtight windows create excellent sound insulation (level 2), which keeps the people in the building away from the noise outside.

2. **Large glass panels**

Three walls of the office area consist of large glass panels. The glass panels can be opened to welcome in cool breezes and ample natural lights, making the office bright and comfortable.

3. **Minimum interior decorations**

Over half of the walls and ceilings are designed using unfinished fair-faced concrete. Additionally, we use only ecofriendly building materials which comply with green building material regulations.

• **Sewage and Garbage Improvement Index**

1. **Space for domestic wastes**

Domestic wastes from employees are collected here and cleared away by qualified processors.

2. **Industrial wastes during manufacturing are collected and incinerated by qualified industrial waste processors.**

The total amount of wastes processed in 2013 was 28 tons, with 9,866 kg of them recycled (including paper, metal, plastic, aluminum). 17 tons of post-production water was treated by qualified processors.

3. **Lidded bins for garbage separation**

The garbage bins are in different colors with cute graphics to encourage separation.

4. **Kitchen leftover bins**

Kitchen leftovers are separated from other kinds of garbage to avoid pollution and bad odors.

5. **Effluent segregation system**

Rainwater and wastewater is collected in different systems to avoid cross-pollution. The rainwater is directly used on-site.

Constructed on the concept of Natural, Pure, Ecofriendly, the O'right Green Headquarters has successfully made itself a green benchmark in haircare industry. This amazing building helps broadening social impacts through numerous visits by all kinds of organizations. We will keep on dispersing green seeds to hair salons, schools, companies and other places to make tomorrow more beautiful.

* "Carbon and Tree Facts."
http://www.carbonenvironmentalliance.com/carbon-tree-facts.asp

A SUSTAINABLE SUPPLY CHAIN



Chapter Three

A SUSTAINABLE SUPPLY CHAIN

THE STARTING POINT FOR COMPETITIVENES

- 3.1 Green research & development
 - 3.1.1 Advanced green formulation
 - 3.1.2 Ecofriendly packaging design
- 3.2 Innovations in green packaging
 - 3.2.1 Tree in the Bottle - Creative and sustainable
 - 3.2.2 Floral Box - New life hidden in a paper box
 - 3.2.3 Moso Bamboo Cap Series - A beautiful and sustainable artwork
 - 3.2.4 Fren Eco-handbag - Stylish and easily
- 3.3 Green material sourcing
- 3.4 Green and safe products
- 3.5 Green logistics
- 3.6 Green services
 - 3.6.1 Product service
 - 3.6.2 Customer service
- 3.7 Green resource circulation
 - 3.7.1 Product carbon reduction plan
 - 3.7.2 Organizational GHG inventory

A SUSTAINABLE SUPPLY CHAIN

THE STARTING POINT FOR COMPETITIVENESS

Chapter Three

In 2006, we decided to become a green brand and changed the color of our logo from orange into green. To become a truly ecofriendly brand, a green supply chain is absolutely a must. We include all of the upstream and downstream suppliers in our green supply chain; in this chain, they all are active "value creators" instead of passive material providers. We further integrate this sustainable value chain into our "Eco Promise" in order to create, with combined effort, more positive business impacts upon the society (Figure 16). Our green supply chain consists of eight parts and each of them requires interdepartmental (department ↔ department) and intercorporate (O'right ↔ suppliers) communication, which is absolutely the key for a smooth operation.

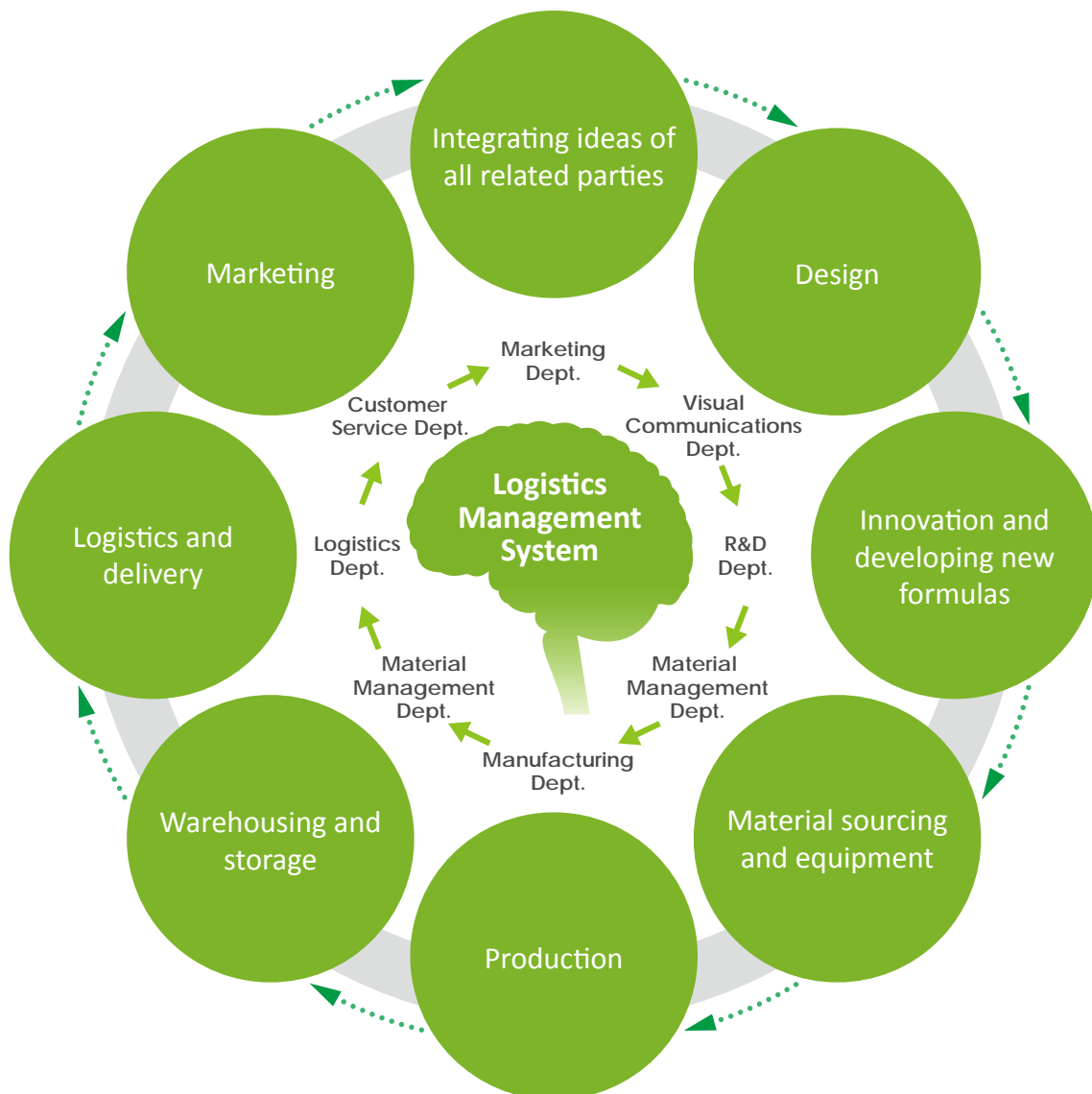


Figure 16 O'right Green Supply Chain

3.1 Green research & development

3.1.1 Advanced green formulation

We have been devoted to increasing the percentage of natural ingredients to carry out the concept of Natural, Pure, Ecofriendly. Being a green brand, we persuade customers with constant innovations instead of eloquent spokespersons or promotional tricks (Figure 17). This down-to-earth approach gave birth to the 8 FREE concept, which means we reject to use 8 harmful chemical substances in our shampoos. (Figure 18)

To upgrade formulas and increase the percentage of botanical ingredients, we invested in the supercritical fluid extraction equipment to obtain active ingredients of plants. Currently we are working on organic tea and bamboo leaves, goji roots and coffee grounds. We are also planning to source local materials to reduce the carbon footprint of our products. Furthermore, O'right expands the current lab into 3 independent research units, which include:

1. Natural Formula Development Lab
2. Taiwan Agricultural Product Extraction Lab
3. Natural Extract Assessment Lab (including a BSL-2 lab)

These advanced labs and its excellent research staff allow O'right to perform stricter and more comprehensive tests on product efficacy and safety.

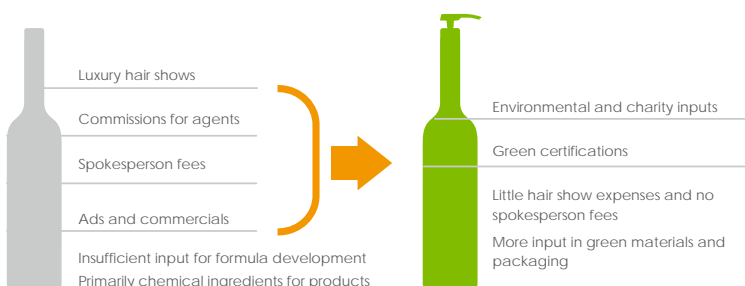


Figure 17 Product Costs for O'right and Other Haircare Brands



Plant Extraction R&D Center

As we continuously upgrade the quality of our products, we build the biggest haircare laboratory in Taiwan, which is complete with a hair examination center. We also cooperate with the Innovation Incubation Center of Hungkuang University to conduct hair-related research projects.

Supercritical Fluid Extraction (SFE): Operating in a low-temperature and high-pressure environment, this advanced equipment extracts the most active ingredients of plants without generating any pollution. Currently we are testing tea leaves obtained from local organic tea farms to promote organic agriculture in Taiwan.

Microbiology lab: The lab is in charge of performing microbiological tests on raw materials and finished products. Challenge tests on product safety and preservation are also part of our quality control procedure to allow the lowest amount of preservatives in our products.

Quality control lab: The lab is responsible for doing efficacy tests as well as checking the compatibility of packaging and formula.

Sampling room: Samples of emulsions and finished products are kept here for traceability at least for four years.



Cradle to Cradle Strategic Alliance

Founded in April 2012, the Cradle to Cradle Strategic Alliance combines the effort of a number of businesses and government departments to promote designs of healthy and safe products. As one of the founding members, we successfully obtained the Cradle to Cradle Certification in 2013 with the Goji Berry Volumizing Shampoo – the first haircare product and one of the five products in Taiwan receiving the certification.



Environmentally Biodegradable Polymer Association

Founded in 2000, the foundation aims to promote the development and application of ecofriendly materials and ultimately making Taiwan the R&D center for the eco-material industry in the Asian-Pacific region. O'right was elected as a corporate member in April 2011.

8 Common Household Toxins

It's O'right



Keep the toxins away from your home

1 Environ. Hormones (NP)

Nonylphenol (NP) is a hormone disrupting chemical, whose structure is similar to that of estradiol, a kind of female hormone. The nonylphenol may cause feminization of male animals and reduction of sperm number, ultimately resulting in a decrease in reproduction rate.



Let's create a healthy and beautiful life together!

2 Parabens

Parabens are usually used as preservatives because it is an effective sterilizer. However, it has been clinically proved that parabens can disrupt estrogen and endocrine secretion systems through skin absorption and therefore potentially are carcinogen.



3 Formaldehyde

Formaldehyde has been proved as carcinogenic and teratogenic by the World Health Organization because it is strongly irritating to human skin and the mucous membrane and may inhibit all cell activities even though it serves as an efficient preservative, disinfectant and bleacher.



4. Chemical colourants

Chemical colourants contain substances like formaldehyde or benzene. Many skin allergies are attributed to colourants, especially true for people with allergic constitution.



6. Sulfate Surfactants

Sulfates surfactants are usually used for cleaning and sterilization and can penetrate through and weaken the cells. Long-term skin exposure at high concentration can destroy the stratum layer and increase the risk of direct contact with carcinogens.



7. Thickeners (DEA Derivatives)

Thickeners are used to adjust the consistency and fluidity of a material. High-concentration exposure will encourage skin absorption and accumulation and ultimately end in chronic intoxication.

5. Phthalates

Phthalates are generally used to improve flexibility, viscosity and luster of a raw material. This chemical can affect fetal brain development if exposed to high concentration. Phthalates are also harmful to the male reproductive system and can induce female precocious puberty.



8. EO Derivatives

As a central nervous system suppressor, irritant agent and protoplasmic toxin, ethylene oxide (EO) is a carcinogenic substance. Used as a sterilizer, EO can cause acute swollen skin and blisters. Repeated exposure further causes skin allergy. Long-term exposure at low concentration can induce nervous weakness and disorder of the autonomic nervous system.



O'right's shampoo and body wash products for retail sale are free from the above eight harmful substances: environ. hormones (NP), parabens, formaldehyde, chemical colourants, phthalates, sulfate surfactants, thickeners (DEA derivatives) and EO derivatives. Salon partners are welcome to hang up this 8 FREE poster in their salons as information for both the hairdressers and their customers.

Figure 18 8 FREE Poster

3.1.2 Ecofriendly packaging design

O'right has always been working on reducing packaging materials or replacing them with ecofriendly ones which are either recyclable, reusable or biodegradable. 5 R is our ultimate principle in picking a certain packaging material (Tables 16-17; Figure 19):

1. Reduce
2. Reuse
3. Recycle
4. Replace
5. Responsibility

We use a lot of biodegradable or recyclable packaging materials for our products including PLA bottles, paper materials from responsibly managed forests, caps and recyclable bottles, etc. Currently we are planning on replacing all HDPE shampoo bottles with 100 % postconsumer ones. Compared with new HDPE bottles, the carbon emissions of recycled HDPE plastic is 76.6 % lower (See the calculation in Table 21). If more manufacturers take an action like this, the market for plastic recycling will expand – definitely a good thing for the environment.

In order to include all suppliers into our green supply chain, all departments of O'right have to conduct a survey before each cooperation project. Currently we check only the supplier's technical capacity, supply capacity and quality guarantee. Issues like labor welfare, environmental protection or other CSR practices will be included starting from 2014.

Table 16 O'right Green Packaging

Green outer packaging	Recyclable plastic bottles	PLA, plastic recycling code 7
		HDPE, plastic recycling code 2
		PETG, plastic recycling code 1
	Recyclable aluminum bottles	AL, aluminum recycling category
	Moso Bamboo Cap Series	The cap is made of Moso bamboo, which is one of the most ecofriendly materials because it grows fast and is a great carbon absorber.
	air fill	LDPE, plastic recycling code 4
	Shipping cartons with Taiwan Green Mark	made of 80 % recycled paper
	Eco pallets	The ecofriendly pallet is made of 7,300 recycled PET bottle caps, which are often mistaken for food by seabirds and cause death from indigestion.
	The first patented business size eco shampoo box	Made in the sizes of 5 L and 10 L. Take the 10 L box as an example, a 10 L box equals the capacity of 25 400m mL plastic bottles and the production of each bottle releases 208 g of carbon emissions. In 2013, we reduced the use of 200,000 400 mL plastic bottles by the introduction of 10 L business size shampoo box. Patent no.: D133527
	Eco refill bags	The eco refill bags encourage repeated use of the plastic shampoo bottles. We have the sizes of 400 mL and 1,000 mL to satisfy different needs.
Fren Eco-handbag	<ul style="list-style-type: none"> · Made from photolytic material, the handbag naturally degrades in 3 months under direct exposure of sunlight. Its PP plastic material can also be recycled. · The eco-handbag encourages repeated use. In 2013, we reduced the use of 150,000 paper bags, equal to planting 1,350 trees. 	
Green printing	Bottle printing	All printing is done with non-toxic ink, tested by SGS and complying with the RoHS standard.
Ecofriendly labels	Material and ink	The material and ink for label printing is tested by SGS and complies with the RoHS standard.
Green paper materials	paper materials	Paper for all promotional materials and product packaging is from responsibly-managed forests.

Table 17 Carbon Achievements through Plastic Reduction

Ecofriendly containers	Annual sales / pieces	Reduced carbon emissions	Total carbon emissions reduced
1,000 mL refill bag	38,176	0.389 kg / btl x 38,176 \approx 14,850 kg	<p>55,369 kg</p> <p>= planting</p> <p>5,033</p> <p>twenty-year-old trees</p>
400 mL refill bag	29,319	0.208 kg/btl x 29,319 \approx 6,098 kg	
10 L business size shampoo box = 25 400 mL bottle	6,337	0.208 kg / btl x 25 btl x 6,337 \approx 32,952 kg	
5 L business size conditioner = 12.5 400 mL bottle	565	0.208 kg / btl x 12.5 btl x 565 \approx 1,469 kg	

Source: 1. The data are generated with SimaPro 7.3.3.3 and within PAS 2050 verification. A 1,000 mL HDPE bottle generates 0.389 kg of CO₂ while a 400 mL HDPE one generates 0.208 kg of CO₂; 2. Data provided by Taiwan Bureau of Energy, a twenty-year-old tree absorbs 11-18 kg of CO₂.



Figure 19 O'right's Eco Packaging

Also stressing the reducing of carbon emissions of packaging accessories, we actively replace all plastic accessories with green materials to make them as ecofriendly as they can be. The bamboo caps and air fills are two examples.

Ecofriendly Caps

Moso bamboo caps are more than just a beautiful artwork. Bamboo caps generate 78.04 % less carbon than plastic ones. From 2011 to 2012 we reduced 1,234 kg of carbon emissions by switching from plastic to bamboo caps, equal to planting 112 trees. (Figure 20)

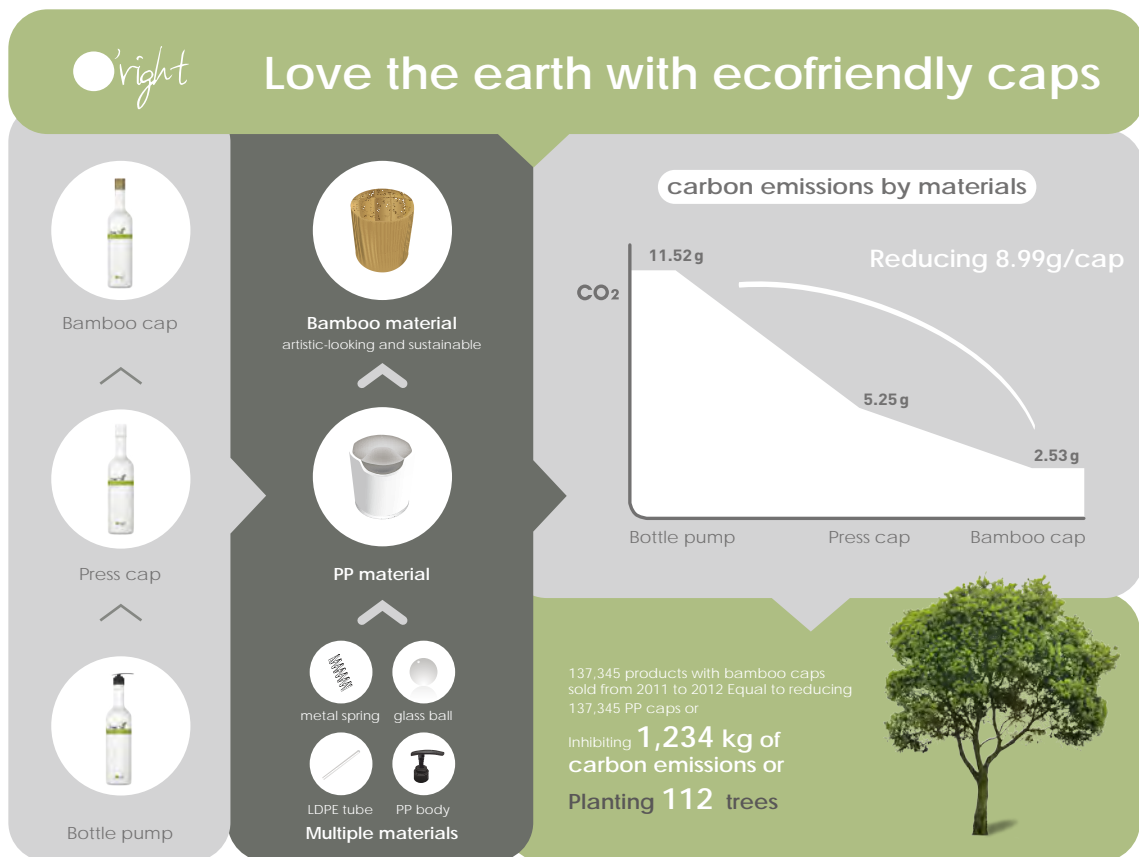


Figure 20 Carbon Achievements with Ecofriendly Caps

Air fills

We have been using air fills made of LDPE instead of foam or Styrofoam materials because foam or Styrofoam have been proved to be more harmful to the environment. To further reduce more carbon emissions, we turned to lighter fills in 2012 and this action reduces 4,047 kg carbon emissions annually, equal to planting 367 trees. (Table 18)

Table 18 Carbon Achievements of Light Air Fills

	Old air fills	Light air fills
Weight	2.35 g	0.93 g
Material	LDPE, plastic recycling code 4 6 kg of carbon emissions are generated for 1 kg of LDPE	
Annual consumption	95 rolls (5,000 air fills per roll) 475,000 air fills consumed in 2012	
Annual carbon emissions	$2.35 \times 475,000 = 1,116,250 \text{ g}$ $1,116,250 \text{ g} = 1,116.25 \text{ kg}$ Carbon emissions = 6,697.5 kg	$0.93 \times 475,000 = 441,750 \text{ g}$ $441,750 \text{ g} = 441.75 \text{ kg}$ Carbon emissions = 2,650.5 kg

Eco pallets

Little plastic caps are lethal killers to seabirds! Many seabirds mistake bottle caps for food and ingest them, resulting in death from indigestion. O'right uses eco pallets made of 7,300 plastic bottle caps, which significantly reduce unnatural seabird death.

Chris Jordan is an American photographer documenting the death of seabirds from ingesting bottle caps and other plastic debris. For more information about the pictures and the photographer, please visit "Midway: Message from the Gyre", <http://www.chrisjordan.com/gallery/midway/#CF000313%2018x24>



3.2 Innovations in green packaging

Steve Jobs, one of the innovator idols of our CEO Steven Ko, said that "Innovation distinguishes between a leader and a follower." Deeming ecofriendly innovation as the ultimate principle for our product design (Figure 21), we learn from nature in developing a product and regard everything as resource, including the so-called waste. Therefore, "zero waste" for our products is a goal we are constantly aiming for. Tree in the Bottle – the first sprouting shampoo in the world – is a notable success.



Figure 21 Green Product Development Procedure



3.2.1 Tree in the Bottle

Creative and sustainable

The bottle for the shampoo is made from plant wastes and can be buried in the soil. Under proper environmental conditions, the bottle will decompose in the course of 1 year and the seeds inside will sprout and grow into a tree. In 2013, this brilliant product was recognized with the Red Dot Design Award – Best of the Best. It is the first shampoo to bag this award. The jury complemented the Tree in the Bottle by stating: "O'right designs not only a great shampoo but also a beautiful ecosystem. It reveals the true meaning of design and brings people great user experience and profound inspirations."



3.2.2 Floral Box

New life hidden in a paper box

All of the paper for the O'right floral box series is from responsibly managed forests and printed with ecofriendly soy ink. A small piece of flower seed paper made from recycled plant waste is attached to the box. The whole paper box can be buried in the soil and you will have a lovely garden after the seeds sprout!



3.2.3 Moso Bamboo Cap Series

A beautiful and sustainable artwork

Each piece of O'right's Moso Bamboo Cap Series is made in 10 careful steps. Each cap unfolds a unique life in its exquisite patterns and soft feel. With deep reverence and gratitude to nature, we handle each processing stage with the most care. With this artistic and fashionable artwork, we create a green value out of this popular Asian plant.

Bamboo as a sustainable material

- Bamboo is the fastest-growing plant on earth. According to studies, bamboo can grow 120 cm a day at maximum.
- Only four years are needed from planting to harvesting. As a result, cutting down bamboo is in fact beneficial to its renewal.
- Bamboo releases 35 % more oxygen than other plants.
- A hectare of Moso bamboo forest absorbs 35-50 tons of CO2 yearly.
- Bamboo is flexible and light-weighted.



3.2.4 Fren Eco-handbag

Stylish and easily degradable

We designed the Fren Eco-handbag a few years ago for the purpose of reducing the use of paper bags. This eco handbag is made of photolytic material which decomposes in 3 months if put in direct sunlight. Without being exposed to sunlight, it can be reused over and over again. In 2013, we reduced 150,000 paper bags with this ecofriendly handbag, equal to planting 1,350 trees.

3.3 Green material sourcing

Due to our green policy, the percentage of green materials for formulas has been rising from 44.3 % to 63.5 % - a significant increase of 20 % in 3 years. Currently most of O'right's green materials need to be imported due to the lack of third party verification (like Ecocert, USDA or FSC) of raw materials in Taiwan. However, if we compare the green material sourcing from 2011 to 2013, we can see that local purchase increased from 0 % to nearly 10 %. To further increase the percentage, we will keep on looking for suitable local raw materials as well as recruiting advanced plant extraction equipment to obtain active ingredients of recycled coffee grounds, goji roots and agricultural wastes. With our best efforts, we hope to find new possibilities for agriculture wastes and make contribution to organic agriculture in Taiwan. As to green packaging, the percentage of green material sourcing rose from 45.6 % to 50 %. The proportion of recycled materials in green packaging materials was 3 %.

About natural ingredients

To produce natural products, petrochemicals, organic or inorganic compounds are sometimes necessary to alter the properties of natural ingredients for desired results. Take handmade soaps as an example. This kind of soaps mainly consist of natural oil, which needs sodium hydroxide (NaOH) to trigger saponification. As a result, we define "natural raw materials" as those with over 70 % of natural components.

Table 19 Green Material Sourcing

Year	Green raw materials*				Green packaging materials				Percentage of all green materials (%)	
	Total raw materials (kg)	Green raw materials (kg)		Percentage of green raw materials (%)	Total packaging materials (unit)	Green packaging materials** (pieces)				Percentage of green packaging materials (%)
		Imported	Local			Biodegradable materials	Recyclable materials	Recycled materials		
2011	98,436	41,675		42.3 %	7,093,331	3,253,584			45.6 %	
		41,675	-			1,824,540 (56 %)	1,319,300 (40.5 %)	109,744 (3.4 %)		
2012	134,268	65,185		48.6 %	9,789,446	5,287,291			54.2 %	
		64,765 (99.4 %)	420 (0.6 %)			3,536,566 (66.9 %)	1,593,894 (30.1 %)	156,831 (3 %)		
2013	119,726	92,121		76.9 %	8,348,595	4,151,772			50 %	
		83,285 (90.4 %)	8,836 (9.6 %)			2,056,248 (49.6 %)	1,952,303 (47 %)	143,221 (3.4 %)		

* Green raw materials refer to those with more than 70 % of natural ingredients.

** We have 3 kinds of green packaging materials:

1. Biodegradable materials: PLA plastic bottles, paper materials from responsibly managed forests
2. Recycled materials: shipping cartons
3. Recyclable materials: Plastic bottles not made of PLA

3.4 Green and safe products

The green production center in the O'right Green Headquarters utilizes clean energy generated on-site. With the clean energy and all the other energy-saving implementations, we are able to provide products with minimum carbon emissions. The Green Production Center features all kinds of innovative and ecofriendly manufacturing facilities. For more detailed description, please see the "Green Production Center" section in Chapter Two. In addition to the superior production environment, we also boast top quality and product safety with most materials and some products recognized with national and international certifications. Furthermore, we comply with the standards of ISO9001, ISO22716, Taiwan Voluntary Cosmetic GMP (For more information about other certifications and awards, please see Figure 22 and Appendix Three.). All of these help us create higher customer satisfaction.

We integrate all departments to strictly examine all details to create a healthy and safe product (Figure 23). In 2012, we developed the world's greenest shampoo and set the strict 8 FREE standard for retail shampoo and body wash (5 FREE for salon product lines). A third party verification proves that formulas for our shampoo biodegrades in 28 days and can be safely discharged into the river. New products under development need to go through about 15 tests, including tests for stability, heat resistance and packaging compatibility, etc. Semi-finished products need to comply with GMP regulations, which require more than 6 tests to check things like physicochemical properties, bacterial count and the quality of pure water. The registration of new cosmetic products and its relevant information before going to the market is also mandatory. For products going to the EU region, we need to finish the Product Information File (PIF). With the effort made to ensure the safety and quality of its products, O'right has been recognized with various awards and certifications. (See O'right Green Footprint on pages 38~39)

In the future, O'right will continue the concept of Natural, Pure, Ecofriendly and develop more cruelty-free products. For us, a good future has more to do with a harmonious relationship with all kinds of life forms than just bettering people's lives. As a result, we will support animal welfare by using alternatives to animal testing. To us, this is what a green product really stands for.



Figure 22 Green Honors for O'right

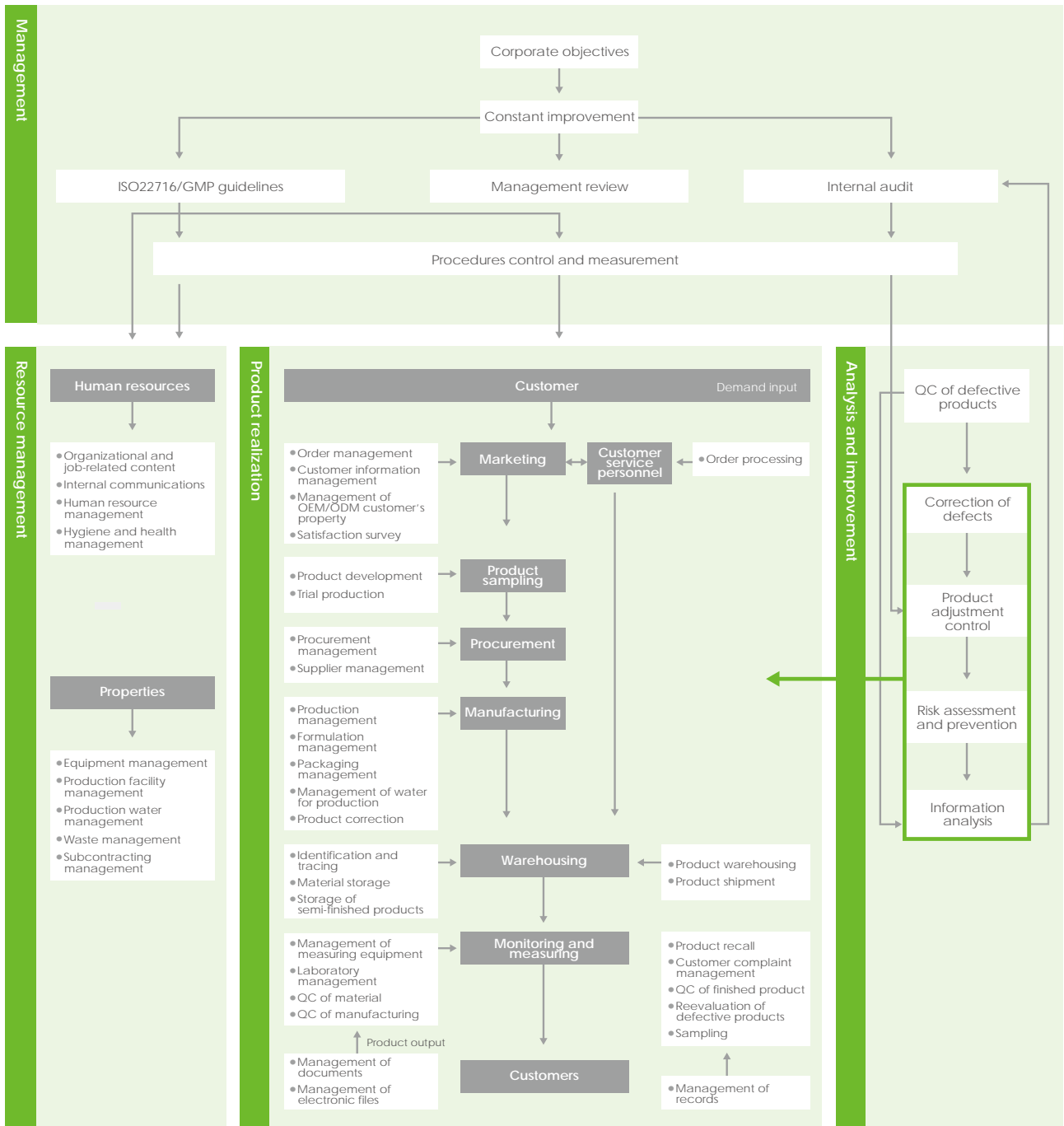


Figure 23 Product Realization Chart

3.5 Green logistics

We started to promote centralized delivery in 2010 and set TWD 1,500 as the minimum amount for a delivery free of charge for the Taiwan area. The practice helped reduce 933 tons of carbon emissions, equal to planting 84,816 trees or the forest size of 14 Daan Forest Parks (A park of the size of 26 hectares in Taipei). In 2013, we even raised the minimum order to TWD 3,000-4,000 (Figure 24). We also prioritize carriers with biodiesel trucks with GPS tracking for ecofriendly and efficient delivery. Averagely we deliver 6,000 packages every month. Special delivery is appointed for orders with more than 40 items to the same address. We also improved the delivery procedure. Now the products are delivered directly to the customers. (Table 20; Figure 25)

Table 20 Carbon Achievement by Planned Shipment

Year	Total shipped items	Revenue in Taiwan	Average order (TWD)
2011	57,060	162,603,542	2,850
2012	61,418	182,951,165	2,979
2013	60,212	213,993,990	3,554

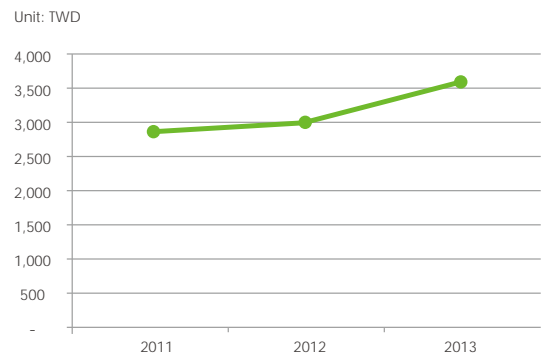


Figure 24 Average order

O'right Green Logistics

We improved the delivery procedure and now the products are no more delivered through sales representatives but directly to the customers.

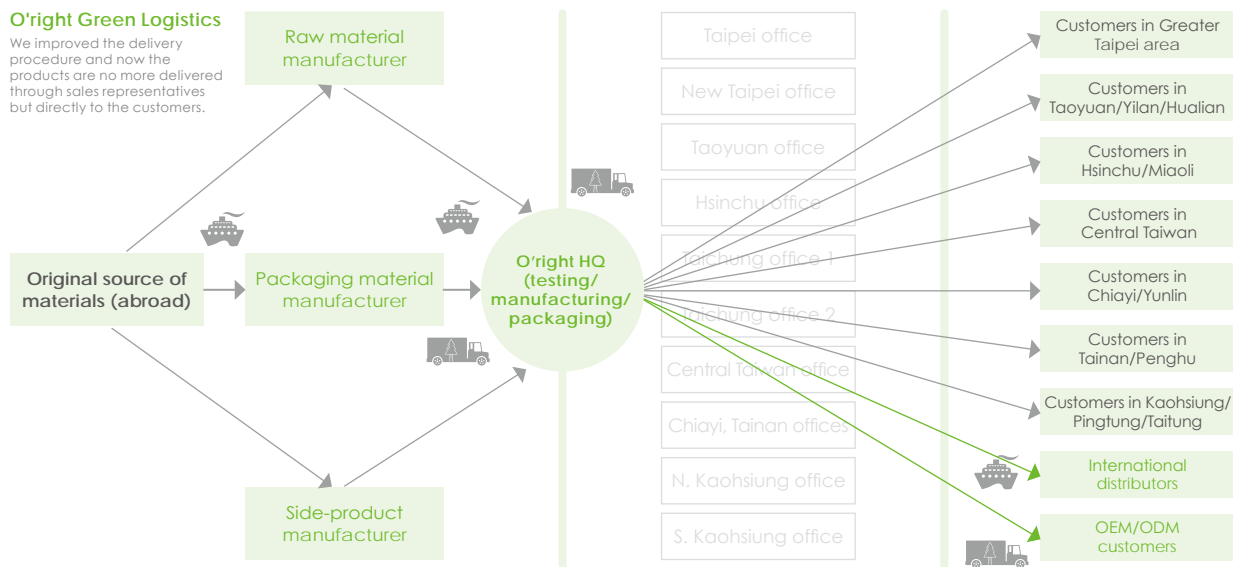


Figure 25 Carbon Achievement by Planned Shipping Process

3.6 Green services

3.6.1 Product service

To offer comprehensive green services and ensure quality, each of our products is labeled with 3 barcodes for clear identification (Figure 26).

1. Barcode tracking system

The barcode provides complete traceability to help identify the authenticity and source of a product. It is also helpful for sales channel management. Take a 400 mL Tea Tree Shampoo as an example. Its barcode reads T1AA036413100035. The initial T identifies the nationality, followed by the material ID 1AA036, batch number 4131 and serial number 00035.

2. QR code

Scan the code with a smart phone and you will get the complete product name, product information, Cosmetics Advertisement Number, Cosmetics Manufacturing Number and the company profile of O'right.

3. Point of Sale (POS) system code

The system helps a more efficient management of product shipping and stocking.

In addition to the 3 barcodes, we further label our products with additional information including the percentage of natural ingredients, individual certified organic ingredients and the information about clean energy used for manufacturing. The paper box is also complete with the certification labels for ecofriendly paper materials and soy ink. All of the information helps differentiate O'right products from other brands on the market.



Figure 26 A Complete Product Traceability System

3.6.2 Customer service

To enhance the value of the brand, we restructured our Taiwan Sales Department to the Taiwan Customer Service Department in 2012. By providing green services, we hope to raise environmental awareness in our customers and extend the green impacts as far as we can. We also create high customer satisfaction from the following aspects:

- **A broad customer service web**

To provide comprehensive services to every customer, O'right set up ten customer service offices around Taiwan: Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan and Kaohsiung, along with three SOHO offices in Yilan, Hualian and Taitung. Every customer can easily find an O'right representative in his or her city. (Figure 27)

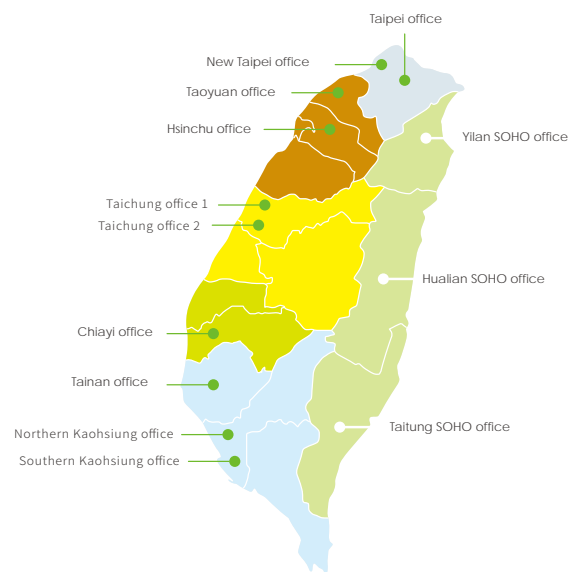


Figure 27 O'right Taiwan Service Map

• **A full range of services**

We encourage salons to create their own green salons or organize green weeks. In addition to that, we also invite salons and hairdressers to take part in environmental activities like coastal cleanup, Earth Hour and tree planting. We have about 50 service personnel in Taiwan – the highest number in the haircare industry of Taiwan. They are strong supporters of our green services.

• **Various service channels**

We send cards, gifts or electronic messages to customers on their birthday and on the three traditional Chinese holidays (Chinese New Year, Dragon Boat Festival and Mid-autumn Festival). In addition to these thoughtful arrangements on important days, we also publish *It's O'right*, which is a quarterly magazine focusing on environmental issues as well as ecofriendly information and lifestyle. We give this magazine to salons free of charge for customers to read while getting their hair fixed. About 10,000 copies are printed for each issue, which potentially attracts about one million readers. For our readers abroad an English online version can be downloaded from O'right's official website.

• **A complete complaint handling procedure**

We have a standard procedure dealing with complaints from customers. The procedure defines specific regulations regarding related issues, like the time and strategy for analyzing the complaint and giving feedbacks. After closing a case, the complaint will be filed away and provided to service personnel as case study. (Figure 28)

If we have a closer look on the number of salon complaints from 2011 to 2013, we can see that complaints increased from 76 cases in 2011 to 163 in 2012 due to a rise in sales (Figure 29). The number decreased again to 100 in 2013. It is noticeable that complaints from end users increased by six cases. The reason is that O'right provided more channels, which allow consumers to express their complaints directly to O'right through telephone or e-mail instead of to hair salons.



Figure 28 Customer Complaints Handling Map

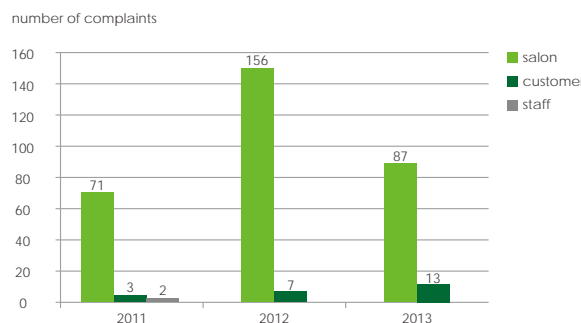


Figure 29 Sources of Complaints

A customer satisfaction survey is conducted at least once a year. Please check Figure 30 for “Map of Customer Satisfaction Investigation.” The response rate of 2013 is 7.76 %, lower compared to 2012. The reason is that the 2013 survey is targeted to contract customers (salon customers) who place orders on a regular basis. Responses with multiple answers are defined as ineffective. Based on this screening rule, the effective rate for 2013 is 1 % lower than that for 2012. In recent years, we enjoy a high customer satisfaction rate of 98.9 %, a result of quick response to customer complaints (Figure 31). We further ensure customer satisfaction in the following aspects:

1. Communicating product information

Service representatives need to establish at least two communication ways. Delivered information without a reply from the addressee will be confirmed through telephone to make sure that the customer gets the information.

2. Responding to a complaint

- Setting standard response language and regularly checking if service personnel can give correct answers
- Simplifying internal procedure of handling complaints

3. Satisfying product quality

- Comprehensive product training for service personnel
- Collecting QC-related complaints and delivering them to the responsible department

4. Effective training sessions for products

- Holding training sessions for service staff or hairdressers to make sure related personnel know about O’right products and how to use them
- Collecting product-related complaints and delivering them to the responsible department

5. Correct product shipping

- Confirming the order before logging it in
- Collecting shipping-related complaints and delivering them to the responsible department



Figure 30
Map of Customer Satisfaction Survey

O’right shows a responsible management of customer information. As a result, no customer complained about violation of privacy or information leakage in 2013.

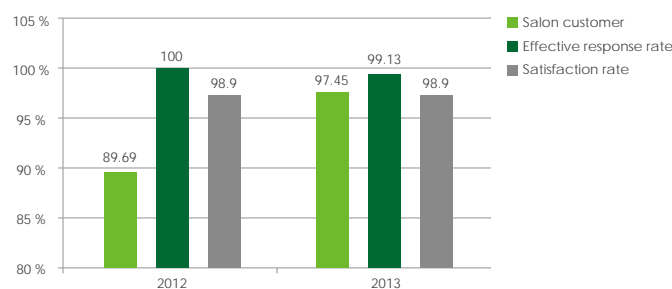


Figure 31 Customer Satisfaction Analysis

3.7 Green resource circulation

We notice that a reverse logistic system helps reduce waste and reuse recycled sources. During the carbon inventory we found out that the resources in the supply chain can be integrated into an industrial circulation, which promotes resource reutilization and reduces cost as well. O'right's Green Resource Circulation System consists of three recycling modes: 1. Recycling of bottle cartons; 2. Recycling of product cartons; 3. Recycling of product bottles (Figure 32). This green resource circulation not only cuts down carbon emissions and costs but also improves our competitiveness. To reduce carbon emissions during recycling, we developed the world's first blooming shampoo – Tree in the Bottle. The 100 % biodegradable PLA bottle becomes nutrient for the soil after breaking down.

Taiwan is the eleventh country worldwide to promote carbon footprint labels and O'right being the first Taiwanese SME to obtain the carbon footprint and carbon neutrality certifications. We intend to further integrate our supply chain in this carbon reduction action. Through the shared value chain, the competitiveness of O'right and our suppliers will be mutually enhanced. O'right conducted the carbon inventory with the 400 mL Tea Tree Shampoo in 2013 to assess the emissions of the product. According to the assessment, the carbon emissions of the product are 1.25 kg. The result is verified by a third party. This careful study of the emissions in each phase was then applied to all product lines to achieve an overall reduction of product emissions.

Further, O'right's ecofriendly shampoo became the world's first shampoo to achieve carbon neutrality in 2011. In 2013, we kept on integrating the green supply chain and obtained water footprint certification. We also obtained the Cradle to Cradle Certification in the same year for the implementation of a green and safe circulation system, being good for the people and the environment.

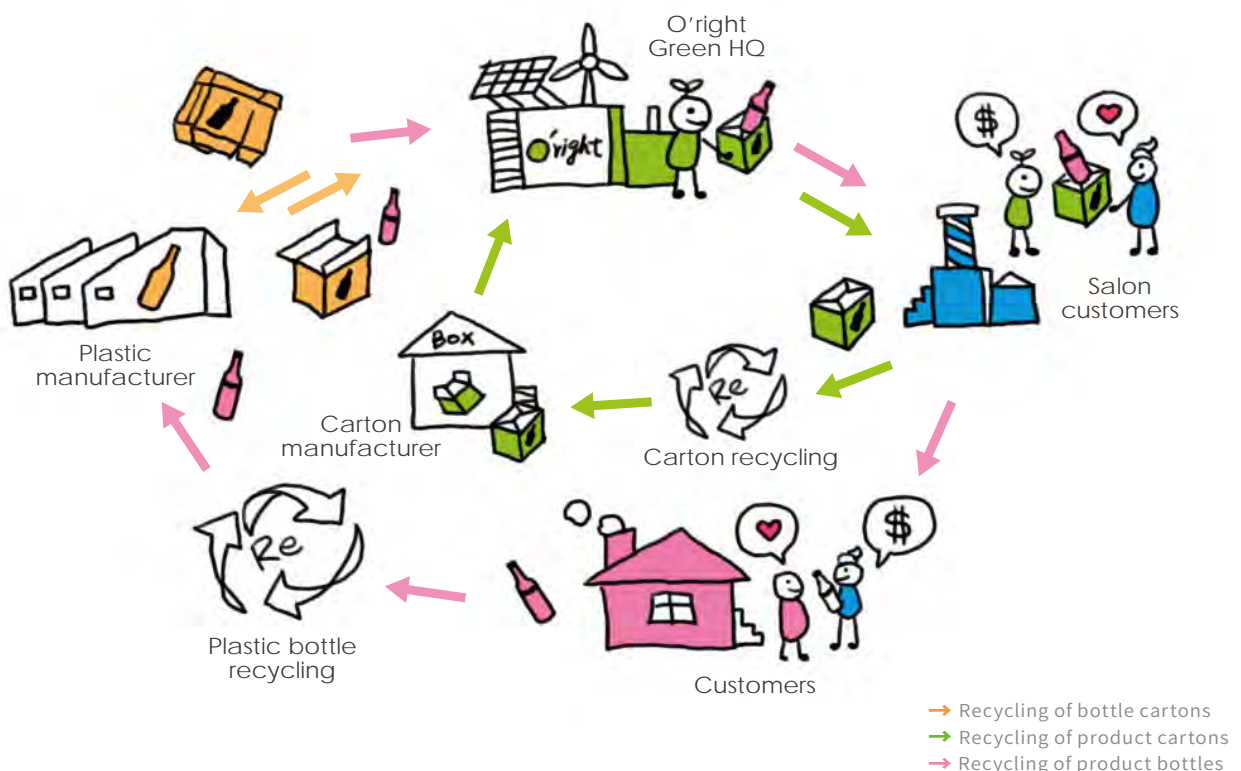


Figure 32 Green Resource Circulation

3.7.1 Product carbon reduction plan

1. 100 % postconsumer plastic materials

If all of our HDPE bottles are made of 100 % recycled HDPE, we will be able to reduce 76.6 % of carbon emissions. (Table 21)

2. Product carbon footprint labeling

We are going to work with EPA Taiwan, ITRI Taiwan and the British Carbon Trust to apply the Carbon Trust label. The label provides additional information for customers and we will also keep on reducing the carbon footprint of our products based on the results we have achieved so far.

3. Local raw material sourcing

O'right's Plant Extraction R&D Center is in active contact with organic farmers in Taiwan to obtain samples for testing. Commercial procurement will be organized upon completion of material studies.

4. Towards a 100 % paperless office

We are actively engaging in establishing an electronic system of enterprise resource planning (ERP), which processes jobs such as procurement, order handling, warehousing and manufacturing, finance and accounting, human resource and administrative documents. The introduction of electronic sign-off and a mobile office will further enhance efficiency. With these technologies, we will be able to achieve a 100 % paperless office.

Table 21 Emissions Reduced with the Use of Postconsumer HDPE

Size	Weight	Source	CO ₂ emissions (weight*emission factor)	Emissions reduced
400 mL bottle	0.045 kg	virgin HDPE	$0.045 \times 1.92 = 0.0864 \text{ kg}$ = 86.4 g	76.6 %
		recycled HDPE	0.045×449.74 = 20.24 g	
1,000 mL bottle	0.1 kg	virgin HDPE	$0.1 \times 1.92 = 0.192 \text{ kg}$ = 192 g	
		recycled HDPE	0.1×449.74 = 44.97 g	

Source: According to GaBi (a life cycle assessment software), the emission factor for virgin HDPE is 1.92 kg CO₂e/kg; the emission factor for 100 % postconsumer HDPE is 449.74 g CO₂e/kg

3.7.2 Organizational GHG inventory

In addition to the attention paid to product carbon reduction, we also voluntarily conducted an organizational carbon inventory project. In 2013, we performed a complete assessment of O'right's total Green House Gas (GHG) emissions. All data in this inventory were compiled using operational control approach. We planned to set new targets based on the results to achieve more in corporate carbon reduction. The carbon inventory project included an assessment on the direct (Scope 1) and indirect (Scope 2) emissions generated by facilities like boilers, refrigeration facilities, chiller units and effluent processors, etc. The survey indicated that the total GHG emissions of O'right HQ in 2013 was 203.4 tons CO₂e/kg with an emission intensity of 0.14 CO₂e/ ping.* We will use 2013 as the baseline year for future comparisons. (Table 22-24)

* Ping is a common land measurement unit in Taiwan. One ping is approximately 3.3 m².

Table 22 Total GHG Emissions of O'right HQ in 2013

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Annual emissions equivalent
Emissions equivalent (ton CO ₂ e/year)	173.2	9.4	-	20.7	-	-	203.4
Percentage (%)	85.2 %	4.6 %	0 %	10.2 %	0 %	0 %	100 %

Table 23 Total Direct GHG Emissions of O'right HQ in 2013

	CO ₂	CH ₄	N ₂ O	HFCs	PFCs	SF ₆	Annual emissions equivalent
Emissions equivalent (ton CO ₂ e/year)	25.5	9.4	-	20.7	-	-	155.6
Percentage (%)	45.9 %	16.9 %	0 %	37.3 %	0 %	0 %	100 %

Table 24 Total GHG Emissions by Emission Type and Amount

	Scope 1	Scope 2	Scope 3	Annual emissions equivalent
	Stationary source emissions, process emissions, mobile source emissions, fugitive emissions	Indirect emissions	Other indirect emissions	
Emissions equivalent (ton CO ₂ e/year)	55.6	147.7	Not measured	203.4
Percentage (%)	27.4 %	72.7 %	Not measured	100 %

Note: According to the Clause 3 of Article 2 in GHG Emissions Reporting Regulations, the GHG emissions are expressed with CO₂ equivalent (ton CO₂e).

Source of emission factors: GHG Emission Factor Management Table, Version 6.0.1 (published in Nov. 2013).

GWP: Global Warming Potential, as referenced in the IPCC Fourth Assessment Report (2007)

TOWARDS A SUSTAINABLE PARTNERSHIP



Chapter Four

GREEN IMPACTS

TOWARDS A PARTNERSHIP FOR A SUSTAINABLE FUTURE

- 4.1 Green investments
- 4.2 Upstream and downstream cooperation
 - 4.2.1 Eliciting socially responsible investment
 - 4.2.2 Promoting green consumerism
 - 4.2.3 A green partnership with our distributors
 - 4.2.4 A green partnership with all employees
 - 4.2.5 Growing number of green suppliers
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 - 4.3.2 Beyond HOME
 - 4.3.3 Green salon propaganda
- 4.4 Green citizenship
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GREEN IMPACTS

TOWARDS A PARTNERSHIP FOR A SUSTAINABLE FUTURE

Chapter Four



The haircare market in Taiwan has been dominated by brands from Europe and the United States. Unlike those international names, O'right developed a brand based on the concept of Natural, Pure, Ecofriendly instead of a luxury appeal. Stressing the utilization of solar and wind powers, reducing of resource consumption and with its engagement in green social education, O'right aims to become an enterprise amplifying its positive impacts to the maximum.

As a medium-sized corporation, O'right exhibits more green strengths compared with other SMEs. In 2012, O'right was selected as one of the pilot companies in the "Project for SMEs to Develop an International Green Supply Chain" initiated by MOEA Taiwan. The project aimed at acquainting the Taiwan SMEs with relevant national and international regulations as well as connecting the Taiwan SMEs with international green suppliers. On 4 June 2009, EPA Taiwan first presented seven product carbon footprint labels to five companies. The awarded companies include big names like AU Optronics Corporation, BenQ, Hey Song Corporation, Taisun Enterprise, with O'right being the only SME awarded. O'right is arguably a pioneer among SMEs in obtaining green verifications.

Based on an ecofriendly philosophy, we apply the latest cosmetic knowledge and technology to develop a green value chain by fulfilling our corporate social responsibility in the aspects of management, product development and marketing. With shared value, we successfully arouse environmental awareness in all stakeholders, who are crucial in spreading green concepts among the public.



4.1 Green investments

Our commitment for a better tomorrow can also be seen in the environmental and social investments. Since the establishment of O'right, we have invested a significant amount of money in building the HQ, purchasing advanced equipment, installing various energy-saving

Figure 25 O'right Green Investments

Year	Category	Description	Amount (TWD)
Before 2013	environmental	1. Supercritical fluid extraction equipment	2,250,000
		2. Tree in the Bottle – product development and testing	1,500,000
		3. Development of eco display shelves	500,000
		4. Greening and maintenance of the HQ	90,320
		5. Solar and wind power installation	11,992,000
	social	1. Construction cost of the HQ	173,008,000
		2. Environmental & charity activities (Earth Hour, coastal cleanup, social care including product and cash donations)	45,284,476
2013	environmental	1. Research investment (personnel expenses of Plant Extract R&D Center including consultant fees)	2,372,530
		2. Greening and maintenance of the HQ	301,239
	social	1. Touring to the HQ	1,017,031
		2. Environmental & charity activities (Earth Hour, coastal cleanup, social care)	701,519
Future plan	environmental	1. Installation of P2 Lab	4,317,500
		2. Ultrasonic extraction system	756,000
		3. Development of 100 % post-consumer bottles	1,000,000
		4. Development and testing of the mold for RECOFFEE biodegradable bottles	1,500,000
		5. Greening and maintenance of the HQ	257,000
	social	1. Touring to the HQ	1,073,000
		2. Environmental & charity activities (Earth Hour, coastal cleanup, social care)	850,000

facilities, and participating in environmental activities and promoting environmental education. Before 2013, our green investments consisted mainly of product and cash donations to various charity organizations. Since 2013, we began to more focus on green education. The amount of green investment in 2013 was about TWD 4.4 million (USD 146,000) and the total investment until the end of 2013 climbed to TWD 23 million (USD 7.7 million) (Table 25). In the financial sense, the money input is cost, but if we interpret these "costs" from an environmental and social point of view, it can be looked at as investments for a better future. For O'right, the revenue of green investment is the enhanced environmental awareness among the people.

4.2 Upstream and downstream cooperation

After collecting ideas from all departments, we identified twelve kinds of stakeholders by their relevance to O'right: shareholders, customers, salon customers, distributors, employees, suppliers, subcontractors, government, community, NGOs, banks and media. In Section 4.2, we will show how we communicate with five of the stakeholders: shareholders, customers, distributors, employees and suppliers. As salon customers are the main communicating channel between O'right and general customers, we will explain how we exchange green ideas with salons in a more detailed way in Section 4.3.

4.2.1 Eliciting socially responsible investment

Our potentials are recognized by investors seven years after O'right chose a green path. To date we have attracted investments from the Cultural and Creative Development Venture Company and China Development Industrial Bank, with a total investment of TWD 183 million (USD 6.1 million). We request investors to sign a CSR commitment statement. In the future, we will go on maximizing our influential power by attracting socially responsible investment.

4.2.2 Promoting green consumerism

We arouse environmental awareness in consumers by enhancing product quality, creating ecofriendly user experience and eliciting environmental participations.

- **Enhanced product quality**
A consumer's environmental awareness can be influenced if he or she has the choice to buy ecofriendly products. Therefore, we develop green packaging such as Tree in the Bottle, Moso Bamboo Cap Series and paper packaging made with paper from responsibly managed forests. We are also dedicated to developing ecofriendly and safe formulas like the 8 FREE formulation (See 3.1.1), oil extracted from recycled coffee grounds and certified organic raw materials.
- **Better user experience**
O'right products are proved to be easy-rinsing with low water and energy consumption (See 4.3.3). Consumers are actually making contribution to the environment while enjoying O'right products.
- **Broader environmental participations**
O'right holds or co-holds environmental events such as (1) Earth Hour to reduce carbon emissions; (2) Coastal cleanup to ease marine pollution; (3) Tree-planting events to increase forest coverage in Taiwan.

4.2.3 A green partnership with our distributors

We sent a questionnaire to our international distributors in 25 countries to learn more about their green efforts. We were glad to find out that the green power is expanding and many of our international distributors already are on the green path with O'right! (See Table 26)

4.2.4 A green partnership with all employees

For O'right's employees, being included in a green partnership and working in an ecofriendly environment is a reward beyond pay.

- **Organic vegetable salads prepared by staff**
Organic vegetable salads are provided to all staff on each workday (See 2.4.3). To enhance environmental consciousness, all employees take turns washing and cutting the organic vegetables sourced from nearby farms. They also have to clean the tableware after lunch. By this way we hope to introduce a green lifestyle to all team members.
- **Cleaning as part of the job**
On each Friday employees are divided into groups and clean the HQ together to provide a healthy working environment for the whole team.
- **Visiting employee's family**
O'right CEO visits employee's families to appreciate their support to the employee and to spread the green concepts of O'right.
- **Environmental participation**
We hold environmental or charity events regularly. Employees are encouraged to take part in the events as a way to promote environmental protection.

4.2.5 Growing number of green suppliers

Suppliers play a key role in making a genuine green product. The collaboration between O'right and its suppliers results in ecofriendly products that are both good for our body as well as for the environment. Thanks to the rise of green business opportunities, the economic benefits of green products have also been growing. To take a closer look, we can see that green raw material suppliers have made up 50 % of the total number of suppliers, with 10 % being organic raw material suppliers. Additionally, a material safety data sheet is required for each material. In the future, we will work on raising the percentage of organic material suppliers. We will also announce our green material sourcing policies in the Supplier's Meeting which is going to be held in December 2014.

- **Ecofriendly paper materials**
We use only paper materials from responsibly managed forests and soy ink for printing. To apply ecofriendly printing, the presses have to be thoroughly cleaned before printing. It consumes too much time and

labor so that most printing companies are reluctant to take this kind of deals. In face of the unfavorable situation, we motivate our printing supplier by paying for the cleaning fee.

Great Printing Limited Company is the primary supplier for our paper packaging and promotional materials. After working with O'right, Great Printing Limited Company successfully switched to green printing and has become one of the largest ecofriendly printing companies in Taiwan.



- **Development of PLA bottles**
In order to make our plastic bottles more ecofriendly, we introduced a biodegradable PLA material for Tree in the Bottle. This is the first time for us to make such a bottle; as a result, at the initial designing stage we spent a lot of time studying the composition and chemical properties of the materials. The percentage of materials and the molding of the seed case are the biggest challenges we were facing back then. To make the biodegradable bottle suitable for mass production and offer sufficient protection of the formula, we made a lot of experiments and finally found the best ratio of PLA and PBS for this bottle.

The development of the Tree in the Bottle began in 2011. Zhupiter Corp., Ltd., a plastic company, which has been working with O'right for nearly ten years, contributed a lot to the development of this bottle.

As a person with self-challenging personality, the owner of Zhupiter Corp., Ltd., Mr. Jin-hung Wang, completely involved himself in the development process.

The Tree in the Bottle was not an easy task. For example, general bottle printing uses petroleum colors. However, plant colors are required for this bottle. The machine has to be thoroughly cleaned before manufacturing the Tree in the Bottle. "Mr. Ko has so much confidence in my ability, which gives me motivation to make a breakthrough and create this special bottle. To achieve a desirable result, mutual trust is really important," said Wang.

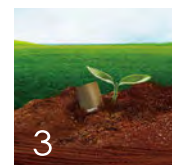
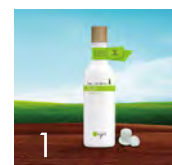


Figure 26 Green Efforts of Our International Partners

Region	Green practices
Italy	<ul style="list-style-type: none"> · Eco-friendly cartons. Hand towels made of recycled paper. · Energy-saving lights. Ecofriendly electricity supplier. · 10 L bottle of drinking water · Separation of waste · Communicating green ideas to salons. · Minimum order and diesel vehicle. · Supporting an organization for children welfare.
Ukraine	<ul style="list-style-type: none"> · Eco-certified toilet paper. Recycled paper for printing. · Various plants in the office. · Working with carriers to reduce carbon emissions. · Includes tree-planting activity during company outings.
Poland	<ul style="list-style-type: none"> · Reusing O'right cartons. · Recycled toilet paper. Eco-certified paper for printing documents. · Adapting second-hand equipment. · Equipped with LED lighting. · Precise waste separation. · Minimum order policy. · Choosing carriers with ISO 14001:2004 certification. · Participating in local activities like Earth Hour, Eco Navigator, Eco bazars. · Supporting an orphanage. Organizing a one-day hairstyling event for women with cancer. Educational training for beauty bloggers.
Lithuania	<ul style="list-style-type: none"> · Replacing all lightings with energy-saving ones.
Philippines	<ul style="list-style-type: none"> · Waste separation; proper disposal of chemicals. · Recycling of all peroxide bottles. · Eco-knowledge exchange for salon staff and salon customers. · A-Ha Learning Center Activities: Sponsoring a Manila Philharmonic Orchestra tour to give concerts for the underprivileged. · Launching a reading program for 200 public primary schools in Manila.
United Kingdom	<ul style="list-style-type: none"> · Fair-trade beverages only. Eco-certified toilet paper. Double-sided printing policy. Biodegradable fill. · Investigating solar energy. · Low water consumption rate. · Choosing carbon neutral carriers for all deliveries. · Office building with natural borders for wildlife; plants to attract butterflies and bees. · Waste separation and recycling where possible. · Communicating green ideas to customers via info sheets in parcels, newsletters and social media. <p>*Although the information is referring to the year 2014, we are keen to share it with you in this year's report.</p>
Austria	<ul style="list-style-type: none"> · Print materials made of 100% recycled paper from Austria. Cartons made of recycled paper. · Fair-trade coffee and organic food. Eco-friendly office stationery. · Eco-certified toilet paper. · Eco-friendly detergents and cosmetics. · LED lighting. No air conditioning · Water saving dishwasher in the office. · Participating in tree planting activities. Promoting green walls in hair salons. · Waste separation. · Creating green community with hairdressers and consumers to promote green life style. · Minimum order policy. Efficient logistics. Choosing carriers with biodiesel fleet. · Co-organization of Earth Hour in 2015. Tree planting events. · Supporting local initiatives, such as Urban Farming, Community Gardening or City Farm Schönbrunn. · Sharing green concepts through facebook. <p>*Although the information is referring to the year 2014, we are keen to share it with you in this year's report.</p>



4.3 Upgrade the image of the hairdressing industry

Hairdressing is an important part of the fashion industry. However, in early times most salons did not care about the environment and atmosphere in a salon. Hairdressers, customers and salon owners all regarded a salon as "just a place for fixing hair." This concept consequently led to inadequate regard to the expertise of hairdressers.

4.3.1 Sight the New Green Salon

O'right knows that to solely rely on a haircare brand to promote environmental consciousness is far from enough - the help from hairdressers is absolutely needed. The reason is very simple. Going to a hair salon is different from being served in other stores. Shampooing for a customer can take over half an hour, not to mention giving a perm or hair dye. There is usually plenty of time for the hairdresser and client to go beyond small talk. This allows some information exchange on environmental issues. To make it happen, a new environmentally-oriented hairdressing industry is needed. Seeing this need, we held eleven "Sight the New Green Salon" seminars in 2010 to introduce green ideas to salon owners and hairdressers. Integrating our Eco Promise, we held green seminars, arranged an environmental mime show, hair show and did flower arrangements for salons, etc. Through these activities, we hoped to popularize the idea of green salon by making salons more beautiful, more ecofriendly, and more relaxing. The seminars attracted 1,500 participants around Taiwan in cities of Taipei, Taoyuan, Hsinchu, Taichung, Chiayi, Tainan, Kaohsiung, Yilan, Hualian, Taitung and Pingtung. Drawing wide media attention from NDTV, Economic Daily News, Asia FM, etc., the event created rippling influences in the hairdressing industry.

The seminar in Taipei was one of the most remarkable occasions. As a preparatory event for 2010 Taipei International Flora Exposition, Sight the New Green Salon Taipei attracted over 600 salons from the Greater Taipei area. The international floral artist Wu Shang-yang was invited to improvise a show combining hair and floral art. Working with international events like the Floral Expo, Sight the New Green Salon not only allowed hairdressers to cultivate more sense of beauty but also to upgrade the image of the hairdressing industry.



4.3.2 Beyond HOME

Directed by French director Yann Arthus Bertrand, the environmental documentary *HOME* focuses on the formation of the Earth and the environmental crisis we are facing, including deforestation, food shortage and depletion of resources. This film echoes O'right's concern about environmental issues. We therefore invited 1,200 customers and suppliers to watch its Taiwan premiere hoping that the audience could become environmental warriors to fight for a better world!

4.3.3 Green salon propaganda

Based on the success of "Sight the New Green Salon" and Taiwan Premiere of *HOME*, we took a step further to help salons realize their Eco Promise with concrete practices. We focus on the following three dimensions:

- **Providing green ideas**
We give information about green salons and the air purification capacity of various plants and encourage salons to grow plants in the salon to purify the indoor air.

- **Promoting heat pump system**
We help salons to enhance their equipment and form a "heat pump exchange system" by integrating the air conditioner and water heater. 77 % of electricity is saved using this system. (Table 27)
- **Introducing ecofriendly haircare products**
We recommend salons to use our products because our shampoos do not contain chemicals like thickeners and thus are easy to rinse. To offer more concrete evidences, we calculate the water and electricity saved with O'right shampoos. The result shows that about 20 % to 30 % of water is saved per wash (Table 28)

Table 27 Energy-saving Capacity of Heat Pump

Equipment	Heat generating capacity (unit)	Power for operation (including the motor)	Operation time	Unit electricity price (TWD)	Cost of electricity (TWD/year)
Heat pump system	47,880 kcal/hr.	16 kW	22 hr./day	2.5	321,200
	16 kW x 22 hr. /day x TWD 2.5/unit x 365 days				
	The unit price of electricity for heat pump is TWD 2.5.				
Diesel boiler	The oil needed for a diesel boiler to operate costs TWD 1,381,800 annually.				1,381,000

Note: Heating value of a diesel boiler: (4,900 L/30 days) x (8,800 kcal x 75 %) = 1,075,800 kcal.

Table 28 Energy and Water saved with O'right Shampoo

Shampoo	Water consumption	Water-saving capacity	Electricity consumption		Energy-saving capacity
			Electricity for heating water (up to 37° C)	Electricity consumption for blowing hair dry	
O'right shampoo	22.5 L	Saves 30 % of water	1.46 unit/hr.	0.8 unit/hr.	Saves 16 % of electricity
Common shampoos on the market	29.25 L		1.898 unit/hr.	0.8 unit/hr.	

Note: The data were obtained in a salon scenario.

4.4 Green citizenship

We have been emphasizing social growth while searching for corporate substantiality. For us, this is the true meaning of corporate social responsibility.

4.4.1 Environmental and charity engagements

O'right had a difficult time in 2006 when we almost couldn't meet the payments of salary. However, we still began to go for green innovations at the end of the same year. From 2007 to 2012, we took a step further and involved ourselves in a dozen of environmental and charity projects.

- **Charity engagement**

We made cash and product donations worth TWD 45 million (USD 1.5 million) to several charity organizations, including the Taiwan Fund for Children and Families, Orbis International, the soccer team of Kuo'an Elementary School, Pingtung Aboriginal Cultural and Educational Association, Eden Social Welfare Foundation, Tao Foundation and ELIV International, etc.

- **Environmental engagement**

We hold or co-hold initiatives like planting trees, Earth Hour and the Taiwan premiere of the environmental documentary HOME. We sponsor relevant publications of HOME as well as the book *2 Degrees too High: Understanding the Copenhagen Summit*. We also sponsor the release of the 3D movie *The Lorax* produced by Universal Studios. O'right Seed Bags have been given away for free with the film as a means of encouraging children to protect the earth.



Table 29 Energy and Water Saved with O'right Shampoo

Events	Carbon reduction
International Coastal Cleanup – Taiwan	<p>According to The Society of Wilderness, the 2013 event attracted 725 participants, who cleared 2,047.6 kg of debris from the beach, achieving 4,218 kg of carbon reduction.*</p> <p>102 people from O'right joined the event. Proportionally they picked 288.6 kg of debris, achieving 595 kg of carbon reduction = planting 54 trees**</p>
Let's Go and Plant Trees	<p>322 trees were planted, absorbing 3,542 kg of carbon emissions in 2013.</p> <p>528 trees were planted in 2011, absorbing 11,616 kg of carbon emissions till 2013.</p> <p>The total amount of carbon absorption reaches 15,158 kg</p>
Earth Hour	<p>Earth Hour Taiwan 2013 prompted a reduction of 70,000 units of electricity consumption, achieving 42,840 kg of carbon reduction. = planting 3,895 trees</p> <p>If adding the electricity consumption reduced during Earth Hour Taiwan in 2011 (100,000 units) and 2012 (74,000 units),</p> <p>The total amount of electricity reduction for 3 consecutive years would reach 244,000 units, achieving 149,328 kg of carbon reduction. = planting 13,575 trees</p>

* Emission factor of 1 kg of debris in Taiwan is 2.06 / Source: Hsinchu Science Park Bureau, Ministry of Science and Technology, Taiwan (http://saturn.sipa.gov.tw/SPAEP1/page_detail.do?&fmeLv1Id=5cf6ff61-1f23-4f47-8f58-59b227637629, English version not available.)

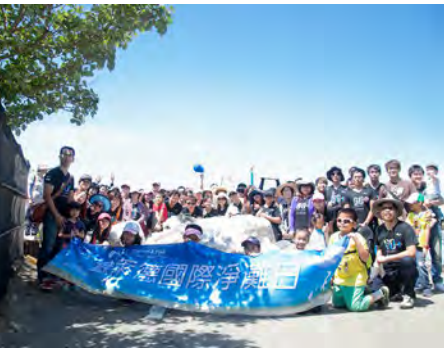
** A 20-year-old tree absorbs 11–18 kg of CO₂. The calculation is based on the lowest carbon absorption capacity as we planted tree saplings instead of grown trees.

In 2013, we focused more on energy-saving and carbon reduction with several national and international events. (Table 29)

- International Coastal Cleanup**
 The International Coastal Cleanup is one of the most important activities for O'right and we have been taking part in the event for two consecutive years. With personal involvement, we hope to make concrete contribution to marine environmental protection.
- Let's Go and Plant Trees**
 2013 is the second year that we took part in the NTU Experimental Forest Program. In 2011, we attracted 1,569 hair salons to support a twenty-year reforestation plan by planting 528 tree seedlings. In 2013, we went on to take part in a six-year reforestation plan with 1,067 salons and planted 322 seedlings. So far we have planted 850 trees.



- Earth Hour**
 Since 2011 we have been joining Earth Hour for three consecutive years. Every year we co-organize the event with the Society of Wilderness, one of the most reputed NGOs in Taiwan. Local celebrities were invited to do the countdown, including singers and actors/actresses Sonia Sui, J. J. Lin, S. H. E., Christine Fan and Amber Kuo; hairdressing artists Roger Cheng, Kevin Chou and Yi-lin Wu; publisher Fei-peng He; filmmaker Ming-liang Tsai; chairman of Fubon Financial Ming-chung Tsai and chairman of Taipei 101 Wen-chih Sung, etc. O'right gathered a number of hair salons around Taiwan to join the event, including big names like Mentor and Happy Hair. About 10,000 hairdressers from 4,000 salons took part in the event. President Ma of Taiwan also supported Earth Hour for two consecutive years.



60+
EARTH HOUR
TAIWAN
2013.03.23
08:30 PM ~ 09:30 PM



中華民國總統馬英九



4.4.2 Environmental education

- **Touring to the O'right Green HQ**

The O'right Green HQ breaks the stereotype of a cosmetics factory with a structure so well-integrated in nature that the boundary between the building and nature is blurred. Since its opening in June 2012 till the end of 2013, we welcomed 9,515 visitors from 972 companies, universities, governmental departments, hair salons and environmental organizations. During the tour that lasts about 2-3 hours, visitors are updated with the latest environmental news and are shown to all the ecofriendly installations and facilities. For O'right, the tour serves as an educational tool for arousing environmental consciousness.



- **Sharing O'right's green experiences**

O'right's green management strategies are recognized by various governmental departments, educational institutions, organizations and companies. As a result, the CEO Steven Ko, the vice president Michael Chang and the design director Bridge Liu are constantly invited to speak about O'right's experience (See Table 30). Over 700 speeches had been given by the end of 2013. Steven Ko also acted as a lecturer for colleges and universities like the National Chiaotung University, Yuan Ze University, Providence University, Kaohsiung Medical University and Chang Gung University of Science and Technology, etc.



- **O'right Family Day**

On the O'right Family Day, families of the staff are invited to the HQ to learn more about environmental concepts, which are helpful in creating more motivation for an ecofriendly lifestyle. On the family day on 7 July 2012, about 200 staff and family members came to learn about the ecofriendly facilities in the HQ.



- **Family visits**

Each year the CEO Steven Ko pays visits to the staff member's families to appreciate the support he/she offers to the team as well as share O'right's green concepts.

- **O'right Good Neighbor Day**

In order to acquaint our neighbors with O'right and the HQ, we invite residents of the neighborhood to visit the HQ on O'right Good Neighbor Day.



Table 30 Speech invitations 2013

Activity	Organization	Subject	Number
Speeches for college students/ corporations	<ul style="list-style-type: none"> Green Energy & Environment Research Laboratories, ITRI Acer Department of Fragrance and Cosmetic Science, KMU SGS Taiwan EPA Taiwan Department of Economic Development, Taipei City Government Taiwan Excellent Brand Association SME Administration, MOEA Taiwan Bureau of Foreign Trade, MOEA Taiwan Lavender Cottage Others 	<ul style="list-style-type: none"> Green brand image engineering Sustainable business operation Green packaging Innovative development Carbon footprint of products Green marketing Others 	26
Speeches at international events	<ul style="list-style-type: none"> APEC Seminar Asian Hairdresser Association Taiwan Affairs Office, Guangzhou City Government Sustainability Summit in New York Others 	<ul style="list-style-type: none"> Taiwan green experiences Business management for hair salons Others 	11

4.4.3 Green publications

We began to release *Eco Paper*, a bi-monthly newsletter, to deliver environmental concepts and news a few years ago. In September 2013, the newsletter was expanded into a quarterly magazine called *It's O'right* to allow longer and richer stories. The quarterly features a cover-story section to highlight the latest environmental issues. So far the themes for the cover story include green tourism, eco fashion, modern farming and sustainable dining. 10,000 copies of the informative and easy-reading magazine are distributed for free to about 7,000 hair salons in Taiwan. Given that a salon in Taiwan receives about 500 customers a month, a single issue of *It's O'right* may influence about 3.5 million of people in Taiwan. An English online version of the quarterly is available for international distributors and customers on O'right's official website.



4.4.4 Industrial-academic cooperation

O'right began to implement an internship program in 2012. The college interns can learn more about O'right and can also gain first-hand experience in a real business setting. Until the end of 2013, there were thirteen student interns majoring in cosmetics and business administration at National Tsing Hua University, National Taiwan University of Science and Technology, Hung Kuang University, etc. One of them became full-time employee after finishing the college.

There were 4 interns in 2013. Among them, Liu from the National Taiwan University of Science and Technology conducted a one-month research on brand reengineering. During the period, Liu gained a comprehensive understanding of O'right. She also gave several valuable advices from a perspective outside the corporation. In a nutshell, this cooperation project benefits not only Liu but also O'right!

Yang from the Department of Fragrance and Cosmetic Science of Kaohsiung Medical University said that he became more ascertained of his career after finishing his internship. He also appreciated that O'right gave him many hands-on opportunities, which allowed him to get a better understanding of formula development.

Also coming from the same university, Wen said the internship in O'right was a rich experience. "Compared with other companies, O'right provides comprehensive and diversified trainings. The supervisors trusted me and treated me as a full-time employee. I learned a lot from the departmental meetings and my view was also broadened. I not only did routine works but also learned about the operation of a department and a company," Wen said in his intern's journal. From these examples, we can see that O'right prepares the skills and knowledge needed for the students to develop a career after graduation.



Conclusion

TOWARDS A MORE
BEAUTIFUL TOMORROW

TOWARDS A MORE BEAUTIFUL TOMORROW

Conclusion



O'right is a company striving to be the best. After twelve years of endeavor, O'right successfully transformed from an ordinary haircare product manufacturer to an influential green enterprise and plays a role in the history of Taiwan's economic development. The achievement echoes the determination, tenacity and strength we show throughout.

Steven Chu, the former United States Secretary of Energy, said at the 2009 commencement of Harvard University: "When you are old and gray, and look back on your life, you will want to be proud of what you have done. The source of that pride won't be the things you have acquired or the recognition you have received. It will be the lives you have touched and the difference you have made." Sharing the same feeling with Chu, our CEO Steven Ko summarizes O'right's social responsibility and sustainable undertakings with the following words:

People have been asking me, why taking a green path? I know that in other people's eyes I may look stupid, and setbacks are never fun. But I still believe that a shared conviction and passion can turn into a tower of strength and make changes the world really needs. As a small company, we believe we can make valuable contributions by doing the right things. Just let benevolence and love be our beacon light.

"Looking at the world with a kind heart gives people confidence and courage to solve all kinds of inequalities. The real strength lies within, not without. With this belief, I established a green haircare company which is good both for the people and for the environment as well.

Built from scratch by several young people, the resources we have are not on a par with big companies. But sharing the same ideal, we hope to do something for the world and the environment. We don't want to disappoint our employees, shareholders and the society as a whole. After all, we don't want to be a profit-oriented company. As a result, we take all challenges as positive opportunities. We do what should be done and change the world in our own way. Making a company good is more important than making it big. I firmly believe that sustainability is the right path, definitely".

A green world is harmonious world. Beauty and benevolence is the key to this world. We do our best to protect this beautiful world and we hope to inspire other people to love the earth in their own way. A company's real value lies here.





Appendix

- 1. GRI Indicator Overview
- 2. Third Party Verification Statement
- 3. O'right Green Footprint

GRI INDICATOR OVERVIEW

Appendix 1

General standard disclosures

GRI-G4 Indicator	Description	Page	Remarks	External assurance
I. Strategy and Analysis				
G4-1	A statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and the organization's relevant strategies	4		90-91
II. Organizational Profile				
G4-3	Report the name of the organization.	5		90-91
G4-4	Report the primary brands, products, and services.	12		
G4-5	Report the location of the organization's headquarters.	12		
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specially relevant to the sustainability topics covered in the report.	12		
G4-7	Report the nature of ownership and legal form.	12		
G4-8	Report the markets served.	16		
G4-9	Report the scale of the organization.	12, 18		
G4-10	Report the total number of employees by employment contract and gender. Report permanent employees by employment type and gender, total workforce by employees, supervised workers and by gender, report total workforce by region and gender, report if substantial portion of work is by self-employees or contractors, report significant variations in employment numbers (seasonal variation).	18-19		
G4-11	Report the percentage of total employees covered by collective bargaining agreements.	20	No collective agreement is established so far. Staff's benefits and rights are covered in employment agreement.	
G4-12	Describe the organization's supply chain.	44		
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	5	No significant change.	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	-	O'right operates on the principle of sustainability. All of the corporate activities and products are performed or manufactured at minimum environmental impacts.	
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	45		
G4-16	List memberships of associations and national or international advocacy organizations.	12		

GRI-G4 Indicator	Description	Page	Remarks	External assurance
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III. Identified Material Aspects and Boundaries

G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	5	Hair O'right International Corporation serves as the disclosure entity of this report. No existing subsidiaries or affiliated companies.	90-91
G4-18	The process for defining the report content and the Aspect Boundaries and relevant implementations.	5		
G4-19	List all the material aspects identified in the process for defining report content.	8		
G4-20	For each material aspect report the boundary within the organization.	8-9		
G4-21	For each material aspect report aspect boundary outside the organization.	8-9		
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable.	This is the first report.	
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable.	This is the first report.	

IV. Stakeholder Engagement

G4-24	Provide a list of stakeholder groups engaged by the organization.	6		90-91
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	5		
G4-26	Report the approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	3, 5		
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	5-6		

V. Report Profile

G4-28	Reporting period for information provided.	5		90-91
G4-29	Date of most recent previous report (if any).	Not applicable.	This is the first report.	
G4-30	Reporting cycle (such as annual, biennial).	5		
G4-31	Provide the contact point for questions regarding the report or its contents.	5		
G4-32	a. Report the "in accordance" option the organization has chosen. b. Report the GRI Content Index for the chosen option. c. Report the reference to the External Assurance Report if any.	5, 82		
G4-33	Policy and current practice with regard to seeking external assurance for the report.	5		

VI. Governance

G4-34	Report the governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	13-15		90-91
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VII. Ethics and Integrity

G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	21		90-91
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Specific Standard Disclosures

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
Economic					
Economic performance					
DMA	Disclosure on management approach.	12			90-91
G4-EC1	Direct economic value generated and distributed.	12			
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	4			
G4-EC3	Coverage of the organization's defined benefit plan obligations.	22			
G4-EC4	Financial assistance received from government.	12			
Market presence					
DMA	Disclosure on management approach.	18			90-91
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	20			
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	18			
Indirect Economic Impacts					
DMA	Disclosure on management approach.	64			90-91
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	65			
Environmental					
Materials					
DMA	Disclosure on management approach.	45			90-91
G4-EN1	Materials used by weight or volume.	52			
G4-EN2	Percentage of materials used that are recycled input materials.	52			
Energy					
DMA	Disclosure on management approach.	34			90-91
G4-EN3	Energy consumption within the organization.	31			
G4-EN5	Energy intensity.	31			
G4-EN6	Reduction of energy consumption.	41			
Water					
DMA	Disclosure on management approach.	31, 33			90-91
G4-EN8	Total water withdrawal by source.	31			
G4-EN10	Percentage and total volume of water recycled and reused.	31			

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
Biodiversity					
DMA	Disclosure on management approach.	31			90-91
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	32-33	O'right does not perform a comprehensive investigation on its impacts on local biodiversity. However, the O'right Green Headquarters was built in accordance to the principle of green building indicators and is recognized with the EEWB Green Building Gold Certification.		
Emissions					
DMA	Disclosure on management approach.	59			90-91
G4-EN15	Direct greenhouse gas emissions (Scope 1).	61			
G4-EN16	Energy indirect greenhouse gas emissions (Scope 2).	61			
G4-EN18	Greenhouse gas emissions intensity.	61			
G4-EN19	Reduction of greenhouse gas emissions.	60			
Effluents and waste					
DMA	Disclosure on management approach.	31			90-91
G4-EN22	Total water discharge by quality and destination.	35-36	The wastewater of O'right Green Headquarters undergoes water regulation and settlement before being discharged into the ecological ponds, which are habitat for wildlife and new source of underground water.		
G4-EN23	Total weight of waste by type and disposal method.	41			
Products and services					
DMA	Disclosure on management approach.	45, 54			90-91
G4-EN27	Extent of impact mitigation of environmental aspects of products and services.	47-51			
Compliance					
DMA	Disclosure on management approach.	24			90-91
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	24		No environmental violations were reported.	90-91
Transport					
DMA	Disclosure on management approach.	55			90-91
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce.	55	The carbon achievement is determined by reduction of deliveries instead of the carbon emissions reduced in each delivery.		

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
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Overall

DMA	Disclosure on management approach.	64			90-91
G4-EN31	Total environmental protection expenditures and investments by type.	65			

Supplier environmental assessment

DMA	Disclosure on management approach.	66			90-91
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	66			
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	-	Starting in 2014 O'right will perform a CSR risk assessment and management on suppliers. Relevant data will be disclosed in the next report.		

Environmental grievance mechanisms

DMA	Disclosure on management approach.	64			90-91
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	74-75		No environmental appeal was made to O'right during the scope of this report. As a result, we report only our outward communication channels.	

Social

Labor practices and decent work

Employment

DMA	Disclosure on management approach.	21			90-91
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region.	19			
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	21-22			
G4-LA3	Return to work and retention rates after parental leave, by gender.	20		No applications on parental leave without pay were made in 2012 and no reinstatement from such parental leave occurred in 2013.	

Labor/management relations

DMA	Disclosure on management approach.	20			90-91
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	20		O'right sets a notification period for any change of job in accordance to the Labor Standards Act.	

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
Occupational health and safety					
DMA	Disclosure on management approach.	20			90-91
G4-LA5	Percentage of total workforce represented in formal joint management.	21			
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	20			
Training and education					
DMA	Disclosure on management approach.	21			90-91
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	23			
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	22			
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	20			
Diversity and equal opportunity					
DMA	Disclosure on management approach.	18			90-91
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	18-19			
Labor practices grievance mechanisms					
DMA	Disclosure on management approach.	21			90-91
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.	21		No labor appeals occurred during the scope of this report.	
Human rights					
Non-discrimination					
DMA	Disclosure on management approach.	20			90-91
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	20		No case of discrimination occurred during the scope of this report.	
Child labor					
DMA	Disclosure on management approach.	21			90-91
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	21			

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
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Forced or compulsory labor

DMA	Disclosure on management approach.	21			90-91
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	21			

Society

Anti-corruption

DMA	Disclosure on management approach.	20			90-91
G4-SO4	Communication and training on anti-corruption policies and procedures.	20	We do not officially inform suppliers and customers about our anti-corruption policies and procedures yet. The related issues will be included in the future communication plans.		

Anti-competitive Behavior

DMA	Disclosure on management approach.	24			90-91
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	24			

Compliance

DMA	Disclosure on management approach.	24			90-91
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	24			

Product responsibility

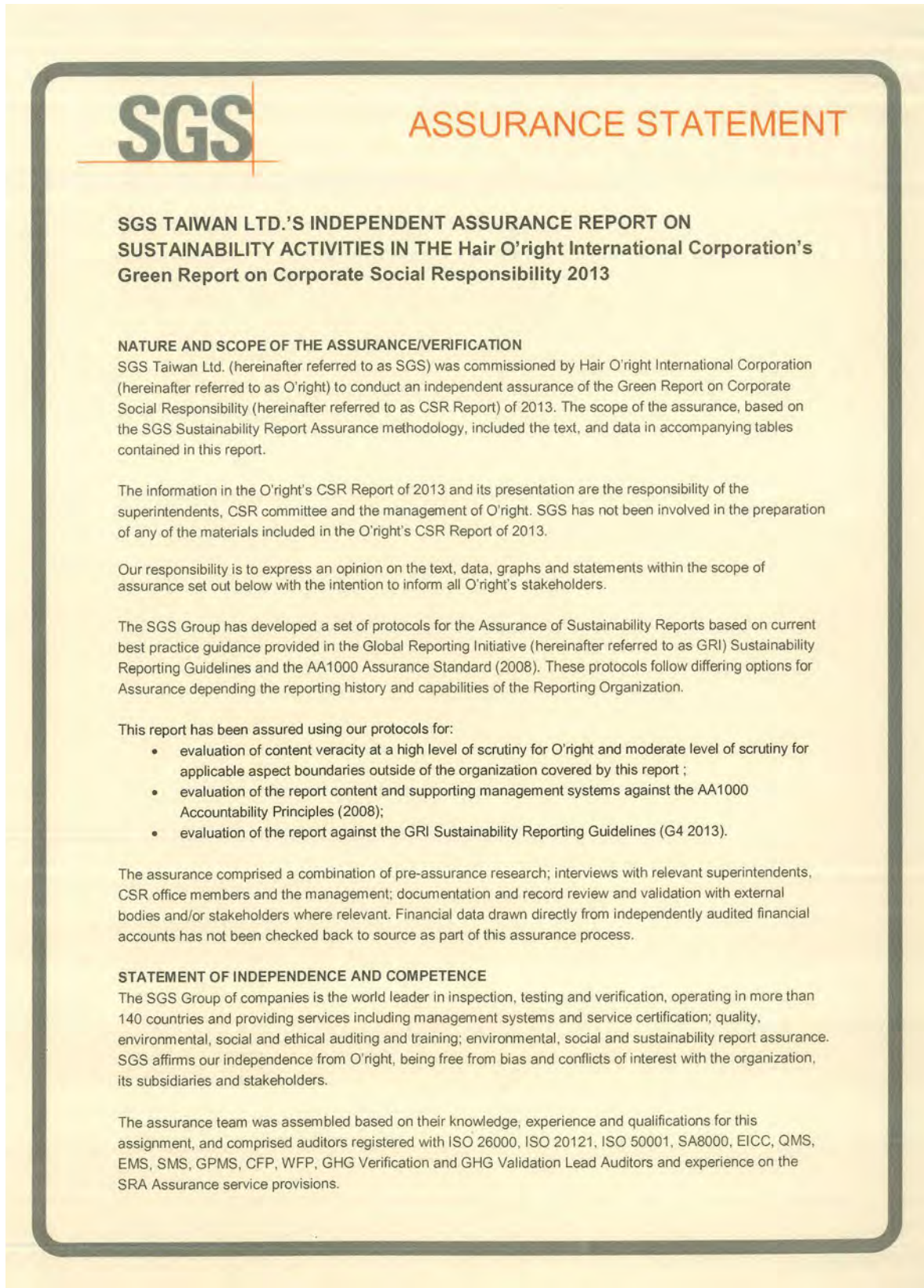
Customer health and safety

DMA	Disclosure on management approach.	53			90-91
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	53			
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes.	53	No violations.	O'right is committed to providing safe and ecofriendly products. No violations related to product safety were reported during the scope of this report.	
OR1	Number of suppliers providing preferred organic raw materials	66			90-91
OR2	Number of suppliers providing material safety data sheet.	66			
OR3	Number of in-house labs or product testing equipment.	45			

GRI-G4 Indicator	Description	Page	Omissions	Remarks	External assurance
Product and service labeling					
DMA	Disclosure on management approach.	56			90-91
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	56			
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	24			
G4-PR5	Results of surveys measuring customer satisfaction.	57-58			
Marketing communications					
DMA	Disclosure on management approach.	45			90-91
G4-PR6	Sale of banned or disputed products.	46			
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	24		No marketing violations occurred during the scope of this report.	
Customer privacy					
DMA	Disclosure on management approach.	57			90-91
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	58		No customer data leaking occurred during the scope of this report.	
Compliance					
DMA	Disclosure on management approach.	24			90-91
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	24			
Sustainability-related communication with stakeholders					
DMA	Disclosure on management approach.	65			90-91
OR4	Number of investors who sign a sustainability declaration.	65			
OR5	Number of suppliers who sign a sustainability declaration.	21		We are currently drafting the Supplier Commitment on CSR Implementations. All of the future supplier contracts will include this CSR declaration.	
Sustainability-related education					
DMA	Disclosure on management approach.	64			90-91
OR6	Number of people taking part in environmental events held by O'right.	68-70, 72-74			
OR7	Number of environmental events held by O'right for hairdressing industry.	68-75			
OR8	Green speeches made by O'right senior supervisors to the public.	74			
OR9	Number of people and institutions visiting O'right Green Headquarters.	74			

THIRD PARTY VERIFICATION STATEMENT

Appendix 2



VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within O'right's CSR Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of O'right sustainability activities from 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the stakeholders of the Reporting Organization as a reference. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be assured by an independent assurance team and O'right has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process. In our opinion, the contents of the report meet the requirements of GRI G4 Core Option and AA1000 Assurance Standard (2008) Type 2, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

O'right has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, O'right may proactively consider having more systematic involvement of stakeholders during future engagement.

Materiality

O'right has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, O'right's CSR Report of 2013, is adequately in line with the GRI G4 Core Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More identification of other material aspects is recommended in future reporting. Disclosures on EN17, LA14, LA15, HR10, and HR11 are encouraged, and the disclosures on Management Approach components, such as goals and targets, may be further enhanced in future reports.

Signed:

For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer
Taipei, Taiwan
09 December, 2014
WWW.SGS.COM



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O'RIGHT GREEN FOOTPRINTS

A SHAMPOO THAT CHANGES THE WORLD

Appendix 3



2008-2009

- Taiwan Superior Brands Award
- Publication of bimonthly *Eco Paper*
- Initiated "Green Earth" project, reaping the highest annual sale
- Set-up of International Trade Department; exploring the European market

2010

- First Taiwan SME to obtain Taiwan Carbon Footprint Label for products
- Taiwan Carbon Footprint certification
- Launched products successfully to the European market
- Introduced light-degradable Fren Eco-handbag
- Began to build the first GMP certified green cosmetics plant in Asia
- PAS 2050 Carbon Footprint Certificate for Products
- Certification of ISO 9001:2008 Quality Management Systems
- The CEO Steven Ko selected among the Top 100 MVP Managers



2011

- Development of the world's greenest shampoo Tree in the Bottle, patented in 3 countries
- Development of the Floral Box with the seed paper inside
- PAS 2060 Carbon Neutrality Certificate for Products
- National Corporate Social Responsibility Award
- The CEO Steven Ko spoke at APEC as a representative for Taiwan SMEs
- Taiwan Green Classics Award
- Ranked No. 1 in Green Brands Survey conducted by Business Next magazine under the daily supplies category
- Xue Xue Award – Special Award
- Taiwan Golden Pin Design Mark
- Selected in Top 100 Taiwan Innovation Enterprises



2012

- EEWB Green Building Gold Certification
- National Corporate Social Responsibility Award for 2 consecutive years
- Environmental Sustainability Award
- National Outstanding SMEs Award
- National Sustainable Development Award
- Enterprise Environmental Protection Award
- Industrial Sustainable Excellence Award
- Eco and Green Excellence Award
- Xue Xue Award – Creative Award
- Entrepreneurship Award
- Introduced Moso Bamboo Cap Series, patented in Taiwan
- Introduced QR Code to allow quick access to product information
- The CEO Steven Ko spoke at Cross-Strait Brand Forum



2013

- Red Dot Design Award – Best of the Best 2013
- Environmental Sustainability Award for 2 consecutive years
- National Corporate Social Responsibility Award for 3 consecutive years
- Eco and Green Excellence Award for 2 consecutive years
- Cradle to Cradle Certification
- Certification of ISO 22716:2007 Cosmetics GMP
- Water Footprint Certification for Products
- Certification of Taiwan Intellectual Property Management Systems
- Certification of ISO 50001 Energy Management Systems
- Energy-Saving and Carbon-Reduction Action Mark – Outstanding Award
- Taiwan Green Classics Award
- Certification of Taiwan Voluntary Cosmetic GMP
- Taiwan Superior Green Building Honorary Award
- The CEO Steven Ko spoke at Sustainability Summit in New York
- Publication of *It's O'right Quarterly* magazine
- Publication of 3E-Newsletter - Environment, Ecology, Earth



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