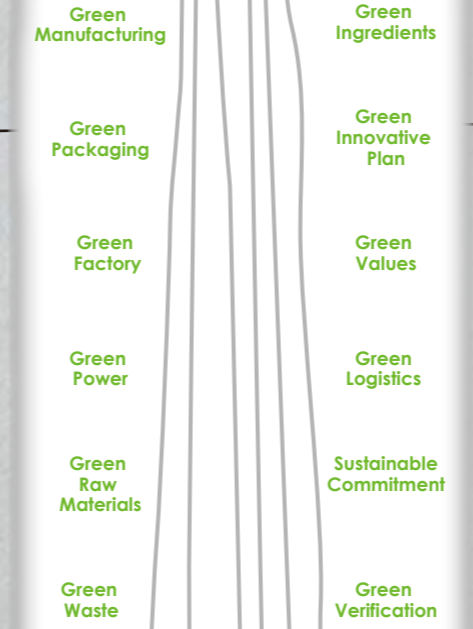




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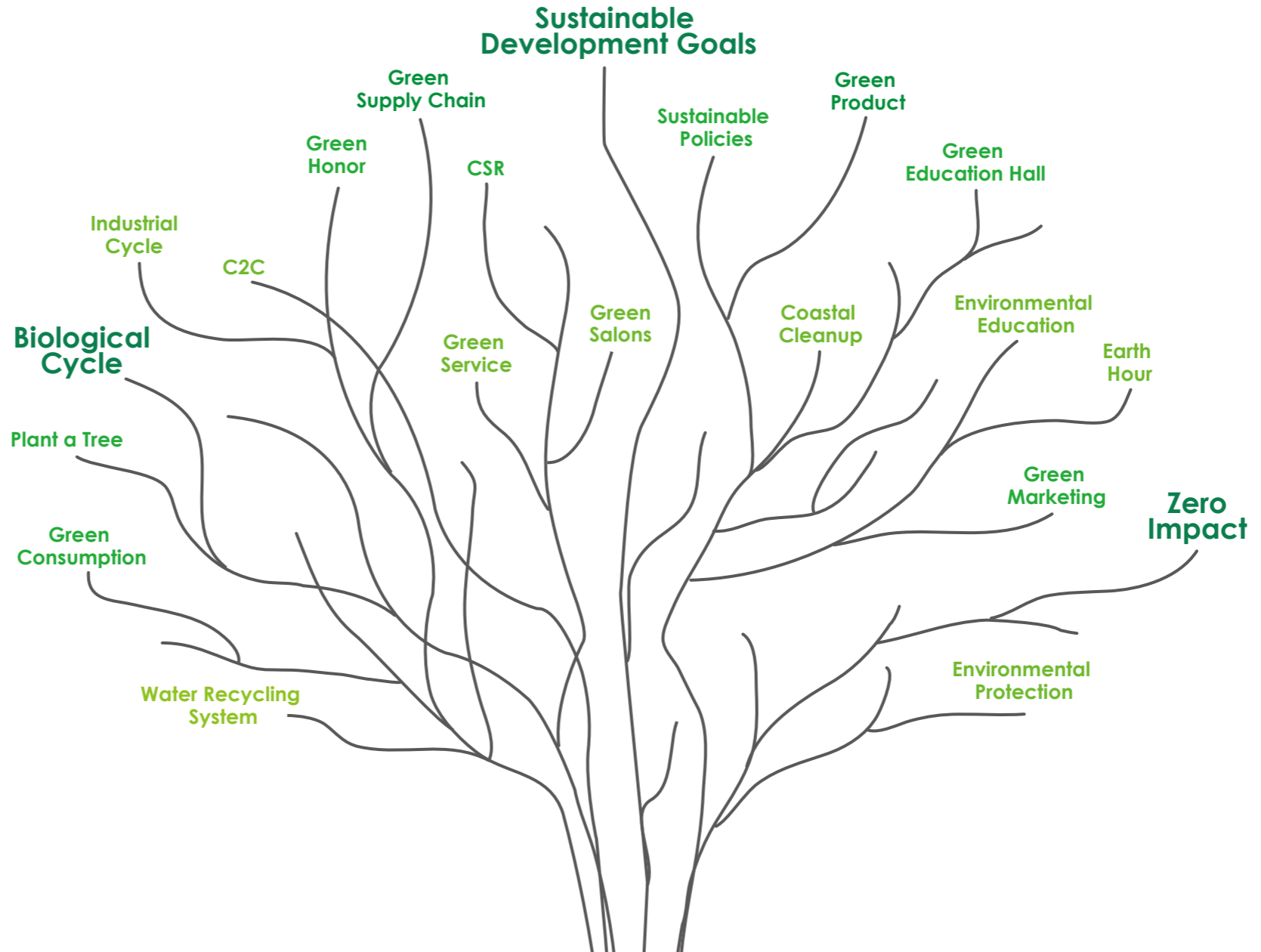




2018

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# About Our Corporate Sustainability Report

In 2019, O'right published our 6th Corporate Sustainability Report to disclose information and provide an overview of our corporate sustainability performance throughout 2018 at the O'right Green Headquarters located in Longtan District of Taoyuan City.

The Report focuses on our perspectives and practices regarding important issues as well as our current accomplishments and future plans on our sustainability journey. We develop a sustainability strategy and set sustainability goals based on the information provided in this Report.

This Report was planned jointly by our Chairman Steven Ko and CSR team and integrated and written by Sustainability Specialist from the General Manager's Office. We collected important information related to the economy, environment and society worldwide and examined 12 types of stakeholders and their material aspects through substantial analysis to establish 18 mandatory disclosures by O'right.

This Report serves as a communication channel of engagement with stakeholders in hopes of working together to meet expectations and move towards a better and brighter future.

## Our Sustainability Reporting

This Report was written in accordance with the Global Reporting Initiative (GRI) G4 guidelines and externally assured by SGS in Taiwan (see Appendix 2 Third Party Guarantee Declaration)

## Publication

Our Corporate Sustainability Report is published annually. Out of consideration for the environment, the Report is published on our official website, available for download in PDF format at [https://www.orient.com.tw/assets/csr\\_report/2018\\_CSR\\_en.pdf](https://www.orient.com.tw/assets/csr_report/2018_CSR_en.pdf)  
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# Letter from Our Chairman

In October 2018, the Intergovernmental Panel on Climate Change (IPCC) published the Special Report on Global Warming of 1.5°C, which estimates that the world's temperatures are likely to raise 0.5°C between 2030 and 2052 if global warming continues at its current pace. At the COP24 (the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change), countries teamed up to make a carbon-neutral world possible by 2050. Climate change does not just pose a threat to the environment, but humanity as a whole. We can't help but wonder, if one day grass stops growing, the oceans are overflowing with trash and extreme weather hits every corner of earth...what can we do to stop this from happening?

William D. Nordhaus, the Yale economist who had just been awarded the Nobel Prize for Economics for his work on carbon pricing with Paul Romer, argues that carbon taxes would be the best way to address problems created by greenhouse gas emissions. It's a delight to see more and more people following these green footsteps, to reduce carbon emissions and single-use plastics, in hopes of making a difference for a greener tomorrow.

In 2018, we introduced the 100% renewable plastic shampoo bottle and launched the world's first renewable plastic shampoo pump during the European Innovation Week. We continue to take the lead on sustainability by reducing single-use plastic and protecting the environment and oceans from unwanted pollution. Our green actions on packaging helps reduce carbon emissions by 80%, surpassing the goal set at the UN climate summit that took place in Paris and completing a new milestone in sustainability. We also recently joined RE100 to make a global, public commitment to 100% renewable electricity by 2025 and achieved carbon neutrality in 9 of our products. We are on the right path, reducing carbon emissions in line with what scientists say is necessary to avoid climate catastrophe and soaring pass Paris climate goals.

Growing concerns about marine plastic pollution and heartbreaking images of the victims with plastics in their stomachs have prompted the world to take more drastic steps to tackle the issue. Recently, the European Parliament voted to enact a ban on single-use, throwaway plastics such as straws and cutlery by 2021. Our commitment to earth and consumers has never changed, and it can be seen in our efforts in keeping trash away from the oceans and making good use of used plastic.



Following in the footsteps of countries around the globe, we also adopted a ban on single-use plastics in 2018. We encourage everyone get on board and change your lifestyle for the better. Small steps can lead to big changes in the environment, and it can be done in everyday life. Collective action can create a bigger power. We should all step up and give our children a clean and healthy planet.

For O'right, being a good enterprise is more important than being a big one. As a green enterprise, we are constantly thinking of ways to lessen environmental impact in the past 16 years. All of our shampoo and body wash bottles are made from 100% renewable plastic materials and we are expecting to switch the pumps to renewable materials in 2019. Additionally, we commit to zero emissions in manufacturing by 2020 and endeavor to improve our wastewater management facilities. This year, we also launched a brand new skin care line and obtained INCI names for our innovative ingredients.

Always keeping sustainability at the forefront of our business, we do our best as a brand by incorporating more sustainable practices and packaging and developing more green products that will have a lasting, positive impact on both our consumers and the environment.



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# 01

# A Sustainable Business



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## 1.1 About O'right

Ever since the birth of our first shampoo, we have been committed to product responsibility, social responsibility and environmental responsibility. Guided by core values Green, Sustainability and Innovation, we aspire to be great instead of big, taking giant leaps to make a big difference for the environment.

### 1.1.1 The Story

Hair O'right International Corporation was registered on August 28, 2001 and began operations the following year on March 8, International Women's Day. As a distributor of international brands at first, O'right realized that the hair care products manufactured by most companies are no different from chemical products in general. In 2002, the same year in which O'right was established, Chairman of O'right, Steven Ko, grief-stricken over the death of his parents from kidney disease and cancer, and having grown up with allergies, vowed to take protective measures against exposure to chemical substances. His personal experience fueled his determination to transform O'right into a green company dedicated to developing hair care products containing natural plants and no harmful chemicals.

Since then, O'right began developing rapidly, and by the end of 2018, the innovative brand had grown into a green enterprise with a staff of 282 employees. Steven's excellent entrepreneurial leadership has earned him numerous awards and recognition such as the Model of Youth Entrepreneurs Award in 2012, Ernst & Young Green Innovation Entrepreneur of the Year in 2015 and the National Quality Award's Excellence in Business Award in 2018.

As a corporation, O'right has also been on a winning streak since its establishment. Our sustainable practices and innovation have earned us recognition from an impressive list of national awards that include the ROC Enterprises Environmental Award's Gold Medal, PwC Taiwan CSR Impact Award, Global Views CSR Award, Commonwealth Excellence in CSR, Excellent Enterprise Award in Taoyuan City's Green Excellence Award and Taiwan Excellence Award.

Our green commitment is also noticed by the rest of the world. In 2018, we took home our second Green World Awards for our excellence in sustainability performance. We are also winners of the Gold and Silver Medals of the International Exhibition of Inventions of Geneva, Gold Medal of iENA, Sustainable Beauty Awards as well as the Best New Natural Product Award of the Pure Beauty Global Awards.

For O'right, 2018 was a fulfilling year filled with proud moments and achievements. This was the year we won 13 awards, demonstrating the quality and value we strive to provide in both the Taiwanese and the international market in order to achieve our visions for a greener tomorrow.



● Figure 1-1 O'right Green Headquarters

### 1.1.2 Corporate and Organizational Involvement

O'right is also fully aware of the importance of inter-industry collaborations in order to achieve sustainability. To adhere to our corporate philosophy of Natural, Pure and Eco-friendly, O'right plays an active role in various groups and organizations, incorporating corporate sustainability and earth's resources into associations in Taiwan to thoroughly achieve environmental protection practices.

O'right Chairman Steven Ko is an important part of numerous organizations in Taiwan, including the founding member of Taiwan Cradle to Cradle Strategic Alliance, Director of Taiwan Excellence Brand Association, Director of Taiwan Cosmetics Industry Association, Director of Cosmetic GMP, Managing Supervisor of Taiwan Association for Superior Service Brands, President of Green E-commerce Alliance, member of Importers and Exporters Association of Taiwan, member of National Association of Small & Medium Enterprises R.O.C. and member of National Association of Young Entrepreneurs R.O.C.

## 01 Plan

- Identify 47 issues
- Select 13 material issues
- Conduct materiality analysis

## 02 Execute

- Collate information according to GRI standards
- Respond to stakeholders' key concerns

## 03 Review

- Responses from stakeholders
- Review on

## 04 Actions

- Serves as references for future policy and plans

### 1.1.3 Stakeholder Engagement

The Green Council for Sustainable Development gets together every season to discuss environmental issues and the CSR Committee meets during the third season to discuss the need to reevaluate stakeholder concerns. Material aspects are also part of the meeting agenda.

● Figure 1-2 Stakeholder engagement process





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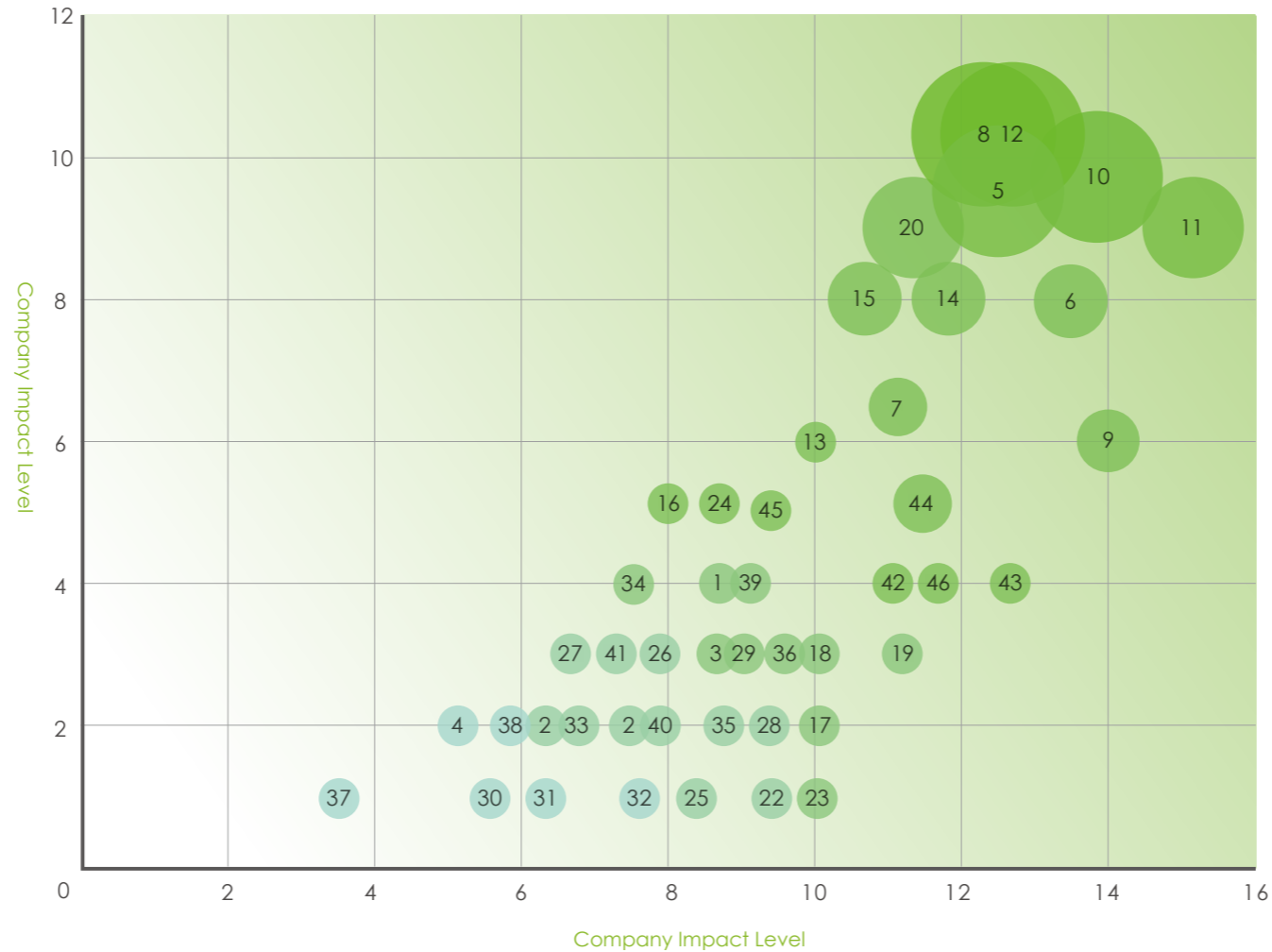
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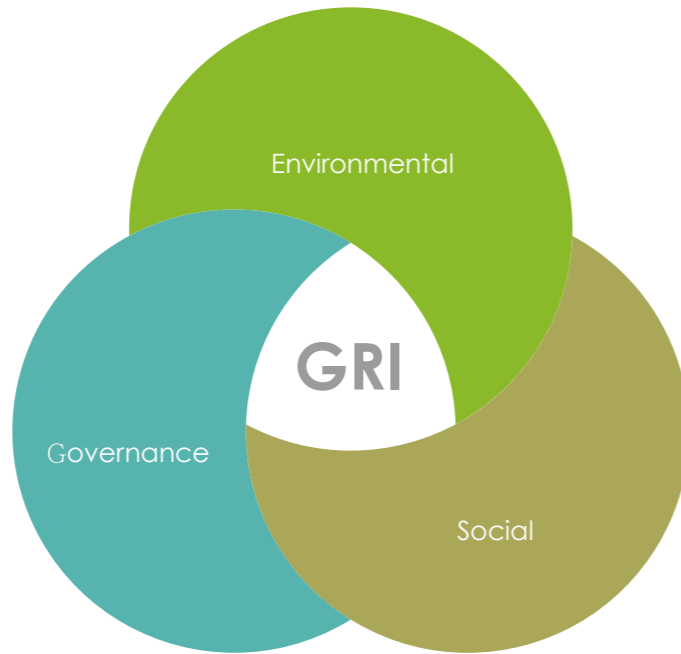
● Figure 1-3 Materiality analysis  
See appendix for details of the contents of the issues

To ensure that our company development does not deviate from stakeholder expectations, we conducted a questionnaire survey for stakeholders to indicate their level of interest or concern in each sustainability issue as well as a materiality analysis to determine how each issue impacts our operations based on the 1,000 surveys completed.

A total of 13 material issues were identified and determined based on stakeholders' level of concern and the level of impact on company operations. The 13 material issues identified correspond to 17 GRI Standards as shown in the table 1-1 .

Since Market Presence, Indirect Economic Impact, Products and Services, Transport and Overall have been revised in the new GRI Standards, they are not included in the survey. In addition, Non-discrimination, Child Labor and Forced or Compulsory Labor are also excluded, and Procurement Practices is added as a new topic.

We proposed future strategies and actions in corresponding chapters as a response to the stakeholders' concerns (Table 1-2). Chapter 1.4 of this Report outlines shareholders and investors engagement and Chapters 4 and 5 describes the engagement of customers (salons), employees, distributors, employees and suppliers.



● Figure 1-4 The Three Factors of GRI

● Table 1-1 Issues of concern and its corresponding GRI standards

NO.	Issues of Concern	GRI Standards	Corresponding Chapter
A.	Greenhouse gas emissions	305 Emissions	2.3
B.	Raw materials and renewable raw materials usage	301 Materials	4.1
C.	Significant impacts of activities, products, and services on biodiversity	304 Biodiversity	2.1
D.	Habitats protected or restored	304 Biodiversity	2.1
E.	Reduction of energy consumption	302 Energy	2.1
F.	Environmental expenditure	201 Economic performance	1.3
G.	Water consumption	303 Water	2.3
H.	Negative environmental impacts in the supply chain and actions taken	204 Procurement practices 308 Supplier environmental assessment	4.1 4.2
I.	Wastewater and waste discharge	305 Emissions 306 Effluents and waste	2.3 3.1
J.	Environmental impacts of transport logistics	305 Emissions	1.3
K.	Personnel training and performance management	401 Employment 402 Labor / management relations 404 Training and education	3.1 3.1 3.2
L.	Sale of banned or disputed products & incidents of non-compliance with marketing laws and regulations	416 Customer health and safety 417 Marketing and Labeling 418 Customer privacy 419 Socioeconomic compliance	5.3 5.3 1.3 1.3
M.	Non-compliance with environmental laws and regulations	307 Environmental compliance	1.3



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● Table 1-2 Stakeholder communication

Stakeholders	Issues of concern	Communication channels	Frequency	Responses	Communication results
Employees	A, B, C, D	Web portal / E-mail / Announcements / Telephone / Communication software	Ad hoc	Promote our efforts in environmental protection and sustainability through product development and manufacturing, corporate sustainability report and accolades.	Enhance employee identification with the company, increase employee engagement and promote our core values of sustainability as a team
Consumers	A, B, G, I	Corporate website / E-mail / External documents / Telephone / Communication software	Ad hoc	Explanation of brand philosophy, products and product labelling	Increase consumers' willingness to purchase and brand identity
Customers	A, B, C, I	E-mail / External documents / Telephone / Communication software	Ad hoc	Promote our efforts in environmental protection and sustainability through product development and manufacturing, corporate sustainability report and accolades.	Increase our green impact to communicate our commitment to sustainability and ensure customers buy into our corporate vision
Distributors	C, D, E, I	E-mail / External documents / Telephone / Communication software	Ad hoc	Communicate our green values, promote marketing events and share international awards and certifications through social media and annual assessments	Increase collaboration with customers by strengthening customers' connection and belongingness with our brand
Suppliers	A, C, I, K	E-mail / External documents / Telephone / Communication software	Ad hoc	Provide information through our corporate sustainability report and It's O'right newsletter/ e-paper and publications	Increase suppliers' connect with the brand and promote our green supply chain
Subcontractors	B, C, E, L	E-mail / External documents / Telephone / Communication software	Ad hoc	Send e-cards to stakeholders on special holidays such as Dragon Boat Festival, Moon Festival, Chinese New Year and New Year while communicating our corporate sustainability actions or important milestones	Increase suppliers' connect with the brand and promote our green supply chain
Shareholders & investors	A, B, C, I	Shareholders' meeting (annual general meeting) / E-mail / External documents / Telephone	Quarterly	Share status report of our corporate responsibility at the annual meetings	Better communicate our company message with shareholders and gain their long-term support

O'right Chairman Steven Ko and CSR Committee identified 12 stakeholders to communicate with, including employees, consumers, customers, distributors, suppliers, subcontractors, shareholders and investors, government, communities, non-governmental organizations, creditors and the media.

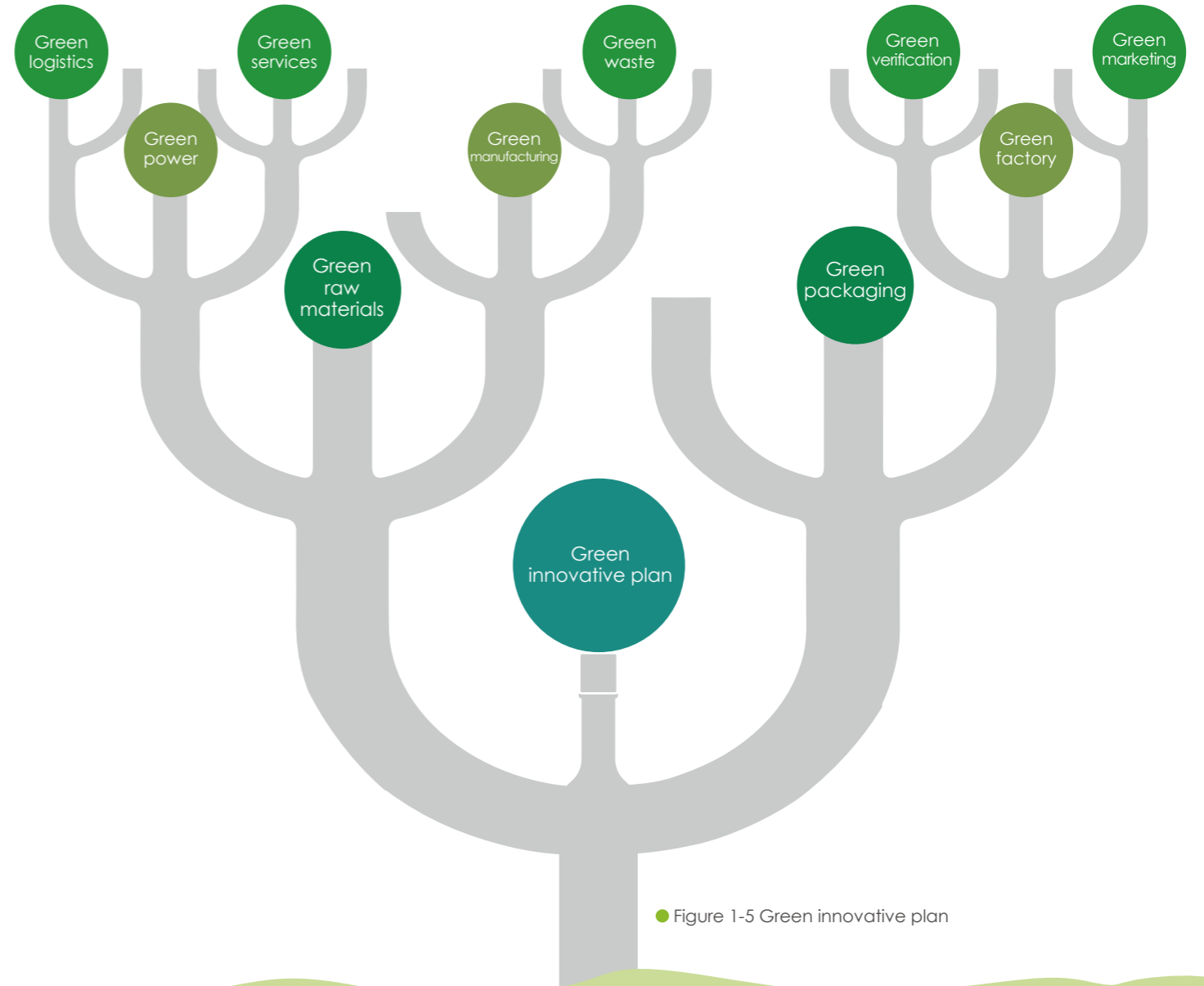
We refer to the 5 attributes of stakeholder engagement standards, which includes dependency, responsibility, influence, diverse perspectives and tension, in the identification of stakeholders. Seven stakeholder categories have been identified, including employees, consumers, customers, distributors, suppliers, subcontractors and shareholders and investors. We engage the stakeholders in the 7 categories through communication channels and achieved results that are reported in the Report.

## 1.2 Philosophy

### 1.2.1 Green Innovative Planning

As the leading green beauty brand in Taiwan, Hair O'right International Corporation is the home to Asia's first GMP certified green cosmetics plant, which is certified to ISO 9001, ISO 22716, ISO 50001, ISO 14001, ISO 45001, ISO 14067 and Carbon Neutrality PAS 2060 by BSI. Our product manufacturing relies on renewable clean energies of solar and wind power, along with water recycling systems. O'right is one of the very few beauty manufacturers established in Taiwan that engages in green research and development, green design, green processing and creative marketing.

As the leading green beauty brand in Taiwan, Hair O'right International Corporation is the home to Asia's first GMP certified green cosmetics plant, which is certified to ISO 9001, ISO 22716, ISO 50001, ISO 14001, ISO 45001, ISO 14067 and Carbon Neutrality PAS 2060 by BSI. Our product manufacturing relies on renewable clean energies of solar and wind power, along with water recycling systems. O'right is one of the very few beauty manufacturers established in Taiwan that engages in green research and development, green design, green processing and creative marketing.



● Figure 1-5 Green innovative plan

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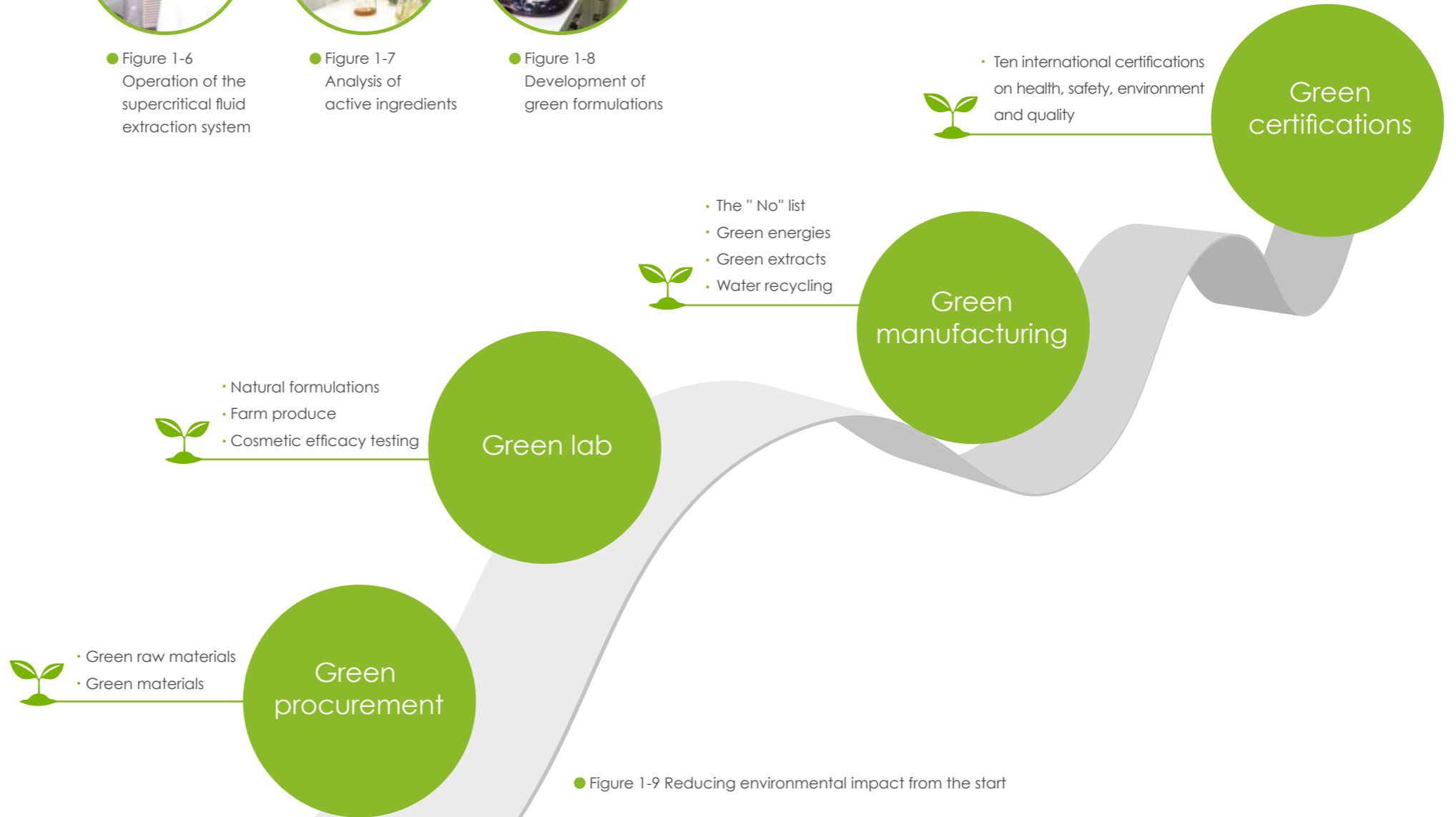
● Figure 1-6  
Operation of the supercritical fluid extraction system



● Figure 1-7  
Analysis of active ingredients



● Figure 1-8  
Development of green formulations



● Figure 1-9 Reducing environmental impact from the start

## 1.2.2 Sustainable Policies

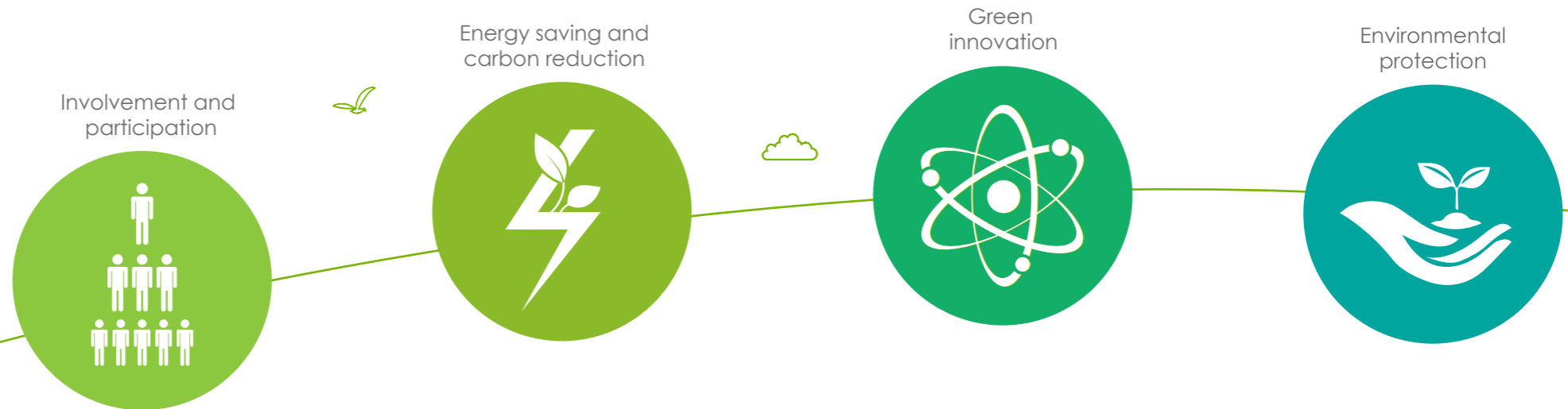
O'right's green policies include the following: "employee engagement, involvement and participation" means that each and every employee takes an active part and engages in environmentally friendly practices; "energy saving and carbon reduction" refers to the use of renewable resources to reduce waste and carbon emissions caused by product and marketing activities; "green innovation" refers to our commitment to constant innovation by using the world's most eco-friendly materials and developing low-carbon products and services; "environmental protection" refers to the promotion of eco-concepts through employee participation in activities related to environmental protection; "sustainability" refers to creating green value together.

O'right is governed by a green mission, vision and core values that guide our business. This year, we joined the RE100<sup>1</sup> campaign, a global initiative to reach the goal of 100% renewable electricity. We made a commitment to purchase 100% of the electricity we use from renewable sources by 2025. As such, we are committed to upholding the most rigorous eco-standards and concepts, from the design and facilities of our green building, eco-friendly policies to our green supply chain.

### (1) Green Building Design and its Facilities

Designed according to the site's wind direction and built without any gates, fences or walls surrounding, O'right Green Headquarters is located 300m above sea level, where the temperature is 2°C cooler than low land areas. Abundant sunshine and wind make the Green Headquarters ideal for harnessing solar and wind energy for power generation. In 2012, our headquarters was certified with the EEWB Gold-level Green Building Label, meeting 7 green building indicators. In 2016, we were awarded the Green Factory Label and the Diamond-level Building Carbon Footprint Label. The design and facilities of our green building were all created and installed with the aim of co-existing in harmony with nature. We are committed to lessening the impact on the environment and restore natural resources. For more information on the design of O'right Green Headquarters, please refer to Chapter 3.

<sup>1</sup>Led by The Climate Group in partnership with CDP and in collaboration with the International Renewable Energy Agency (IRENA) and others, RE100 is a global corporate leadership initiative bringing together the world's most influential companies committed to 100% renewable power. Apple, Google, Microsoft, Nike, Ikea, H&M, Nestlé, Philips and BMW are among the 122 members that are reshaping the energy market through their global investment decisions and accelerating a zero emissions economy.



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## (2) Green Accounting

In addition to the cost of supplies and labor, we also take into consideration the social and ecological costs that our products bring. In other words, aside from corporate, employee, client and stakeholder benefits, we place a bigger importance on social and ecological benefits. Our commitment to a better tomorrow can be seen in our environmental and social investments. We publish an environmental accounting report<sup>2</sup> annually to track our greenhouse gas emissions and disclose environmental data.

In 2018, we spent over NT\$99 million on product research and development, laboratory renovations and construction, environmental activities, environmental maintenance and CSR report verifications, which is a 41% increase from the NT\$70 million spent in 2017. So far, we have spent over NT\$300 million on green investments throughout the years.

From a financial viewpoint, these are all expenses; but if we look at these figures from an environmental and social point of view, they are investments worth every penny. As a green enterprise, we are making a difference, and that's what counts!

<sup>2</sup>Environmental accounting is also known as green accounting. It is a field that identifies resource use, measures and communicates costs of a company's economic impact on the environment. Green accounting allows companies to think beyond the economics they gave little consideration to in the past and to quickly assess how they can improve in the future. Since 2014, O' right has adopted green accounting to measure our company's environmental costs.

● Table 1-3 O'right's green investments of 2018

Items of expenditure	Capital expenditure	Current expenditure	Total
Operating <sup>1</sup>	724,756	1,838,463	2,563,219
Supply chain <sup>2</sup>	0	88,586,534	88,586,534
Management <sup>3</sup>	0	1,590,500	1,590,500
Research and development <sup>4</sup>	0	4,873,319	4,873,319
Social <sup>5</sup>	0	962,793	962,793
Remediation <sup>6</sup>	0	0	0
Taxes and others <sup>7</sup>	0	439,946	439,946
<b>Total</b>	<b>724,756</b>	<b>98,291,555</b>	<b>99,016,311</b>

Note:

<sup>1</sup>Pollution prevention, global environmental protection and resource circulation

<sup>2</sup>Green procurement, resource recycling, product services from promoting environmental protection, packaging and containers from minimizing environmental impacts

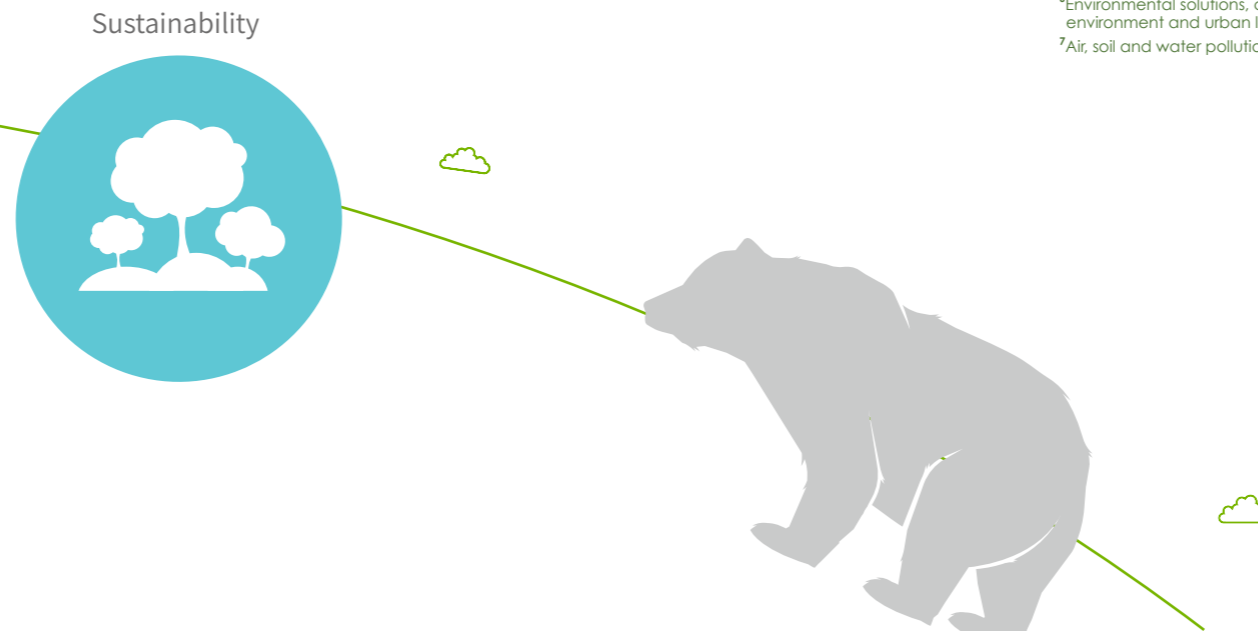
<sup>3</sup>Environmental protection training, verification and certifications, environmental monitoring and measurements, handling of environmental impacts and environmental protection insurance

<sup>4</sup>Development of environmentally-friendly products, product sales and environmental impact assessments

<sup>5</sup>Protection of the natural environment and forests, donations to environmental charity events in communities, donations to environmental groups and announcements and promotions of environmental information

<sup>6</sup>Environmental solutions, compensations, reimbursements, punishments, lawsuits and the quality maintenance of living environment and urban landscape

<sup>7</sup>Air, soil and water pollution and other costs charged and collected by the government



### (3) Green Policies

O'right always encourages an environmental conscious workplace in order to cultivate sustainable employees. For this purpose, the Green Council for Sustainable Development was established to raise environmental awareness among staff and encourage sustainable living. The resolutions adopted by the Council also serve as guidelines for the formulation of regulations by the administrative department.

In addition to promoting environmental activities such as the adoption and planting of trees, we also encourage employees to bring their own cups and tableware and to carpool to work to lower carbon emissions. We also reduce paper consumption in the workplace by making use of electronic files. If printing is necessary, we select double-sided printing, reducing paper consumption by 50%. We use office supplies with green or energy labels. Moreover, we promote waste recycling and water and energy saving, encourage employees to take the stairs instead of the elevator and establish environmental education regulations.

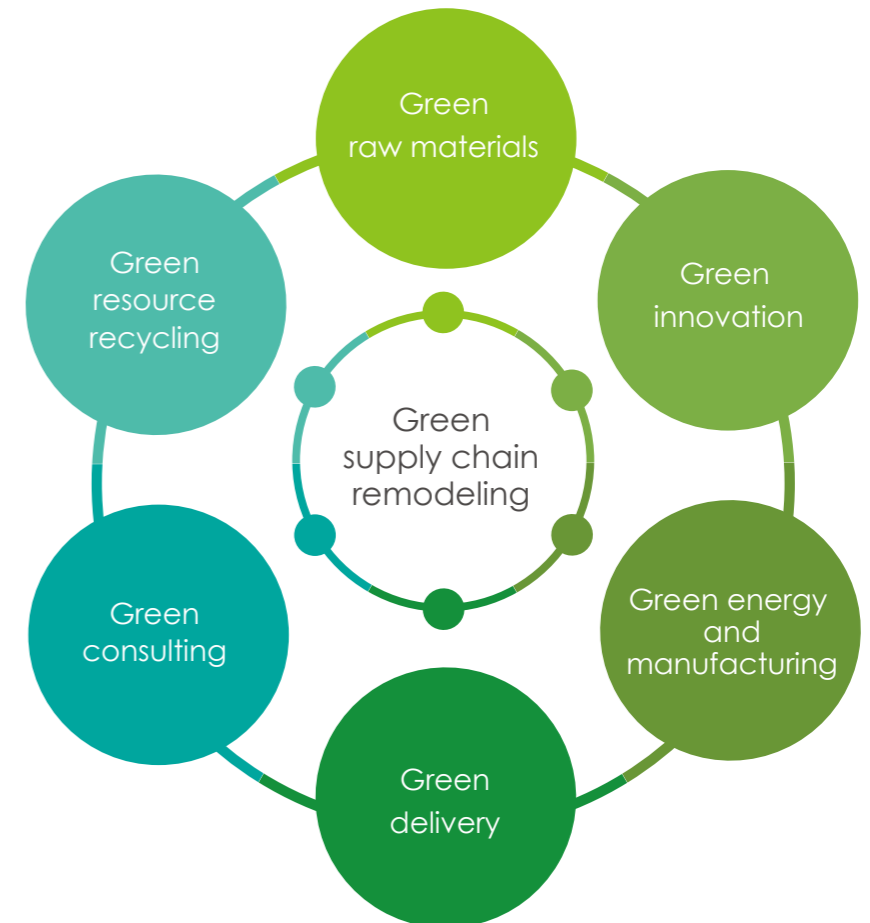
For example, in 2018, we set up an office supplies and stationary cabinet, promote the use of our packaging materials recycling system, use soy milk as a healthier alternative to cow's milk and limit the use of single-use, disposable plastics in the workplace. All of the above have been included in our Green Living Guidelines.

In addition, the Green Council for Sustainable Development made the decision to integrate the Sustainable Development Goals, or SDGs, into our corporate governance, strategies and future development. We expect to discuss our efforts and actions to advance the SDGs in our 2019 sustainability meeting.

In order to maximize our green impacts, we encourage the groups and organizations that visited our Green Headquarters to make the promise to support the SDGs with us. Our aim is to bring our values and global trends in sustainable development to more parts of the world.

### 1.2.3 Green Supply Chain

O'right strives to reduce environmental impact in every way, from manufacturing to recycling. Our actions include replacing plastic made from petroleum with organic plastics, developing green innovative products, using green energy during green manufacturing process, implementing a low-carbon delivery system, assisting customers in green renovations and provide green consulting services and building a green resource recycling system. We save energy and reduce carbon, making sure to fulfill our corporate social responsibility to protect the earth. For more information on the green supply chain, please refer to Chapter 4.



● Figure 1-10 Energy saving and emission reducing actions



### 1.3 O'right and the SDGs

The UN's Sustainable Development Goals (SDGs) are building momentum with companies. Sustainable companies all across the globe have begun embedding and are striving to achieve these goals. As a leading green beauty brand, sustainability is part of our DNA. We have decided to embrace the SDGs as drivers of corporate value and change and use them within our business model.

The SDG framework stimulates action on 5 key themes: people, planet, prosperity, peace and partnerships. Guided by our core values Green, Innovation and Sustainability, O'right strives to create green products, green services as well as social and ecological value.

In 2018, we focus on 10 of the SDGs that align with our activities to scale up our green impact and become closer to achieving our visions for a greener tomorrow.



● Figure 1-11 Our green impact on 10 SDGs



● Table 1-4 Our Contribution to the SDGs

Dimension	No.	Our actions	Corresponding SDGs
Governance	1	Develop an action plan for climate change adaptation	Target 3
	2	Implement ISO 50001 Energy Management System	Target 3  Target 4
	3	Make supervisors' work schedules public and share each department's weekly report to create a transparent work environment	Target 6
	4	Encourage the use of electronic forms to create a digital, paperless office	Target 2
	5	Promote gender equality in the workplace	Target 1
	6	Set up a Sexual Harassment Prevention Committee	Target 1
	7	Hold sustainability training programs and raise employee awareness about sustainability	Target 7
	8	All employees can receive the same internal and external training	Target 5
	9	Increase employees' chances of receiving proper training to ensure employees receive immediate attention and first aid treatment in times of emergency	Target 6
	10	Organize employee health checks regularly	Target 8
	11	Make sure pregnant employees are not working long hours to prevent mental and physical fatigue	Target 1
	12	Employees with children are entitled to family leave as an employee benefit	Target 4

Dimension	No.	Our actions	Corresponding SDGs
Governance	13	Women comprised over 50% of the total labor force and women hold 50% of management positions	Target 5  Target 5
	14	Set up a lactation room to support breastfeeding at work	Target 2
	15	Provide an accessible, disabled-friendly work environment for employees with disabilities	Target 7
	16	Make sure sales representatives adhere to the relative regulations that protect the rights of other sales representatives and customers as well as the reputation and image of the company	Target 5
	17	Ensure employees receive proper training that prevent any form of corruption, bribery or fraud	Target 5
Social	18	Share our corporate values and green journey through visits to our Green Headquarters	Target 7  Target 8  Target 3
	19	Promote our environmentally-friendly concepts through our products and Earth Hour, Plant a Tree and Coastal Cleanup activities	Target 7  Target 6  Target 8 Target 3  Target 1 Target 5  Target 2 Target 16
	20	Co-organize the CSR Camp and assist universities and colleges in Taiwan in the promotion of sustainable development and the cultivation of CSR talents	Target 7
	21	Design marketing campaigns that deliver a positive message for women	Target 1
	22	Propose suggestions to the government regarding hotspots of road accidents nearby to ensure the safety and well-being of employees and local residents	Target 6

Dimension	No.	Our actions	Corresponding SDGs
Environmental	23	Assess our water footprint and use a water balance chart	Target 5
	24	Join RE100 to make a commitment to 100% renewable power by 2025 and increase renewable energy facilities and sources for communities to use	Target 2
	25	Adopt mobile payment systems and mobile offices to reduce carbon footprint and time spent from commuting as well as prevent accidents	Target 6  Target 6
	26	Encourage wellness within our Green Headquarters by creating a smoke-free environment; smoking is prohibited and new employees and visitors are required to make a no-smoking commitment	Target 9
	27	Report our carbon reduction achievements and display our renewable energy data on the monitor installed in our building to motivate people towards sustainability	Target 6  Target 3
	28	Publish It's O'right newsletter regularly to provide the latest information and trends on sustainability worldwide and raise awareness on climate change	Target 3
	29	Prohibit the use of 8 toxic chemicals in our naturally-sourced plant-based formulations, adopt supercritical and ultrasonic extraction technologies in our TAF accredited laboratory and discover new plant extracts, many of which have been assigned with an INCI name	Target 9  Target 3 Target 2  Target 4 Target 6  Target 5
	30	O'right Green Headquarters is the first GMP certified cosmetics plant in Asia and has received the EEWB Gold-level Green Building Label and Diamond-level Building Carbon Footprint Label; due to its location, the air conditioning system is only turned on for 30 days a year	Target 3  Target 4
	31	Install solar panels and wind turbines for power generation	Target 2



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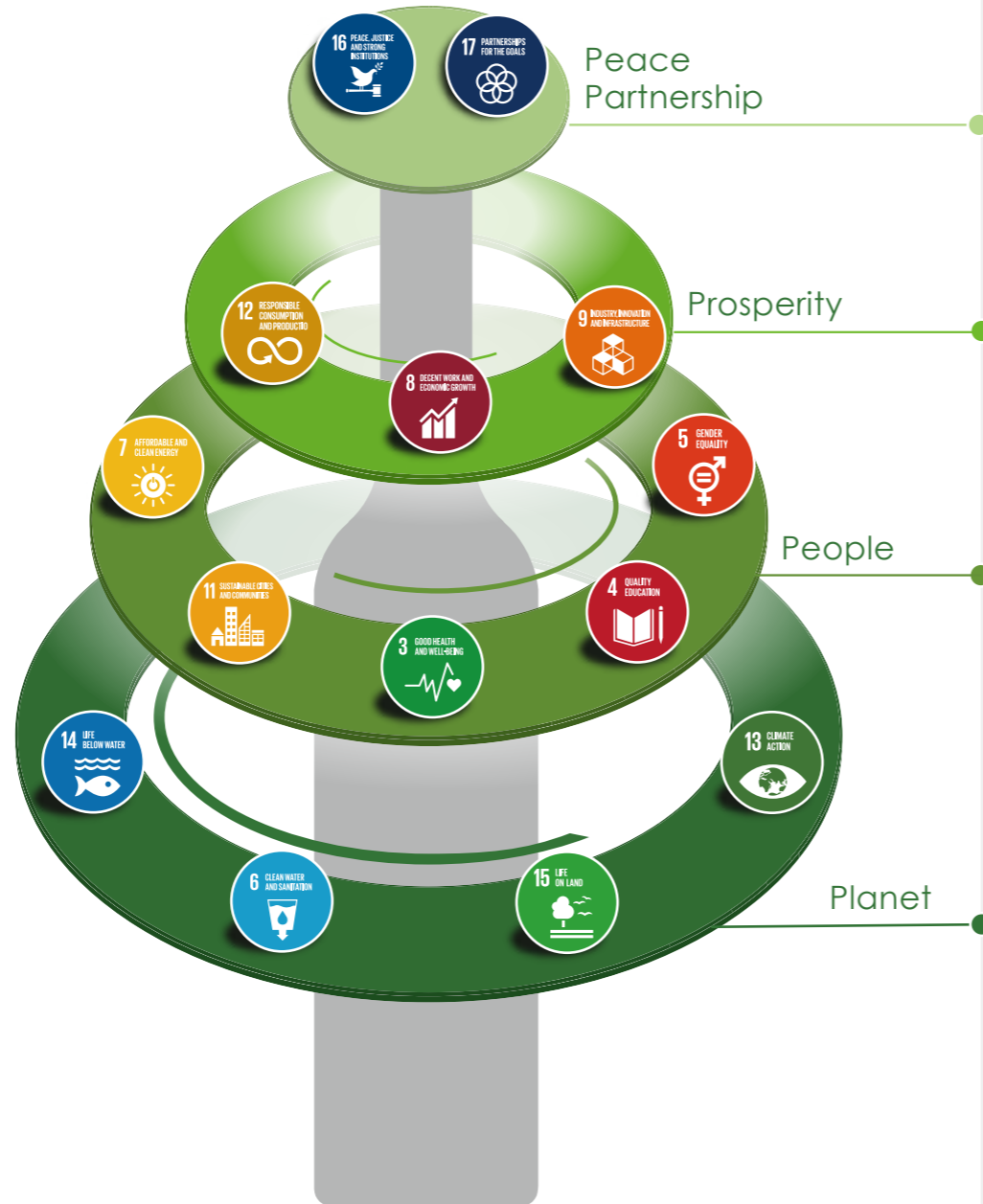
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Dimension	No.	Our actions	Corresponding SDGs
Environmental	32	Waste is disposed of in an appropriate and legal manner	Target 3
	33	Harvest and recycle rainwater, reclaimed water and wastewater which are first filtered to remove contaminants before use. We aim to achieve zero emissions in our factory by 2020	Target 3 Target 4 Target 6 Target 1
	34	Stainless steel drain pipes are cleaned and sterilized using steam instead of solvents	Target 9 Target 3 Target 4
	35	Use FSC certified paper for printing and raise awareness of the importance of sustainable forestry	Target 2 Target B
	36	Our O'Love Chair promotes sustainability and zero waste concepts	Target 4 Target 5
	37	Increase our green impact through our green supply chain, international distributors and green salons	Target 16
	38	Give the speech on green innovation and sustainable responsibility at numerous conferences, including APEC SME Summit 2011, United Nations Sustainable Development Summit 2013, Asia Carbon Footprint Network Seminar 2014, Cosmoprof Asia 2018, European Innovation Week 2018, Founder Said Annual Speech Conference 2018 and Cosmoprof Bologna 2018	Target 16

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Sustainable Development Goals	Our actions <sup>1</sup>
SDGs 16	3,16,17
SDGs 17	16,19,37,38
SDGs 8	13,29,34
SDGs 9	2,29,30
SDGs 12	18,19,27,36
SDGs 3	9,10,11,22,25,26,29,34
SDGs 4	7,8,18,19,20
SDGs 5	5,6,12,13,14,21
SDGs 7	2,24,30,31
SDGs 11	15,25,29,33
SDGs 6	19,23,29,32,33,34
SDGs 13	1,18,19,27,28
SDGs 14	19,33
SDGs 15	4,19,35

● Figure 1-12 Our efforts have already aligned with 14 goals and 40 targets  
 Note: Refer to Table 1-4



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● Table 1-5 O'right board of directors

Chairman	Steven Ko
Directors	Development Cultural and Creative Value Investment Co., Ltd.
	Xin Zhi Yun Ting Investment Co., Ltd.
	Qing He Tang Cultural and Creative Co., Ltd.
	Ge Li-ying
Supervisory members	Zhang Xiao-ling (Coco Chang)
	Huang Rui-ting

## 1.4 Operations and Economic Performance

### 1.4.1 Corporate Governance

O'right's board of directors consists of 5 directors and 2 supervisory board members (see Table 1-5). The board of directors plays an important role in setting corporate strategies, reviewing and approving annual budgets, supervising capital expenditure and overseeing risk management policies. After each meeting, the Chairman is responsible for managing the planning and execution of strategies, business, production and marketing and operating goals based on the decisions made.

Board meetings are convened at least once in every calendar quarter as set forth in the company's articles of association. In 2018, 8 meetings were held with an average attendance rate of 96.42%. On the board of directors (including supervisory members), 3 are aged 30-50, and the remaining are over 50 years old; 57% of the board seats are held by women.

### 1.4.2 Composition of the Company

#### (1) Organizational Structure

In 2014, we established the Internal Audit Unit responsible for our company's internal auditing. On August 8 and 12 of the same year, a Sexual Harassment Prevention Committee and Labor Relations Committee, respectively, were established. On November 1, the Biosafety Committee was formed. For more information on the committees, please see Table 6.

O'right's organizational hierarchy can be split into three levels: the highest level is comprised of 1 business group, 9 centers, 7 divisions and 3 offices; the second level is made up of 34 departments, 6 mobile offices, 20 concept stores and 1 laboratory; the third level includes 12 sections. In addition, our company also has 10 groups and committees. See Figure 1-13 for O'right's company organizational chart.



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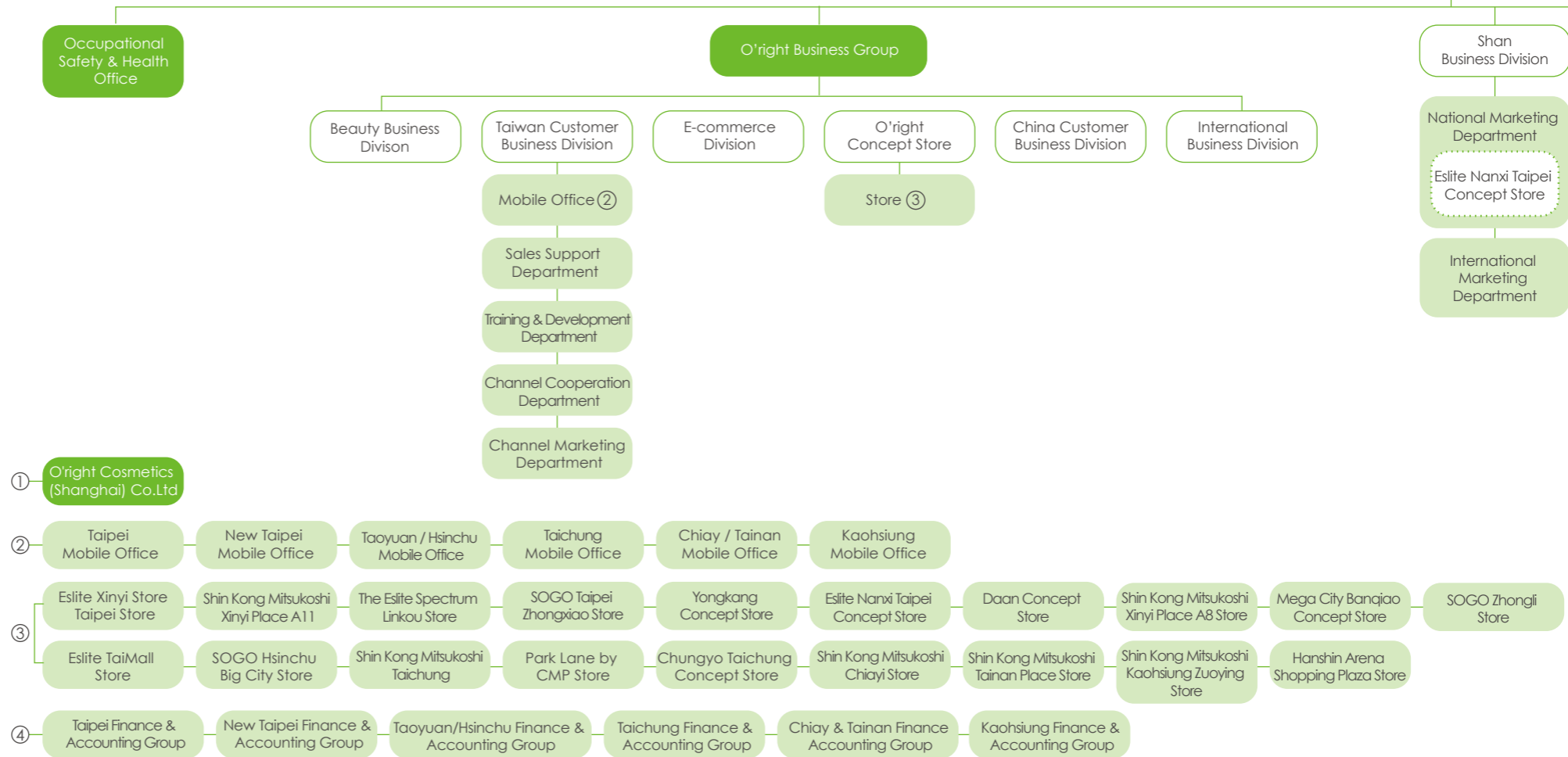
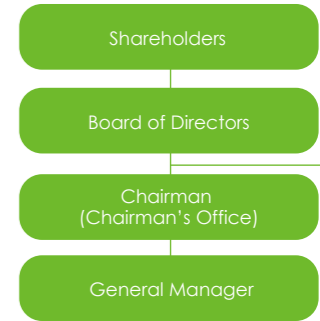
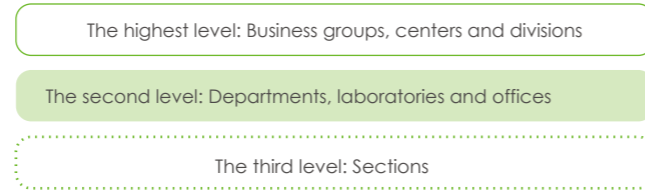
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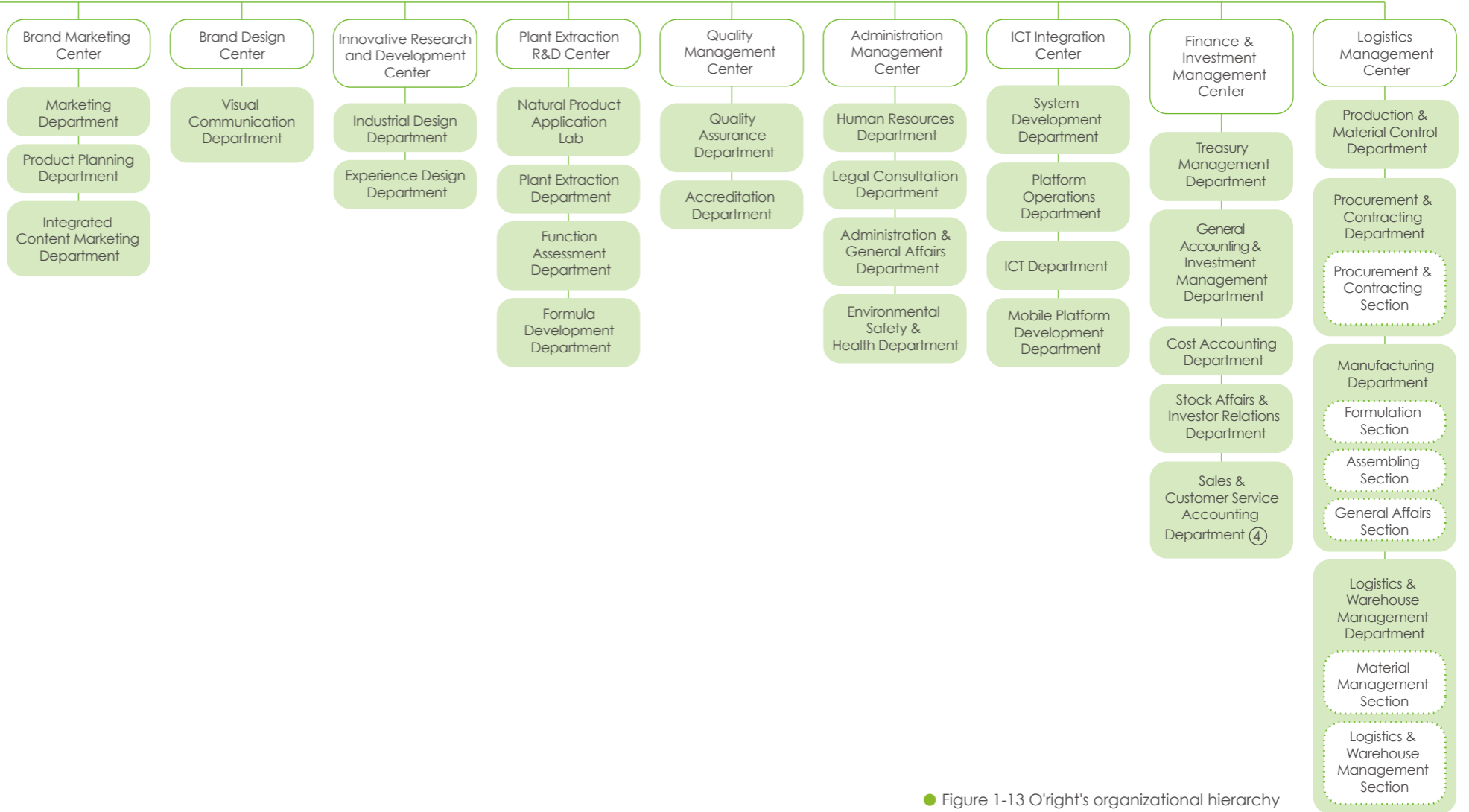
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Auditing Office

General Manager's Office

- Brand and New Product Development Group
- Green Council for Sustainable Development
- Intellectual Property Committee
- Occupational and Environmental Health and Safety Committee
- Environmental & Energy Management Committee
- Biosafety Committee
- Labor Relations Committee
- Employee Welfare Committee
- Sexual Harassment Prevention Committee
- Labor Pension Fund Supervisory Committee





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● Table 1-6 O'right groups and committees

Groups and committees	Relation	Date of establishment	Objective
Green Council for Sustainable Development	Organization related	2013/05/10	This committee consists of all heads of departments with the aim to gather valuable suggestions regarding sustainability and energy conservation and carbon reduction. For example, ways to source local raw materials and develop extraction technologies and ways to simplify manufacturing process and reduce waste in production.
Brand and New Product Development Group	Organization related	2009/06/22	This group is responsible for setting brand marketing strategies and the direction for product development.
Intellectual Property Committee	Organization related	2013/09/11	This committee was established with the aim to manage patent applications and copyrights and review and file patent applications requested by employees.
Environmental Health and Safety Committee	Labor related	2014/11/25	This committee was established in accordance with the Occupational Safety and Health Act to prevent occupational hazards and promote employee health and safety. In 2015, the committee officially changed its name to the Occupational and Environmental Health and Safety Committee with more than 1/3 of labor representatives.
Energy Management Committee	Organization related	2013/12/04	This committee aims to ensure the implementation of energy efficient measures and achievement of energy saving goals.
Biosafety Committee	Organization related	2014/11/01	This committee aims to oversee the laboratory's biosafety program and planning to achieve self-management goals. The chairman is responsible for coordinating matters to ensure biosafety control measures and planning, inspection of infectious biological materials, management and training of laboratory personnel, disinfection and sterilization and emergency response procedures are properly executed. Safety and biosafety inspections should also be implemented on a regular basis. The first meeting was held in December of 2014 to discuss the establishment of the BSL-2 laboratory, which was expected to officially begin operating on the January 5, 2015.
*Labor Relations Committee	Organization related	2014/8/12	This committee aims to coordinate labor-management relations, promote cooperative relations, prevent labor disputes and encourage voluntary cooperation and partnership between labor and management. The policies are designed by representatives from both parties at regularly held meetings. The proposals are decided by the majority vote of the representatives present at the meetings. The representatives are directly elected by the entire staff. In 2014, two meetings were held, focusing on the 2014 health evaluation and 2015 calendar. After such meetings, the resolutions are announced to the entire staff.
*Employee Welfare Committee	Labor related	2009/01/01	This committee was established to optimize employee benefits and improve work efficiency and benefit policy, creating a workplace culture with mutually beneficial and reciprocal relationships between employees.
*Sexual Harassment Prevention Committee	Labor related	2014/08/08	This committee was established with the aim to provide a complaint mechanism to prevent sexual harassment and promote gender equality in the workplace. The representatives are directly elected by the entire staff. In 2014, one meeting was convened with no decisions being made or resolutions passed.
*Labor Pension Fund Supervisory Committee	Labor related	2001/09/28	This committee was established to set up a labor pension fund scheme to provide retirement benefits and security after retirement as well as effectively utilize medium- to long-term funds in order to support major economic infrastructure plans.

\*Committees that are considered mandatory by the government

## (2) Our Green Team

In order to build a law-abiding, effective, and responsible green team, each and every newcomer to O'right is given an employee handbook that includes pay and benefits, hours of work, retirement plans, maternity leave, rewards and punishment, health and safety at work, sexual harassment, and other guidelines and regulations employees are required to abide by to ensure orderly operations and provide the best possible work environment in the office.

Up until the end of 2018, O'right has a total of 282 employees (excluding 4 temporary employees), among which 63.8% of staff work at the Green Headquarters located in Longtan District, showing an increase of 24 people (9.3%) compared to the number of employees in 2017. As beauty products mostly target a female audience, 73% of employees are women.

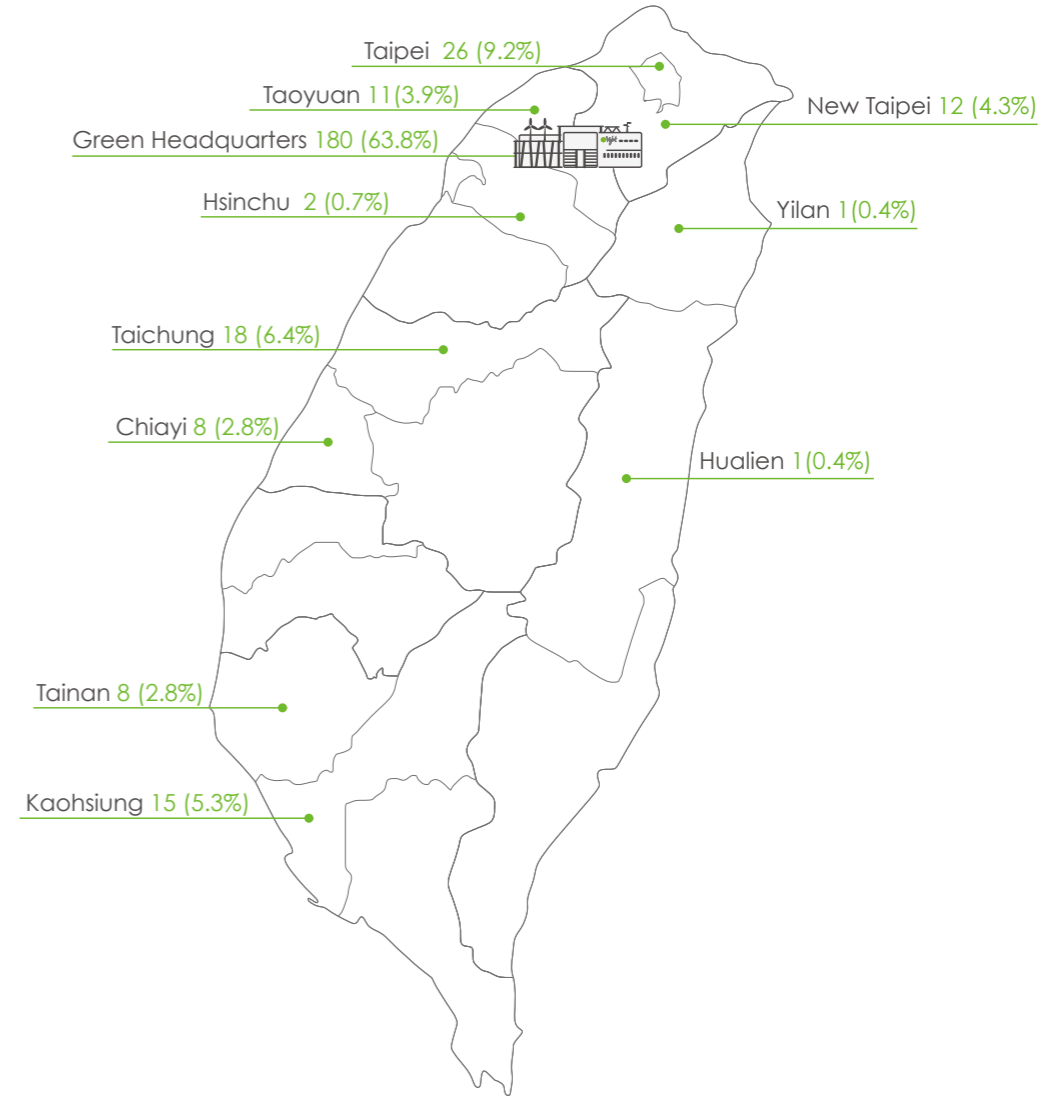


Male 75  
27%



Female 207  
73%

● Figure 1-14 Employee composition by gender

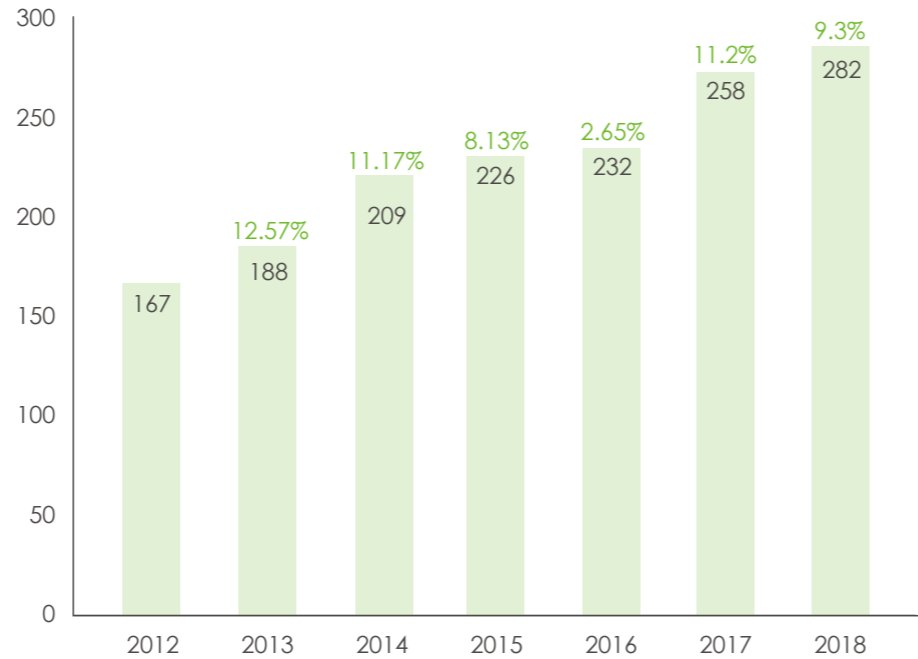


Total 282 (9.3%)

● Figure 1-15 Employee composition by region

Note: The number of employees was 282 (as of December 31, 2018)

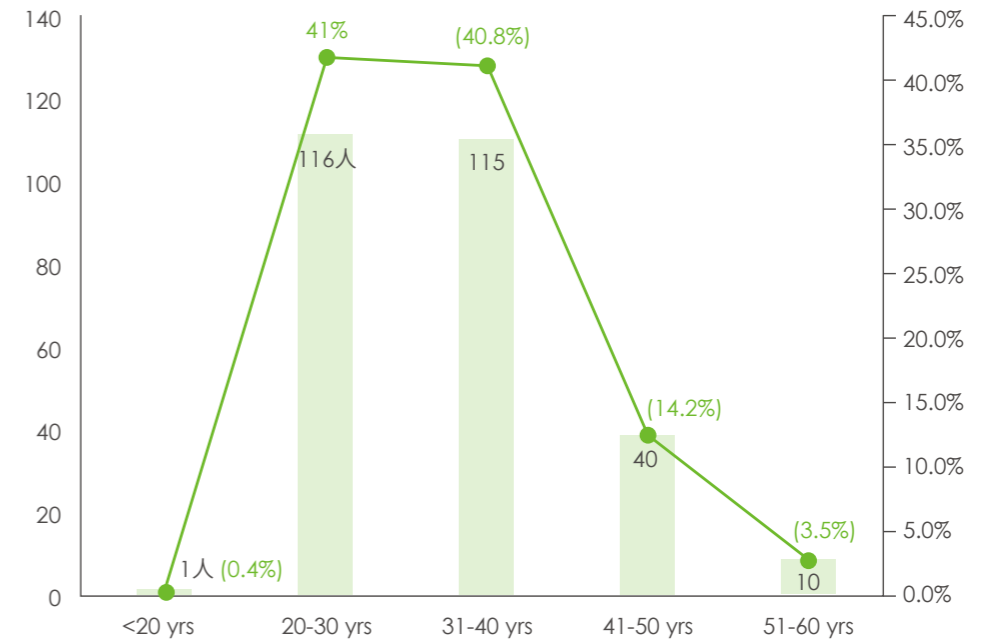
All 282 were permanent employees (75 male and 207 female); no temporary employees. See Figures 1-16 & 1-17, 1-18 for employment distribution by position, education and age.



% Growth rate    Number of employees at Total

● Figure 1-16 Number and growth rate of permanent employees

Note: The number of employees was 282 (as of December 31, 2018)



● Percentage    composition by age

● Figure 1-17 Employee composition by age

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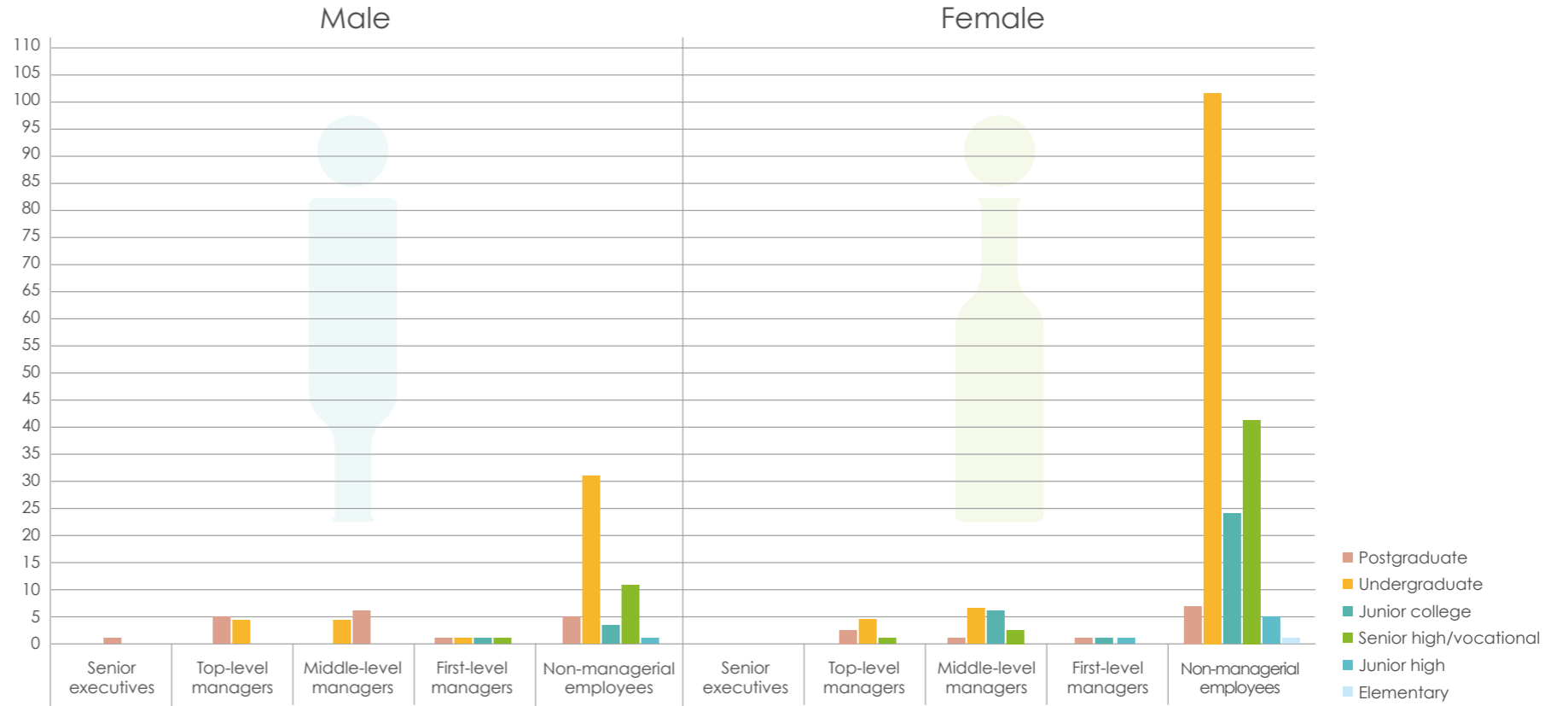
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● Figure 1-18 Employee composition by education

● Table 1-7 New employee composition by gender, age and region

Among the 109 new employees we welcomed in 2018, 81.7% were female, most of which were under 30 years old; 55.1% were from Taoyuan City. New employees accounted for 38.7% of the total number of employees.

Category	Age	Northern				Central				Southern				Total			
		Male		Female		Male		Female		Male		Female		Male		Female	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
New	<30yrs	11	11%	51	50%	0	-	1	33%	1	33%	0	-	12	11%	52	48%
	30yrs - 50yrs	7	7%	34	33%	0	-	2	67%	1	33%	1	33%	8	7%	37	34
	>50 yrs	0	-	0	-	0	-	0	-	0	-	0	-	0	-	0	-
	Total	18	17%	85	83%	0	-	3	100%	2	67%	1	33%	20	18%	89	82%
Departed	<30yrs	12	13%	31	35%	0	-	1	100%	0	-	0	-	12	13%	32	35%
	30yrs - 50yrs	6	7%	39	44%	0	-	0	-	0	-	1	100%	6	7%	40	44%
	>50 yrs	0	-	1	1%	0	-	0	-	0	-	0	-	0	-	1	1%
	Total	18	20%	71	80%	0	-	1	100%	0	-	1	100%	18	20%	73	80%

Note:<sup>1</sup>New employees refer to new permanent (regular) employees, including contract employees, part-time employees and interns and excluding temporary workers; departed employees refer to employees who have resigned, including contract employees, part-time employees, interns, employees on leave without pay and excluding temporary workers.

<sup>2</sup>Region: a.Northern: Taipei, New Taipei, Keelung, Taoyuan, Hsinchu, Miaoli, Yilan, Hualien, b.Taitung Central: Taichung, Changhua, Nantou c.Southern: Yunlin, Chiayi, Tainan, Kaohsiung, Pingtung

● Table 1-8 New and departed employees from 2014-2018

New hire turnover is common, especially during the 3 month probationary period. Male and female employees who resigned in less than 3 months accounted for 5.5% and 34.1%, respectively.

Year	Number of existing employees	Number of new employees	Employment rate	Number of departed employees	Turnover rate
2014	209	77	3.70%	121	5.97%
2015	226	151	5.43%	134	4.77%
2016	232	108	3.77%	102	3.56%
2017	258	113	3.60%	80	2.56%
2018	282	109	3.27%	91	2.73%

Note: Monthly: Turnover/employment rate = No. of new/departed employees ÷ (No. of employees + No. of new employees of the current month)Yearly: Turnover/employment rate = Average monthly turnover/employment rate



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### (3) Codes of Practice on Recruitment and Selection

In order to offer more job opportunities to local residents, job openings are posted to the public with the help of the local chief of village. We also actively participate in regional job fairs and recruiting events with the hope of welcoming more potential talents to the O'right family.

All new employees of O'right are required to sign an employment contract to protect the rights of the employer and employee. The contract is formulated in accordance with the Labor Standards Act.

The Safety and Health Manual was stipulated in accordance with Article 34 of the Occupational Safety and Health Act to prevent occupational accidents and promote health and safety in the workplace. New employees are required to take a pre-employment health check before starting work. We also schedule various health education seminars regularly.

In order to prevent corruption in the workplace, new employees are requested to provide a guarantor to hold liable should employees engage in bribery and corrupt practices. As stipulated in the new employee orientation training program, all gifts given by customers must be returned to O'right. Additionally, customer service specialists shall complete a payment receipt report and hand the payment over to the company the following day to prevent embezzlement. We also offer customers a credit card payment solution as well as credit card promotions and offers to minimize the risks of corruption.

Additionally, we formulated the Green Living Guidelines to promote sustainable living and eco-friendly practices in the workplace.

### (4) Occupational Injury and Absence Rate

In terms of occupational injury and absence rate, there were 5 cases of work-related injuries in 2018, all of which were car accidents that occurred when employees were traveling to and from the workplace. The 5 cases resulted in a total of 22 days of leave of absence from work; none of which led to disabilities. For more information, please refer to Table 1-9.

● Table 1-9 Absence from work due to occupational injuries

Total working days	Total working hours
69,936	559,488
Calculation: Total days worked throughout the year × No. of employees 248days × 282employees=69,936	Calculation: Total days worked throughout the year × No. of employees × Hours of work per day 248days×282employees×8hr.=559,488hr.
Number of employees (insured)	Number of days lost due to work-related injuries
282	22
Absence rate	Number of days absent
0.4%	312
Calculation: No. of days absent ÷ Total days worked (312/69,936)= 0.4%	Calculation: Sick leave, occupational sick leave, personal leave or absence without official leave
Disabling Injury Frequency Rate (DIFR)	Disabling Injury Severity Rate (DISR)
8.93	39
Calculation: (No. of disabling injuries × 106) ÷ Total hours worked *1,000,000/559,488=8.93	Calculation: (No. of days lost × 106) ÷ Total hours worked *1,000,000/559,488=39

### 1.4.3 Climate Change Risk Assessment

Climate change has a devastating impact on human life and its effect will only continue to grow and worsen over time. We cannot expect to see improvement overnight, but we can try to slow down the process and minimize its impacts. At O'right, we assess the risks of climate change and use it to underpin adaptation actions.

#### (1) Global Environmental Policies

Each of the last 3 decades has been successively warmer at the earth's surface than any preceding decade since 1850, according to the IPCC. The period from 1983 to 2012 was likely the warmest 30-year period of the last 1400 years in the northern hemisphere, where such assessment is possible.

With greenhouse gas emissions now higher than ever, sooner or later, countries have no choice but to consider introducing carbon tax to help reduce greenhouse gases that cause global warming. William D. Nordhaus, the Yale economist who shared the Nobel prize in economic sciences with Paul Romer, argued that instituting carbon taxes would work best to tackle the problem and curb global warming.

In 2018, O'right was validated as carbon neutral for 9 of our products and as an organization. We also implement carbon reduction plans to cut our carbon emissions and manufacture our products according to verification standards. When governments worldwide begin to set a price that emitters must pay for each ton of greenhouse gas emissions that emit, O'right will be ready.

During our carbon footprint inventories, we found that the amount of carbon emissions consumers emit is higher than that produced during the product manufacturing process. Thus, we set the following policy:

#### A. Cut our shipping emissions

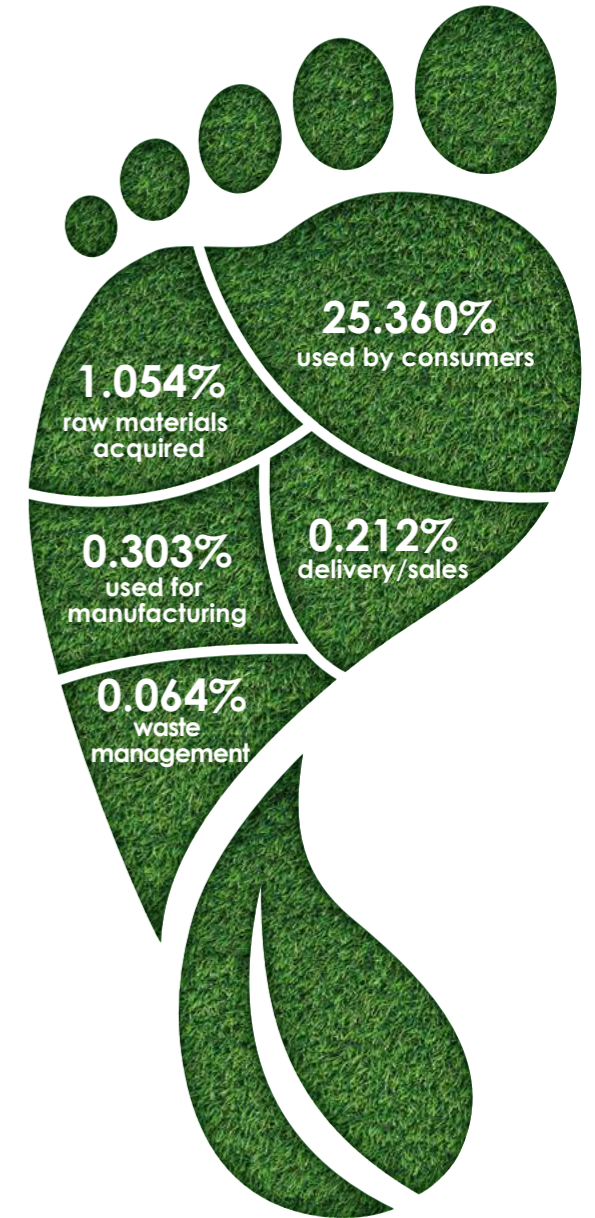
In efforts to cut carbon emissions, despite putting our orders at risk of being canceled, we set a high free shipping threshold of NT\$1,500 to encourage consumers to think before they place orders to reduce carbon footprint from shipping.

#### B. Cut our product carbon footprint

While other companies in the industry maximizing their profits and efficiency in product design, we are developing natural alternatives to synthetic ingredients and conducting efficacy testing to improve our formulations. Test results showed a significant difference in consumers' hair and skin and the time spent in blow drying their hair after using our improved formulations, thus reducing the emissions generated during use. In addition, we developed dry shampoo products to eliminate the need for hot water and blow drying.

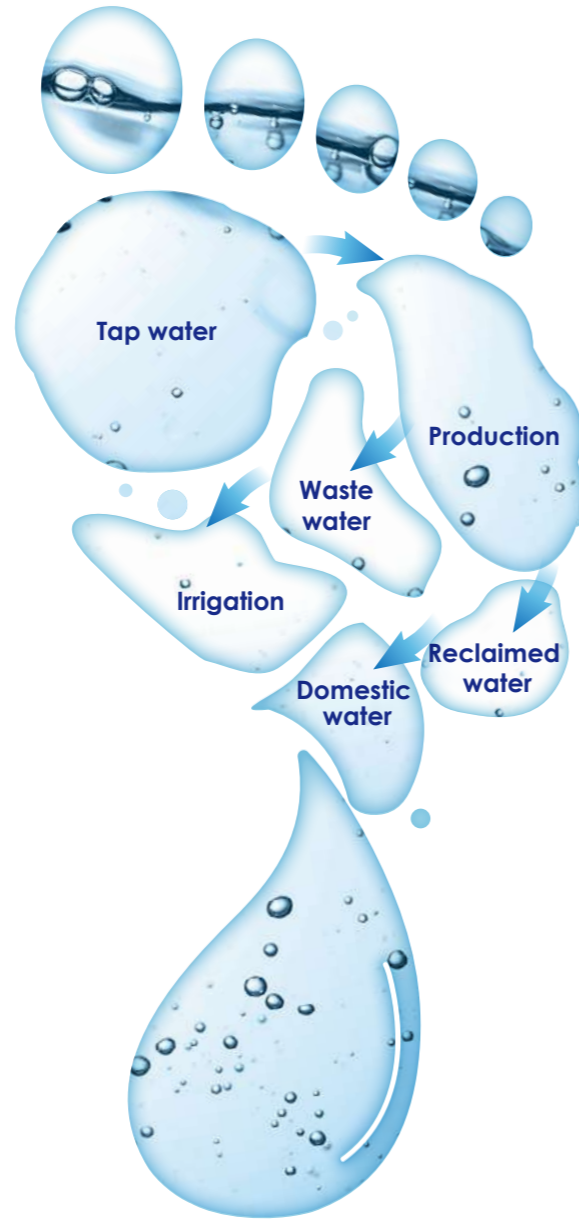
#### C. Join RE100

The government is amending the Renewable Energy Development Act to set a new goal of pushing the total energy capacity and accelerate renewable energy development. Leading the way in sustainable development, O'right recently joined RE100 and made the commitment to become the first company in Taiwan to use 100% renewable power by 2025.



● Figure 1-19 We manage greenhouse gas emissions from our operations every year to minimize our carbon dioxide emissions





● Figure 1-20 We manage our water consumption to create water-saving strategies

## (2) Extreme Events and Climate Risk

### A.Sea-level rise, flooding and earthquakes

O'right Green Headquarters is located in the mountainous area of Longtan District, where red gravel soils serve as suitable construction materials. Statistics show that there have only been 2 earthquakes that measured over 4.0 on the Richter scale in the past 40 years.

Aside from the employees based at the headquarters, the remaining of O'right staff is distributed across Taiwan. Natural disasters could occur and have the potential to affect our workers. In order to protect the rights of the company and employees, we introduced a Mobile Office Plan that allows employees to work at places they find most convenient and not be restricted by transportation (see 1.3.3 for details).

### B.Drought and water shortage

Water footprint verification calculates accurately how much water is necessary to produce a product or to provide a service. It helps review our water usage performance and adds credibility and transparency to our reporting. Our water footprint inventory helps us to better understand our water-related impacts in the manufacturing process and accounts as a basis for formulating sustainable water strategies and policies.

O'right places great importance on water conservation and recycling. Our factory is equipped with 3 water recycling systems for the management of rainwater, reclaimed water and wastewater (see 2.1 for details). We believe in taking steps to help mitigate the impacts of drought such as installing mechanical foot pedal faucets which help to save 65.5% of water.

### C.Energy scarcity

The world is facing the rapid depletion of conventional energy sources. This, along with air pollution increasing energy costs, is sure to push nations worldwide to go green. Since 2012, we have been relying on solar panels and wind turbines for power generation at our Green Headquarters. In 2019, we plan to expand our green facilities and are working towards going 100% renewable by 2025.



## 1.4.4 Business and Management Operations

### (1) Business Operating Conditions

O'right continues to experience a rise in its revenue every year, indicating a strong economic performance and proving that our green strategies have successfully earned the recognition of consumers (see Table 1-10 for further financial information). We have also attracted investments of up to NT\$183 million from outside investors such as CDIB CME Fund and CDIB Capital Group.

O'right is the first company in Taiwan to request outside investors to sign a corporate social responsibility declaration every year. In the future, outside investors will be asked to implement a socially responsible investing approach to put O'right's green power to good use.

● Table 1-10 O'right financial highlights (unit: thousand NTD)

Category	2016	2017	2018
Net sales (growth rate)	354,283 (+6.83%)	438,198 (+19.15%)	553,624 (+20.85%)
Cost of goods sold <sup>1</sup> (growth rate)	311,736 (+2.14%)	385,302 (+19.09%)	469,719 (+17.97%)
Operating profit	42,547	52,896	83,905
Wage expense	110,144	134,533	177,877
Employee benefits	1,232	1,544	3,329
Government subsidies	<ul style="list-style-type: none"> <li>Ministry of Economic Affairs' Exhibition Supporting Project – Beautyworld Middle East) 50</li> <li>Las Vegas, U.S.A.</li> <li>Industrial Technology Research Institute</li> <li>Ministry of Labor's Workplace Development Agency – 2016 Multi-beneficiary Vocational Training Program</li> </ul>	<ul style="list-style-type: none"> <li>Importers and Exporters Association of Taipei</li> <li>Industrial Technology Research Institute</li> <li>TAITRA</li> <li>Ministry of Economic Affairs' Exhibition Supporting Project – Cosmoprof Asia</li> </ul>	<ul style="list-style-type: none"> <li>International Exhibition of Inventions Geneva – Bureau of Foreign Trade</li> <li>Bureau of Foreign Trade – Importers and Exporters Association of Taipei</li> <li>Mobile Payment Subsidy</li> <li>Human Resource Improvement Plan</li> </ul>
Total assets	426,900	441,321	522,391
Retained earnings	33,089	49,352	86,579

Source: O'right financial statement <sup>1</sup>Fees for promotion, management and research and development

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Our overall performance in 2018 showed continuous improvement. In 2018, our net income after tax, or net operating profit after tax, increased 86.57% to 71.93 million, compared to 2017; our earnings per share (EPS), return on assets (ROA) and return on equity (ROE) were NT\$3.53, 15% and 25%, respectively (see Table 1-11 for details).

Table 1-11 Financial analysis (Unit: Thousand NTD)

Issue	Item	2016	2017	2018
Operating performance	Total assets	426,900	441,321	522,391
	Shareholders' equity	258,728	274,806	311,245
	Operating income	354,283	438,197	553,624
	Net operating income	24,764	38,558	71,937
Profitability	ROA	6%	9%	15%
	ROE	10%	14%	22%
	EPS	1.22%	1.89%	3.53%



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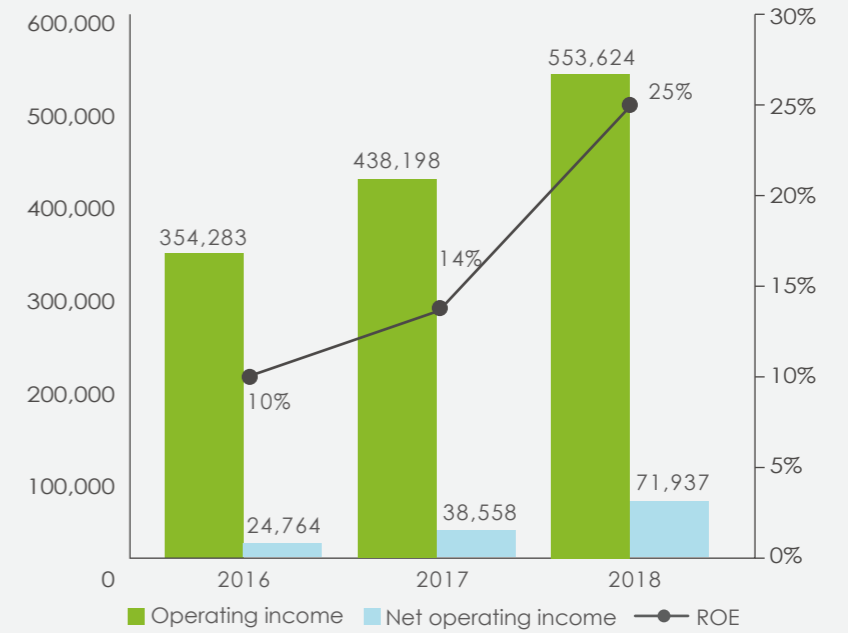
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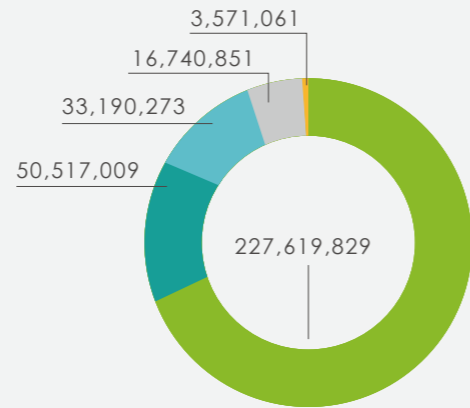
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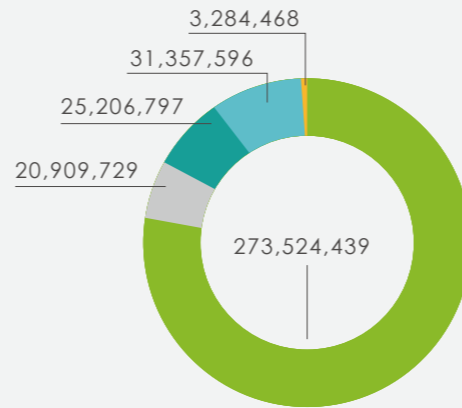
● Figure 1-21 Financial analysis

Export sales saw a significant increase to 460 million from 230 million in 2014.



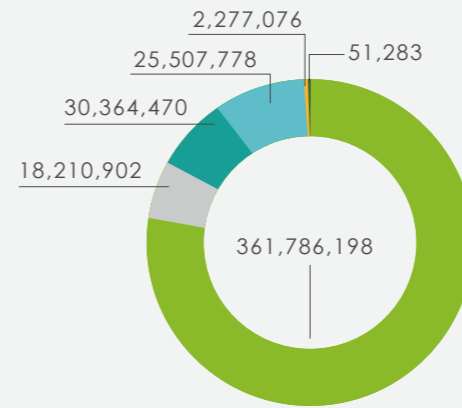
(the Taiwan market share is 68.63% and the international market share is 31.37%)

● Figure 1-22 Export sales in 2015



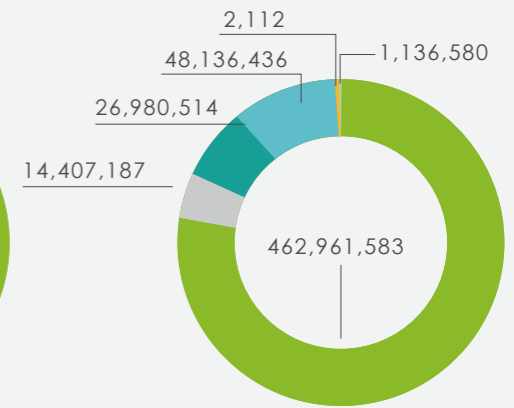
(the Taiwan market share is 77.21% and the international market share is 22.79%)

● Figure 1-23 Export sales in 2016



(the Taiwan market share is 82.56% and the international market share is 17.44%)

● Figure 1-24 Export sales in 2017



(the Taiwan market share is 83.62% and the international market share 16.38%)

● Figure 1-25 Export sales in 2018

■ Taiwan ■ China ■ Europe ■ Asia ■ America ■ Australia ■ Oceania

(2) Sales Operations

Our sales departments include salon customers, brand channels and international distributors (business-to-business) and e-commerce and concept store divisions (business-to-customer).

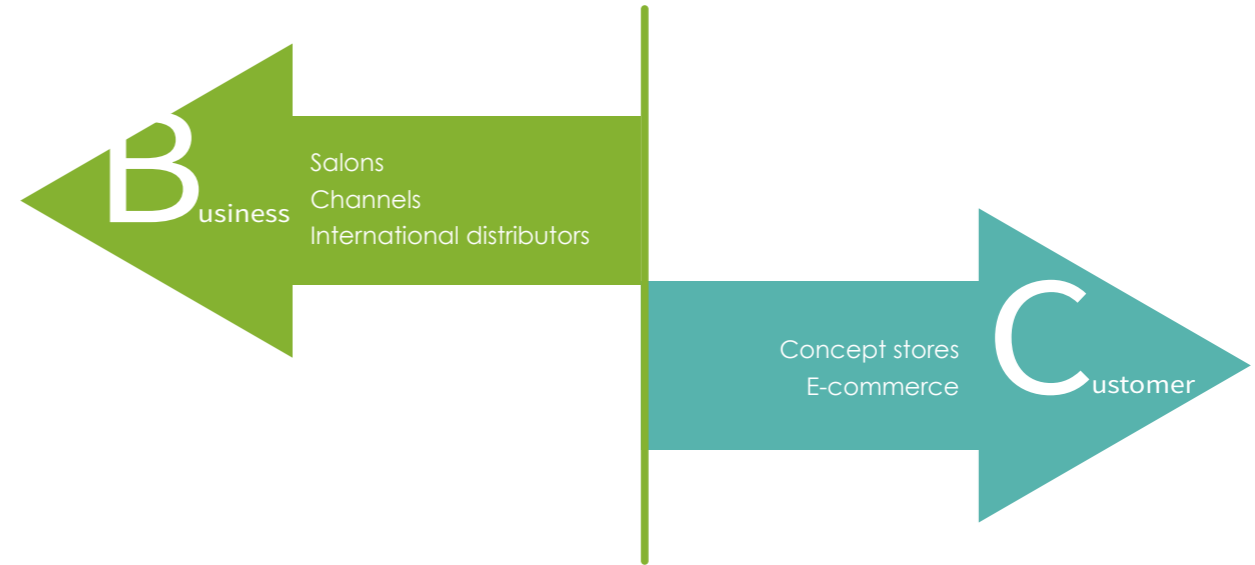
(A) Taiwan Business Division

Customer service specialists are responsible for finding new customers and gathering customer information. They promote our brand concepts and brand image as well as provide instructions for using our products to increase brand awareness and make a green impact together as a team.

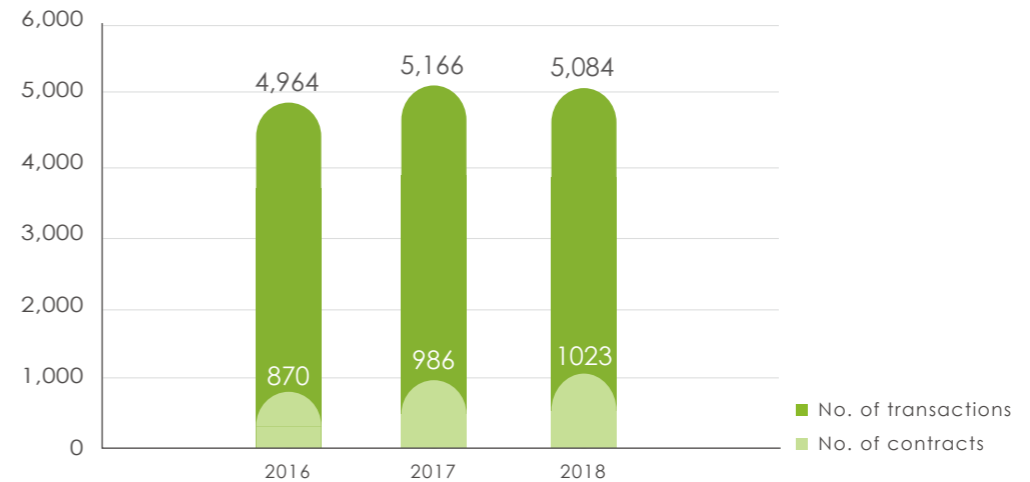
We regularly invite salon customers to attend events such as Green Life, Earth Hour, Plant a Tree and Coastal Cleanup with the aim to bring our company values to life.

In 2018, we began to promote the use of mobile payment in traditional salons, which not only helps to save energy and carbon, but also improves the payment process and reduces risks. Also, customers are able to check their order history and status, greatly reducing the paper consumption and postage costs. Since then, we have had 7,400 payments (NT\$60 million) made through convenience stores.

The following chart shows the number of customer transactions and contracts. O'right has over 5,000 salon customers, putting us in the leading position in the beauty market of Taiwan.



● Figure 1-26 A business-to-many (B2M) approach



● Figure 1-27 Numbers of transactions and contracts in the past 3 years



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(B) International Business Division

In 2018, we began adopting a global omni-channel marketing approach. In the global market, our green products are sold in 49 countries and territories across Europe, America and Asia. In October, our first overseas O'right Concept Store opened in Riyadh, the capital of Saudi Arabia.

2018 (49 countries)

Asia (9 countries):

Singapore, Malaysia, Korea, Japan, Vietnam, India, China, the Philippines and Thailand

Europe (28 countries):

Austria, Poland, the Netherlands, Belgium, Germany, Italy, Denmark, Bulgaria, Sweden, Belarus, Lithuania, Finland, Russia, Romania, Switzerland, Liechtenstein, Slovenia, Croatia, Montenegro, Serbia, Bosnia and Herzegovina, Portugal, Ukraine, Luxembourg, Estonia, Norway, Czech, and the United Kingdom

The Middle East (7 countries):

Turkey, United Arab Emirates, Qatar, Oman, Bahrain, Kuwait and Saudi Arabia

America (3 countries):

The United States, Canada and Mexico

Oceania (2 countries):

Australia and New Zealand



● Figure 1-28 O'right international market

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(C) E-commerce Division

Our team established the official online shopping platform in December of 2014, providing customers with a more convenient and better shopping experience to purchase green hair care products with ease. For a green shopping experience, please visit <http://shop.orient.com.tw/>.

In 2016, in addition to our own official e-commerce store, we also partnered up with various online platforms and organized promotional events to boost brand exposure and awareness and reach more consumers through advertisements. This year, we began collaborating with Taiwanese e-commerce online shopping platform Momo.

Additionally, the E-commerce Division also manages the O'right Shop Facebook page, Instagram account O'right\_tw and Line account O'right, which not only offer consumers more ways to communicate with us but also bring us closer to consumers through direct B2C communication on our brand concept, product image, directions for use, promotional events and consumer feedback. These social media platforms give us the opportunity to communicate our green values in hopes of motivating more people towards sustainability.



● Figure 1-29 O'right e-commerce platforms



● Figure 1-30 O'right official website





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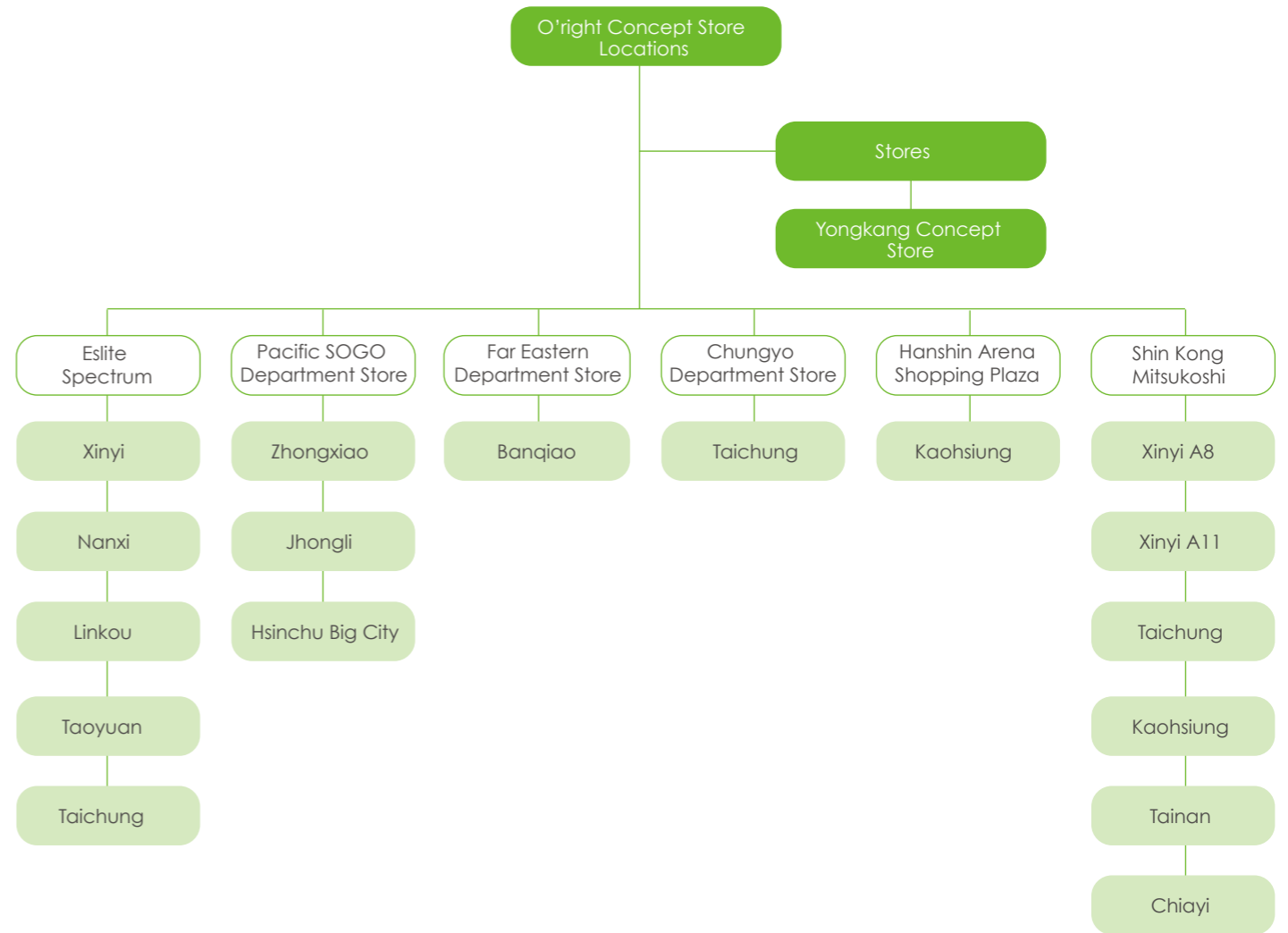
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(D) O'right Concept Store

In 2016, we kicked off our plan to open store locations to expand our business into new markets. Each uniquely designed, O'right Concept Stores give us more opportunities to get more people engaged with our brand and excited about our green values. They tell the story of O'right through sustainable designs, natural products and aromatic experiences.

Consumers can get up close and personal with our extensive range of natural beauty products while receiving professional hair and skin advice and experiencing the beauty of O'right.

Since 2016, we have opened 17 O'right Concept Stores in department stores and 1 standalone store in Taiwan, namely Eslite Xinyi, the largest department store chain Shin Kong Mitsukoshi and the top 4 department stores nationwide.



● Figure 1-31 O'right Concept Stores in Taiwan



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By the end of 2018, O'right Concept Stores can be found at major cities across Taiwan, bringing our green products and green impact closer to our consumers.

O'right encourages our Concept Store employees, consumers, colleagues and department stores to support environmental events such as Earth Hour. It's important to spread the word and motivate action. Together greener!



● Figure 1-32 O'right Concept Stores in department stores

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(E) Brand Channel Cooperation Division

Due to a recent rise of environmental awareness and eco-tourism, hotels are gradually taking the sustainable route and going green for a better tomorrow. Therefore, in addition to our professional hair salons, stores and e-commerce channels, we have also established the Brand Channel Cooperation Division, incorporating natural, pure and eco-friendly concepts into green tourism. By the end of 2018, O'right has formed partnerships with 34 hotels, 31 bed & breakfasts, 21 postpartum care centers, 8 spas and 7 gyms, infusing O'right green bath amenities into traveling and life in hopes of sharing our sustainable values with travelers from all around the world.

(a) Hotels:

Home Hotel, W Hotel, RESORT Hotel, Aspire Resort, GUEYLIN HOTEL, Leofoo Resort Guanshi, Butler Hotel, Aeris International Hotel, Story+Hote, INNK Hotel, Feng Ease Hotel, Ease Ease Hotel, Ease Hotel, Book inn, Full Kind Hotel, Norden Ruder Hostel, Ease Motel, Affair Hotel, Lan Kwai Fong Hotel, Promiseland Resort, 28shuxiang Hotel, Shu Lan Motel, KueitiwanHotel, TAIPUNG SUITES, TREEART HOTEL, Mono Hostel, Hotel Discover, Icloud Luxury Resort and Hotel, Shine Mood Resort & Spa, Royal Palace Hotel

(b) Bed & Breakfasts:

Hoyumi Hotel, 35 A-Li B&B, Chimei B&B, Before, Hanyan Design Hotel, Sin Jin Hong Resort, Rensheng Resort, Summerflow Hostel, Lin's Forest, Villa Windingland, Kenting A Few Days, Village Villa, Twins homestay, Hi Kids B&B, Civil Life Guesthouse, South Sea, Mieh's Inn, Angel Inn, Lagom Inn, 23Here, Puli 303 B&B, Live Guesthouse, Pin House, Stables Villa, Shiangshiang Forest Hotel, Search for the Quieten, Dear B&B, Local Backpacker Hostel, center.center hostel, Emilia Resort, Tainan Yu Pin Ju B&B, PIR2 HOUSE

(c) Postpartum Care Centers:

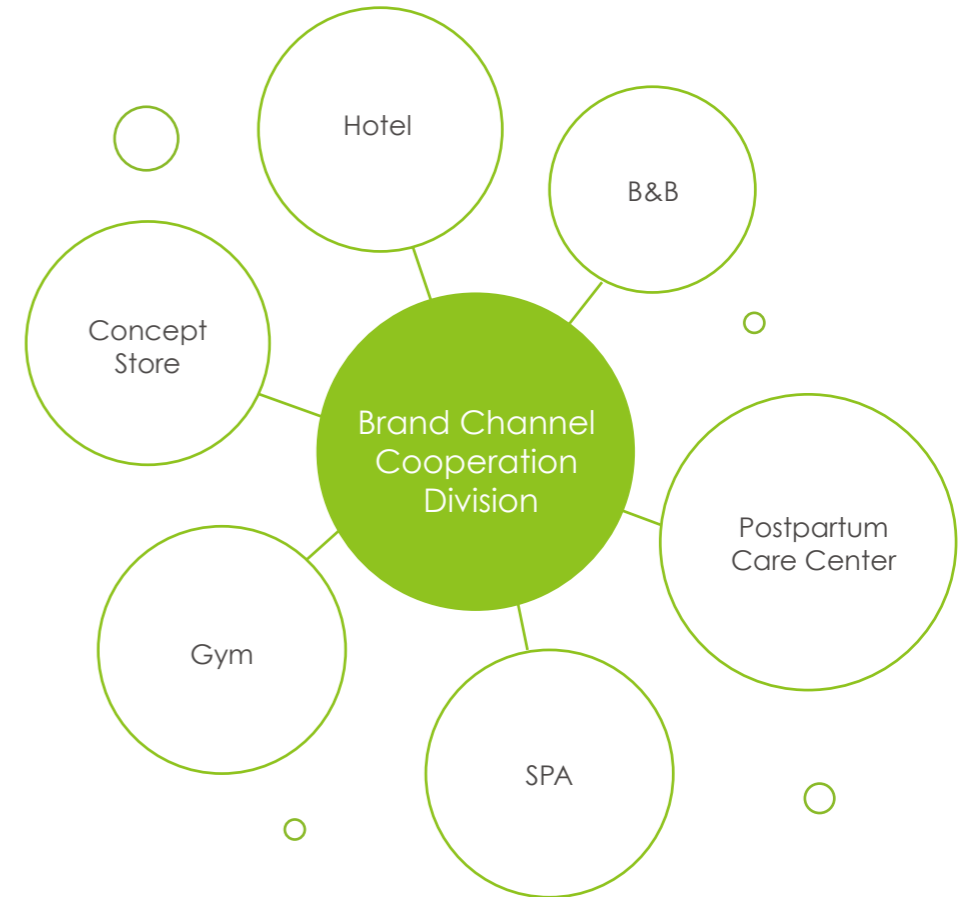
Levent Babycare Center, An Yu postpartum nursing home, Yun sin postpartum nursing home, InMoonCare, Doreen postpartum nursing home, Polai postpartum care, Yu Ho Li-Jing postpartum care, Shang Shun postpartum care, WEI GONG MEMORIAL HOSPITAL, we-gogo postpartum care center, Elvire postpartum care center, one one postpartum care center, Your sun postpartum care center, Xin yue postpartum care center

(d) Spas:

Nbeila Spa, SANADU, RunBase, Saundayspa, Hotel Royal spa, W-Hotel, Hot Spring Onion

(e) Gyms:

Joy Fitness, Yoga Journey, Energym, CYCHOLIC, IZO, Kfree, Active Fitness



● Figure 1-33 O'right Brand Channel Cooperation Division

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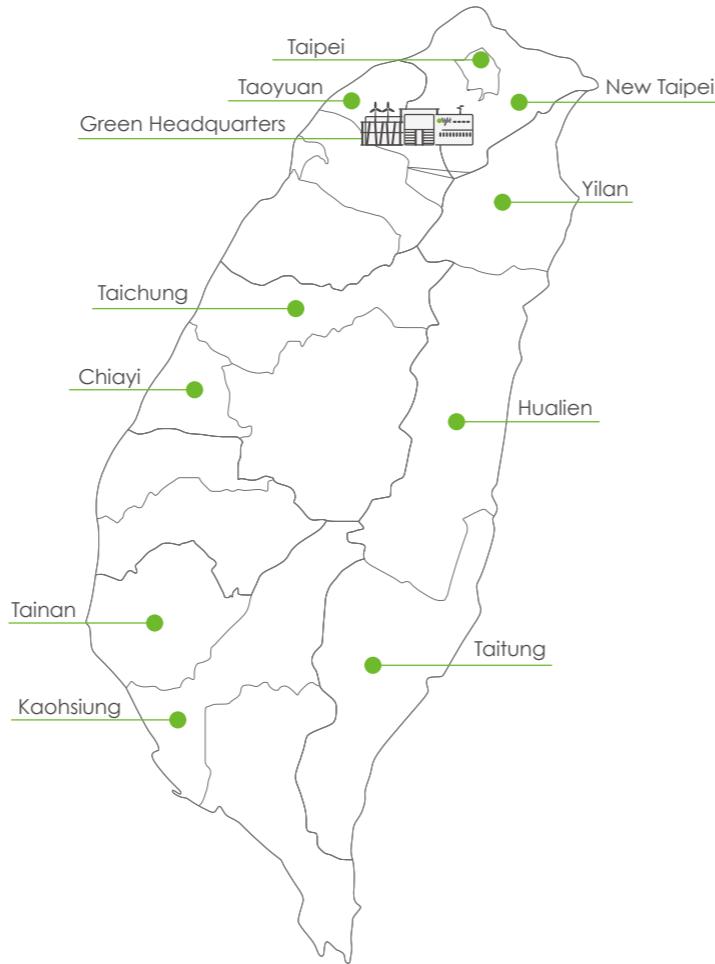
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● Figure 1-34 O'right customer service network

Note: The green spots are locations of mobile offices; the white spots in Yilan, Hualien and Taitung are home offices (i.e., customer service specialists who work from home)

### 1.4.5 Customer Service

To enhance our brand value with high quality services, O'right officially changed the name of the Taiwan Sales Department to the Taiwan Customer Service Department in 2012. By providing green products and services, we aim to raise environmental awareness among our customers by promoting green practices and concepts in hopes of making a bigger impact on people and the earth. In order to increase customer satisfaction, O'right adopts the following practices:

#### (1) A Widespread Customer Service Network

With a presence in various locations across Taiwan, including Taipei, New Taipei, Taoyuan, Hsinchu, Taichung, Tainan, Chiayi and Kaohsiung, O'right is able to promptly respond to customer needs and improve customer service quality. Customers can find customer service specialists closest to them to cater to their needs.

We make sure we are fully prepared and have collected sufficient information about the foreign market before taking our next step and bringing the latest trends to countries where our brand values will translate and markets that offer potential benefits beyond our expectations. By attending annual exhibitions and visiting potential new customers, our global customers and distributors have increased.

O'right products are now sold to 49 countries and cities across Europe, America and Asia. In addition, our first overseas O'right Concept Store opened in Saudi Arabia in October of 2018.

Our international markets are segmented into Europe 1, Europe 2, Asia and America/Australia, each assigned with a sales representative to cater to distributors' needs.

More and more people prefer to shop online due to the convenience of the internet. Our online stores and customer service are available 24 hours a day. Consumers can shop anytime they want and send us messages to our Facebook or Line account with any inquiries.



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(2) A Variety of Customer Services

O'right offers a wide variety of green services including visiting hair salons to personally share green concepts and demonstrations, encourage salons and hairdressers to take part in environmental charity events and assist salons in holding eco weeks to promote green concepts among customers.

Our close-knit service network enables us to provide so many services all across Taiwan. We have around 50 customer service specialists to cater to satisfy a variety of customer needs.

In terms of our international distributors, we provide a comprehensive brand and product educational training and visit them overseas to offer guidance on the design and planning of stores. We also give materials for the promotion of products and services and any other practical information that could help the foreign markets.

Moreover, we encourage distributors and salons to take part in environmental protection events and communicate sustainable values to foreign customers.

In addition to shopping online, customers can also choose to order by phone... We offer a diverse shopping experience and convenient options to meet the different needs of consumers. Digital marketing also creates a lot of opportunities for us to connect with our digital audience.

(3) A Comprehensive Customer Service System

At O'right, we take the initiative in promoting sustainability both internally and externally. We share information about environmental protection and motivate customers to embrace sustainability. Printed in plant-based ink on FSC certified paper, It's O'right is published 4 times a year to update customers on the latest news and trends, as well as give readers a look into unique green salons worldwide and the hairdressers that help contribute to the future well-being of the company, society and the environment.

It's O'right Quarterly is given to green salon customers for free to place in their stores for customers to read and raise environmental awareness. Around 10,000 copies are handed out each season to the hands of millions of readers. The publication is also translated into English and the electronic copy of both Chinese and English versions are published online in 36 countries worldwide. We also regularly hold environmental events such as Coastal Cleanup, Earth Hour and Plant a Tree where we enthusiastically encourage customers to join.



● Figure 1-35 It's O'right Quarterly



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#### (4) A Complete Customer Service SOP

O'right places great importance on each question raised by customers. We have a complete standard operating procedure (SOP) for handling customer complaints. All complaints received from customers are reported back to the Headquarters by customer service supervisors, who then forward the request to the Chairman for his stamp of approval. It is important to handle and resolve complaints and give customers a satisfying response in the shortest time possible after receipt. There is a database in complaints are stored in. We also make customer complaints public to prevent the same issues from occurring.

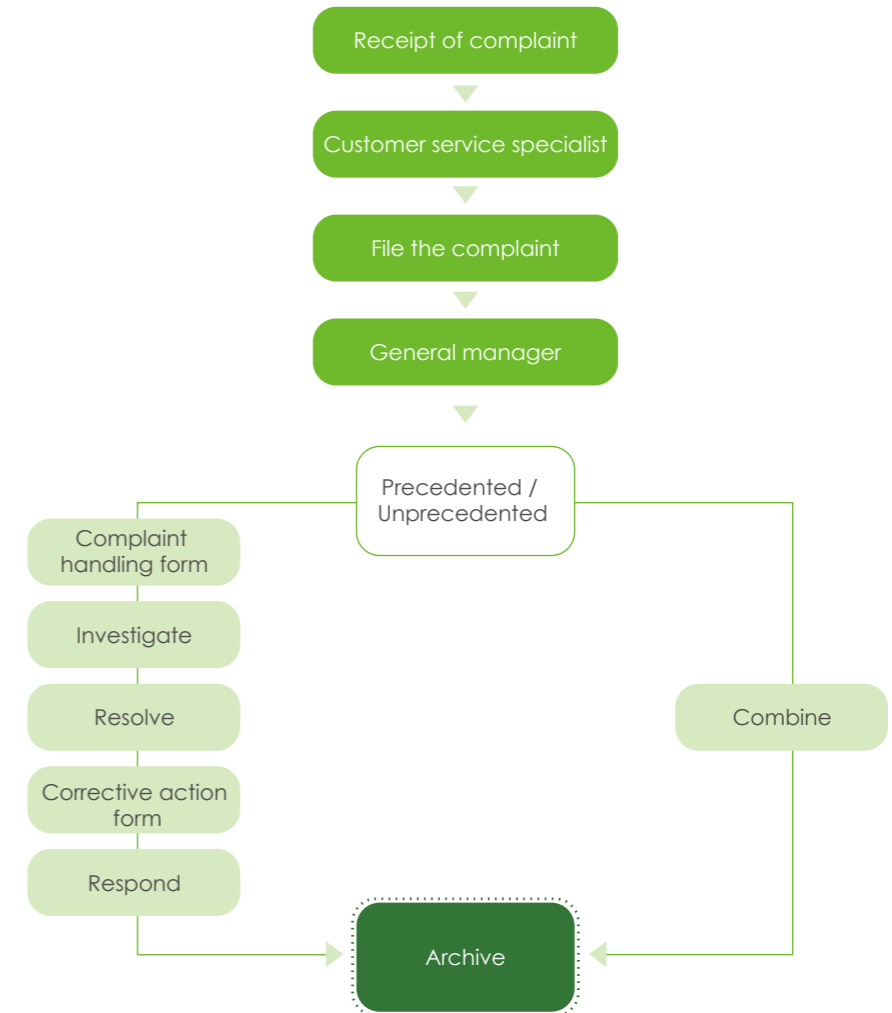
The number of customer complaints decreased by 11 compared to 2017. Complaints about product quality (e.g., content/formula), logistics and delivery, personnel service and other (e.g., online shopping platforms not managed by O'right) reduced by 3, 1 and 10, respectively.

The number of customer complaints decreased by 11 compared to 2017. Complaints about product quality (e.g., content/formula), logistics and delivery, personnel service and other (e.g., online shopping platforms not managed by O'right) reduced by 3, 1 and 10, respectively.

The E-commerce Division only received one of each complaint on product quality and logistics and delivery, while Concept Stores received 16 complaints on product quality and 3 complaints in the other category.

In general, the number of customer complaints saw a decrease in 2018, indicating a continuous increase in customers' identification towards our brand.

In regard to general questions by consumers, O'right offers a diversity of channels, such as via telephone, emails or social media (e.g., Facebook, Instagram or Twitter) for consumers to report directly to.



● Figure 1-36 Customer complaint process



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(5) An Effective Customer Satisfaction Program

Customer satisfaction surveys are conducted at least once a year, focusing on measuring customer perceptions on product quality, logistics and delivery, personnel service quality and 4 other categories. For more information, please refer to the customer satisfaction survey SOP.

From 2012 to 2018, we have conducted customer satisfaction surveys to continuously improve customers' level of satisfaction and key performance indicators (KPIs). The customer satisfaction survey in 2018 was completed by customers (i.e., hair salons) with the most orders. In 2018, the satisfaction score increased from 60 to 75. We also continue to enhance customer-related management, improve handling of complaints and implement educational trainings.

In 2018, we began conducting an online customer satisfaction survey for international distributors to measure where we stand in terms of customer loyalty, covering aspects including products, logistics, service, marketing strategy and overall.

We take the following actions to enhance customer satisfaction and product quality.

a.Product quality and information

The International Business Division assigns a specialist responsible for providing product information and FAQs.

b.Marketing materials and planning

The International Business Division appoints a person responsible for providing marketing materials and event planning for the international market.

As for privacy issues, O'right ensures that customer information is properly and securely stored. So far, there have been no customers complained about any invasions of privacy or information disclosure. In order to constantly enhance product quality and customer satisfaction, O'right established the following measures:

(1) Product information source

When delivering messages, customer service personnel must make sure salons will receive the message and give a response; otherwise, they have to contact salons the next day via telephone to ensure they received the information.

(2) Customer complaint response

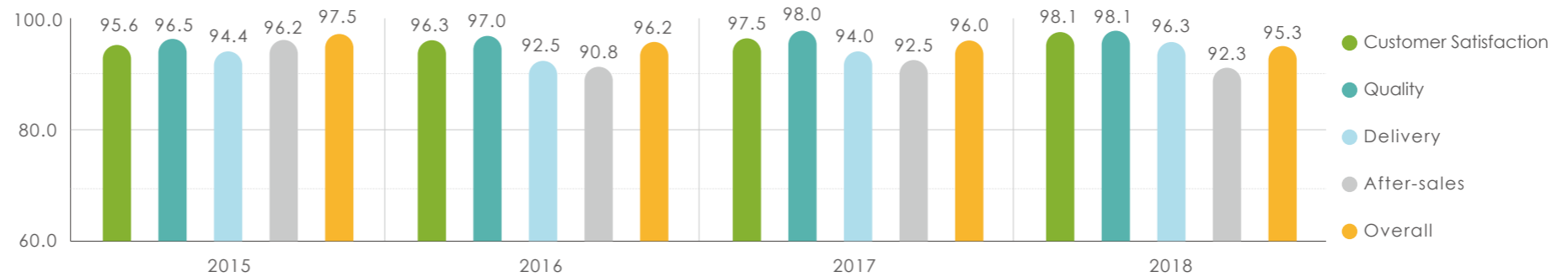
\*Create a standard customer complaint response and regularly check the accuracy of customer service personnel's responses.

\*Simplify the customer complaint internal handling process.

(3) Product quality satisfaction

\*Ensure customer service specialists are properly trained regarding products.

\*Collect and provide relative data to product quality assurance units.



● Figure 1-37 Customer satisfaction of the Taiwan Business Division

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(4) Product range satisfaction

\*Arrange for instructors or educators to teach and train hair salons and customer service personnel by demonstrating how to use each product.

Collect and provide relative data to R&D personnel.

(5) Product delivery accuracy

\*Customer service specialists must confirm the order details with hair salons before accountants input information in the computer system.

Collect and provide relative data to the logistics department.

In 2018, we began conducting an online customer satisfaction survey for international distributors to measure where we stand in terms of customer loyalty, covering aspects including products, logistics, service, marketing strategy and overall.

● Table 1-12 Customer satisfaction survey of the International Business Division

Item	Score	Average	Satisfaction
Customer service	83	4.4	😊
Product development	69	3.6	😊
Marketing	70	3.7	😊
Order processing	76	4.0	😊
Quality control	84	4.4	😊



● Figure 1-38 Customer satisfaction survey process





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### 1.4.6 Legal Compliance and Code of Conduct

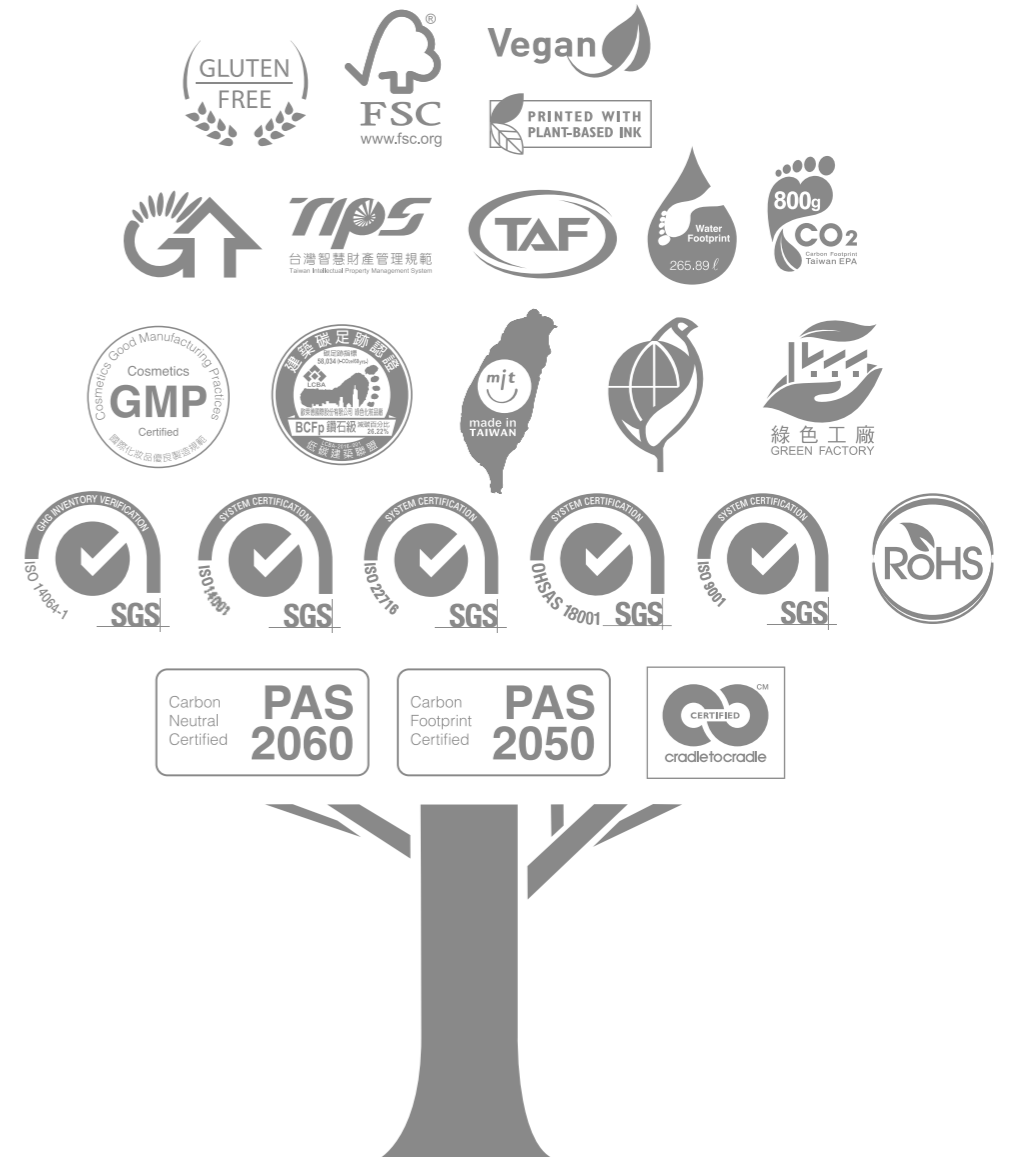
O'right ensures compliance with the Cosmetic Hygiene and Safety Act and integrates management systems including ISO 50001:2011, ISO 14001:2004, ISO 22716:2007, OHSAS 18001:2007 and TIPS into our overall efforts to improve our business. ISO management system standards help us identify the statutory and regulatory requirements relative to our company regulations on energy, environment, fire safety, health and safety and intellectual property rights, etc.

Creativity and employee training are a part of our business. We provide appropriate energy, environmental, fire safety, health and safety and intellectual property rights training to all employees. We hire external instructors to our headquarters for advanced courses on basic regulations and legal compliance. Employees are also allowed to participate in external training programs to develop individual skillsets, acquire new skills and replenish knowledge.

On the 12th of January, the Bureau of Labor Insurance of the Ministry of Labor discovered that the insurance salary of an insured employee declared by O'right was untrue; therefore O'right faced a penalty of NT\$8,932 for violating the Labor Insurance Act. The insured person was a new employee, not a salary (salaried) employee, who had not yet completed her probationary period. O'right failed to adjust her insurance salary in time due to the Chinese New Year holiday. To ensure that this does not happen again, we review and adjust employees' insurance salaries in February and August, particularly for new employees and non-salary employees.

On the 18th of April, the National Taxation Bureau of the Northern Area of the Ministry of Finance discovered that the e-invoice issued by O'right did not provide the last 4 digits of the card number in the remarks column of the invoice; therefore O'right faced a penalty of NT\$12,374 for violating the Value-added and Non-value-added Business Tax Act and Regulations Governing the Use of Uniform Invoices.

This violation was the result of the e-invoice system's inability to automatically provide the credit card number digits; we have amended this issue by updating the system as instructed by the National Taxation Bureau. Additionally, in order to prevent similar events occurring again, our legal department has been required to be up-to-date on legislative amendments.



● Figure 1-39 Our certifications



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# Green Innovative Manufacturing



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## 2.1 O'right Green Headquarters GMP Cosmetics Factory

O'right's philosophy and mission is to bring our philosophy of Natural, Pure and Eco-friendly to a whole new level. It is part of everything we do at O'right. That includes our Green Headquarters – an ecological garden, a green production center and a low carbon office for our staff and our green products – manufactured in our Organic Plant Extraction R&D Center.



● Figure 2-1 The natural, pure and eco-friendly design of O'right Green Headquarters



O'right Green Headquarters is an energy- and water-efficient building. Compared to our previous factory in Pingzhen, our new headquarters is 3 times larger in size but consumes 30.27% less electricity (Table2-1).

● Table 2-1 Energy consumption between Green Headquarters and Pingzhen Factory

Factory	Pingzhen Factory		Green Headquarters		
	2011	2016	2017	2018	
Years	2011	2016	2017	2018	
Square meter (m <sup>2</sup> )	1,808 m <sup>2</sup>	4,959 m <sup>2</sup>	4,959 m <sup>2</sup>	4,959 m <sup>2</sup>	
Total electric power consumption (kWh)	181,795.30	381,776	413,619	439,577	
Annual electric power consumption per m <sup>2</sup> (kWh)	100.55	76.99	83.41	88.64	
Electric power consumption per 4,959 m <sup>2</sup> (kWh)	498,525	381,776	413,619	439,577	
Efficiency of Green Headquarters (%)	N/A	23.42%	17.04%	11.82%	
Units produced (pcs)	885,556	1,335,404	1,427,629	1,551,819	
Growth rate (%)	N/A	50.80%	61.21%	75.24	
Net sales (NT\$ thousand)	173,543	354,283	438,198	553,624	
Growth rate (%)	N/A	104.15%	152.50%	219.01%	
Environmental control system	Control area	Control area & Cleanroom	Control area & Cleanroom	Control area & Cleanroom	
Water control	RO	8-step ultrapure water	8-step ultrapure water	8-step ultrapure water	
Management system	ISO9001	ISO9001, GMP, ISO22716, ISO50001, OHSAS18001, ISO14001, ISO14064	ISO9001, GMP, ISO22716, ISO50001, OHSAS18001, ISO14001, ISO14064, ISO17025, TIPS	ISO9001, GMP, ISO22716, ISO50001, OHSAS18001, ISO14001, ISO14064, ISO17025, TIPS	

<sup>1</sup>Airflow control devices are installed to reduce pollution.

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In addition, 100% of rainwater and pre-production wastewater is recycled and reclaimed for daily water consumption, air-conditioning, irrigation, and other purposes. At the Green Headquarters, not one drop of precious water is wasted (Table 2-2).

● Table 2-2 Total amount of water consumed and recycled

Year	2016	2017	2018
Tap water consumed (m <sup>3</sup> )	11,920	16,734	8,564
Ultrapure water produced for production (m <sup>3</sup> )	9,190	8,289	4,924
Reclaimed water recycled (m <sup>3</sup> )	2,730	8,445	2,481
Waste water recycled (m <sup>3</sup> )	0	0	482
Percentage of water reused	22.90%	50.47%	34.60%
Water used for manufacturing (L)	6.88	5.81	3.17



● Figure 2-2 Our industrial wastewater has a COD of below 50 mgO<sub>2</sub>/L



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2.1.1 Natural: Ecological Garden

A green building not only provides the setting for human activities, but also enhances and protects biodiversity and ecosystems and conserves and restores natural resources. Natural is unpredictable and rich in biodiversity. The built environment should learn from the complicated yet sound nature.

O'right Green Headquarters was built without walls or fences with the aim to lessen the impact on the environment and restore natural resources. We believe that it's not just about building a beautiful environment, but also about incorporating green concepts into human life to achieve a balance. We should learn to co-exist in harmony with nature, and welcome nature in our lives. Our green philosophy is reflected in the four green building indicators of Taiwan's green building evaluation system EEWH: greenery, on-site water retention, water resource, and CO2 reduction. Three of our indicators exceed the standards set by EEWH (Table 2-3).

(1) Greenery Our Green Headquarters is rich in biodiversity:

A.Large area of trees:

Home to a total of 60 trees and 16 species including cherry, camphor, maple and cypress trees; 600 shrubs such as Jasmine orange, Taiwan rhododendron, golden dewdrop; 100 vines including Boston ivy and creeping fig.

B.10,000 plants:

Home to Arachis duranensis, a herb that is less susceptible to insect pests and weeds. They don't need to be regularly trimmed to maintain its lush green appearance. Arachis duranensis also reduces 30% of nitrogen loss and increase soil carbon sequestration to mitigate climate change.

C.Green Hallway:

The vertical garden, which takes up a space of 47.5 m<sup>2</sup>, is completely covered with greenery such as Devi's ivy (Epipremnum aureum), Boston fern (Nephrolepis exaltata) and arrowhead vine (Syngonium podophyllum). This green wall is a natural air-filter that absorbs carbon from the atmosphere, creating a cleaner, more invigorating environment for the staff as well as visitors. The plants are watered with rainwater and pre-production wastewater for 2 minutes twice a day. Three digital interactive touch screens nestled among the green leaves infuse guests with the latest environmental news and information.

<sup>2</sup>Vertical gardens act as a natural air purifier by removing formaldehyde and other volatile organic compounds.

D.Sky Farm:

The Sky Farm features a collection of solar panels and a bird habitat. Due to the construction project, the plants inhabiting the area had to be temporarily moved elsewhere. After construction completed, we consulted the Society of Wilderness before migrating the plant habitats back to their original home. The flourishing green habitat on the roof of the Green Headquarters is now the home to 11 species including the Australian laurel (Pittosporum tobira Ait), Silvery messerschmidia (Messerschmidia argentea) and Ceylon ardisia (Ardisia squamulosa Presl). Pebbles are used as a ground cover for the farm to retain rainwater and decrease indoor temperature. The combination of plants, green land and water significantly contributes to reducing greenhouse gas emissions and avoiding the impacts of climate change.

E.Organic Vanilla Garden:

Located on the third floor, the Organic Vanilla Garden has a variety of plants, which can be used to provide staff and guests Mt. Lemmon marigold or rosemary infused water. At the end of April, we found an endangered plant species listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITIES), Chinese spiranthes (Spiranthes sinensis).

The Chinese spiranthes is a species of orchid in bloom around the Tomb Sweeping Festival, so it is also called the Tomb Sweeping Plant.

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● Table 2-3 EEWB green building indicators exceeded by O'right Green Headquarters

Indicator	Benchmark	O'right	Margin
Greenery	TCO <sub>2c</sub> =250,920	TCO <sub>2c</sub> =913,814	TCO <sub>2c</sub> =Total CO <sub>2</sub> ; O'right achieved a value 3.7 times higher than the benchmark
Water retention	Water originally retained is 24.1	Water designed to retain is 59.7	The designed value is 2.5 times higher than the benchmark
Water resource	2.0	6.0	3 times higher than the benchmark

## (2) On-site Water Retention

It is important for a building to be constructed on soil that retains water to prevent water from entering public drainage systems. A building site with good water retention abilities can prevent flooding and preserve soils. The lot size of O'right Green Headquarters is 2,788m<sup>2</sup> and water retainable area (including green land, eco pond, rainwater pond and rooftop garden) is 1,103m<sup>2</sup>, which is 40% of the total area. Permeable paving includes ditches, drains and rivers, used for draining and retaining water. A sustainable drainage system allows surface water to penetrate through the ground rather than directly running into drain pipes.

## (3) Water Resource

- The toilets, sink and shower facilities all meet water efficiency standards.
- Rainwater harvesting area on the rooftop on the third floor is 1,123m<sup>2</sup>.
- Three innovative water recycling systems are established to reduce water consumption:
  - a. **Rainwater harvesting**  
Rainwater is collected and stored for irrigation and the waterfall to reduce the building's temperature. Recycled rainwater can also be used for aquatic plants and fish in the ecological pond.
  - b. **Water reclamation**  
Reclaimed water from the water purification process is rich in natural minerals and can be reused for cleaning, toilet flushing, irrigation, the waterfall, and for decreasing indoor temperature.
  - c. **Wastewater treatment**  
After adjustment, containment, hydrolytic oxidation, and hydrogel precipitation, wastewater discharged from the production process is purified. Clean water is then discharged into eco-ponds that are occupied by aquatic plants and about 600 frogs.

## (4) CO<sub>2</sub> Reduction

This indicator aims to reduce CO<sub>2</sub> emissions from building materials during the production stage. It is mainly assessed under 2 categories: lightweight structure and rational structure. The green structure coefficient (CCO<sub>2</sub>) of O'right Green Headquarters is 0.79, which meets the criteria.



### 2.1.2 Pure: Green Production Center

O'right uses wind and solar power to generate electricity for production. This green energy has to be sold back to the grid at Taiwan Power Company before it can be used by O'right. In 2018, we sold 35,761 kWh (generated from solar power only) to the power company and 353,928 kWh since the establishment of the headquarters.

The green production center is designed with 3/4 built underground to protect the cleanroom from environmental impacts and minimize energy consumption by decreasing the need for air-conditioning due to the decrease in temperature. In order to create a healthy working environment for staff, a makeup air unit (MAU) is installed to maintain indoor air quality by diluting airborne contaminants and sterilizing the air with UV light. O'right's green production area minimizes any potential pollution to the area. Therefore, compared to cosmetic products in general, our products contain the minimum amount of preservatives to protect our consumers' health.

The green production center is equipped with 7 energy-efficient designs, as detailed below:

#### (1) Two Main Areas

- A. Controlled area: A fingerprint identification system is installed to provide access control; people have to enter an air shower so that pressurized air nozzles remove particles of contamination.
- B. Cleanroom: A high technology manufacturing area with a controlled level of contamination to ensure the highest product quality and minimize the use of preservatives.

#### (2) Three Energy-efficient Designs

- A. PCW (Process Cooling Water) system
- B. Total Heat Exchanging System
- C. Heat exchanger for semi-finished products: A cooling equipment is installed to quickly lower the temperature of semi-finished products from 80°C to 25°C to make the particles smaller and finer for better absorption.

#### (3) Four Sterilization Methods

All manufacturing equipment and bottles are thoroughly cleaned through 4 rigorous and natural sterilization processes, ultraviolet sterilization, ozone sterilization, steam sterilization and alcohol sterilization (made from organic fermented corn), to ensure products are free from contamination.

<sup>3</sup>Cosmetic preservation is not an easy task; without preservatives, cosmetics go bad in 7 days. O'right uses minimal amounts of preservatives to prolong the shelf life of products. Protecting cosmetic products from contamination is the key to ensuring product quality.



● Figure 2-8 Clean energy display panel



● Figure 2-9 Four sterilization methods

(4) Five Preventive Measures



People are required to wear a cleanroom suit, or bunny suit, before entering the cleanroom. An air shower is installed at the entrance to minimize particulate matter entering or exiting the controlled environment.

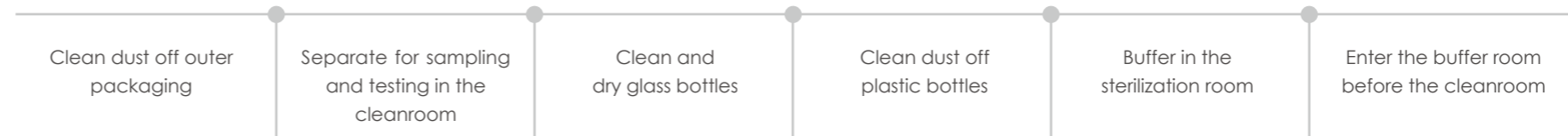
Material preparation workers follow product guidelines to prepare the materials and place them in the center of the buffer area. After informing the engineers to claim the materials, they measure the weight and check the items in the weighing room before delivering the materials to the emulsification room for production.

Semi-finished products are first delivered to the waiting room. After quality assurance engineers make sure the products meet standards, they are sent to the filling room before being sealed and packaged.

A fan filter unit is installed above the cleanroom, using a high efficiency particulate air filter to clean the indoor environment.

A human machine interface is adopted in the emulsification room. Engineers can manually operate the equipment to achieve automated production. The inside of the tank is made from SUS316 stainless steel. It is cleaned and sterilized with pure water and 121° C steam every time a product is manufactured.

(5) Six Cleaning and Buffering Procedures



(6) Six Wastewater Treatment Ponds

O'right Green Headquarters has 6 ponds or basins designed to treat wastewater generated during the product manufacturing and equipment cleaning processes. After going through the collection, adjustment, pH balancing, contact oxidation, buffer and discharge processes, wastewater, or greywater, is discharged into rivers without causing any damage to the environment.

Natural, Pure and Eco-friendly is the way we do things at O'right. We properly manage our industrial wastewater and ensure that our wastewater treatment process complies with effluent discharge regulations by following strict guidelines and purchasing testing devices.

According to industrial effluent regulations, the Chemical Oxygen Demand, or COD, which is the indicative measure of the amount of oxygen that can be consumed by reactions in a measured solution, should be lower than 100 mgO<sub>2</sub>/L and the pH should range from 5-9. We tested our industrial wastewater and found a COD of below 50 mgO<sub>2</sub>/L and that it is neither acidic nor alkaline (pH neutral), which are lower than governmental regulations.

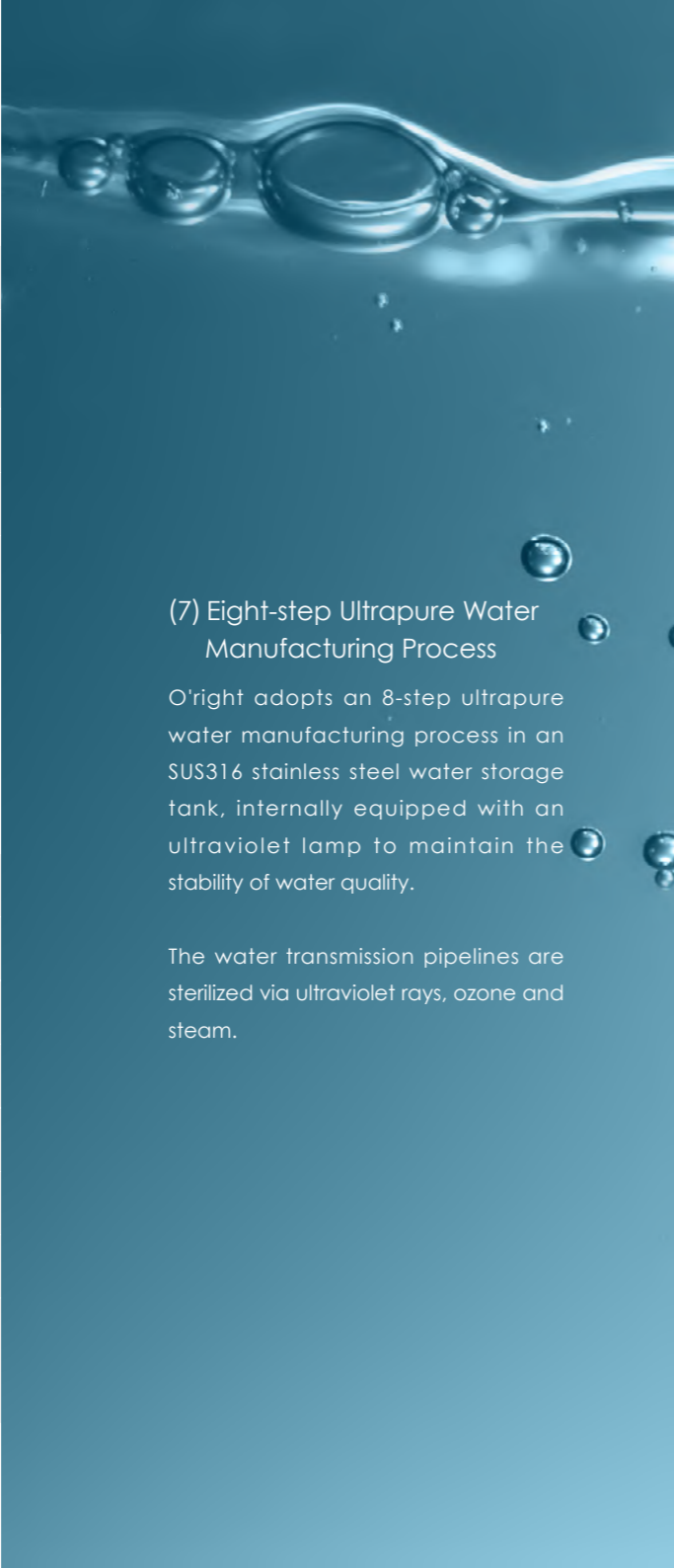
We monitor and record the data on a daily basis, which is reviewed every month by top-level managers. Additionally, 2 companies provide wastewater testing services each month and season to collect and analyze samples. Industrial effluent regulations state that testing must be performed at least once every 6 months.

In 2018, we proposed the following improvement actions to be taken:

- A.Improve the waterproofing capacity of the ponds
- B.Increase the volume of the pond and increase the processing period of bacteria for better water quality
- C.Increase the dissolved oxygen in the wastewater treatment plant to extend the survival rate of bacteria
- D.Use the discharged wastewater to water plants



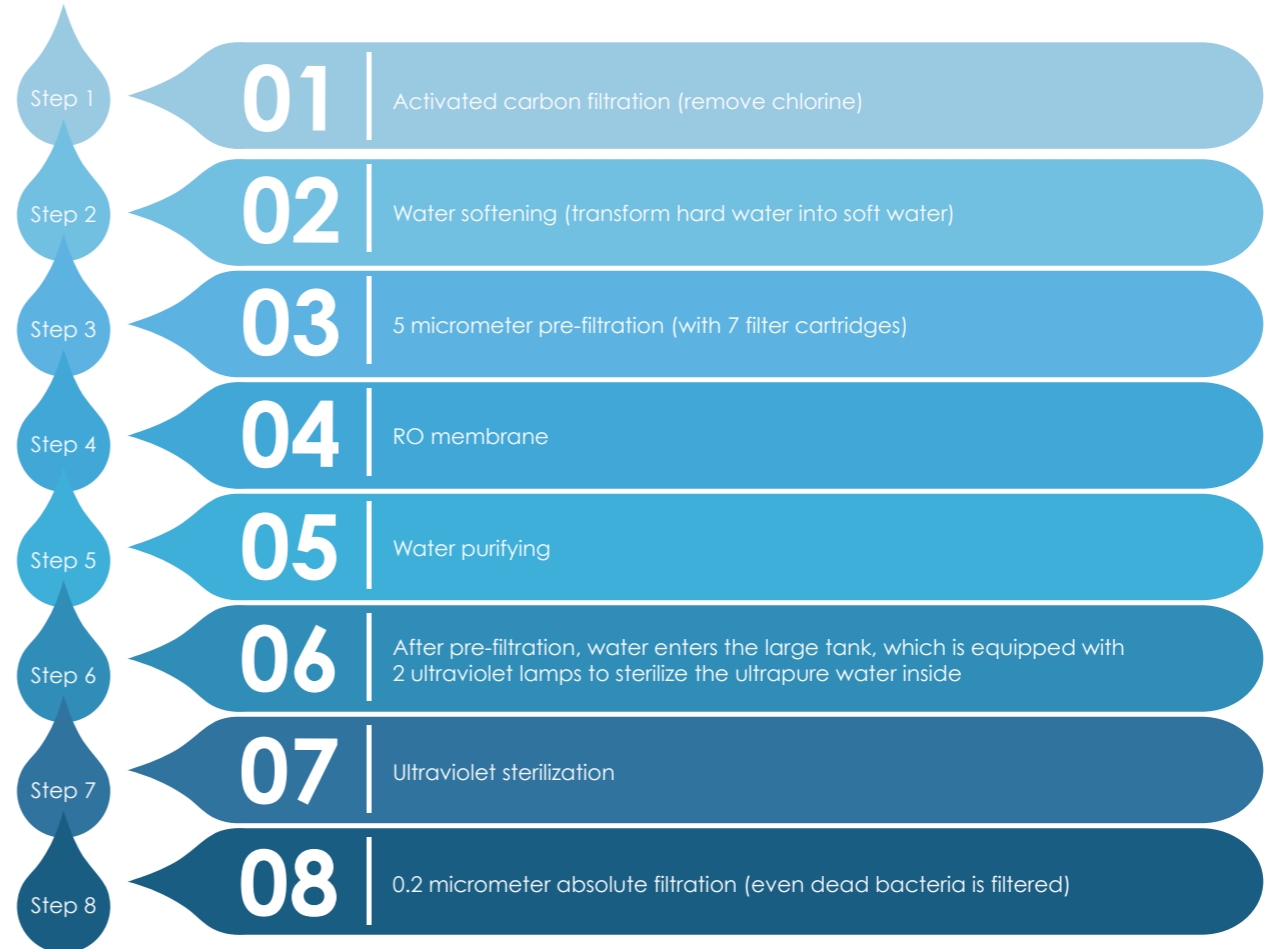
● Figure 2-10 Wastewater management



(7) Eight-step Ultrapure Water Manufacturing Process

O'right adopts an 8-step ultrapure water manufacturing process in an SUS316 stainless steel water storage tank, internally equipped with an ultraviolet lamp to maintain the stability of water quality.

The water transmission pipelines are sterilized via ultraviolet rays, ozone and steam.



● Figure2-11 Eight-step ultrapure water manufacturing process

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### 2.1.3 Eco-friendly: Low Carbon Office

As a green corporation, we built a low carbon office in our headquarters to motivate sustainability among our staff and the guests that visit our green building.

#### (1) Low Carbon Office

With pleasant, spacious environment and good lighting, along with an advanced indoor air quality monitoring system, the low-carbon office is an eco-friendly and healthy work environment for employees.

**A. Open space office:** The office area is well-ventilated, so that even during the hot summer season, the apparent temperature is relatively low. As a result, air conditioning is rarely needed; only when the indoor temperature is above 26°C will the air conditioning system be turned on. In 2018, the air conditioner was only turned on for 92.25 hours total.

**B. LED lighting:** The building is installed with LED lights, which helps reduce up to 63,168kWh of electricity a year.

**C. Total Heat Exchanging System and Touchscreen Indoor Air Quality Monitor:** When indoor CO2 levels exceed 800ppm, the system will be activated and fresh air from the outside will be pumped in, which not only saves electricity but also provides staff with a high quality work environment.

**D. Desk electricity control switch:** Each desk has a switch that switches the electricity of that desk on and off. The last person who leaves the office after work is responsible for switching the power off to reduce unnecessary power consumption.

**E. Overhanging eaves:** This design helps limit exposure to the sun, which lowers the need for air conditioning.

**F. Acacia wood desks:** Acacia trees, a species native to Taiwan, are one of the best natural carbon sinks due to its excellent ability to absorb carbon. In the early days, acacia was commonly used as a light pole, which results in lots of pieces of wood being leftover. O'right requested the help of a carpenter in Dazi to build office desks that are not only beautiful but also eco-friendly. Not one nail is used, only recycled wood waste.

**G. Green Mark certified printing paper:**  
 -Use 80% recycled paper to help conserve forest resources.  
 -Encourage staff to print with recycled paper for informal documents.

**H. FSC certified paper:**  
 -Paper that is legally harvested from well-managed forests to protect rainforests and primary forests.  
 -Conserves forests and maintain ecological balance.  
 -High quality sustainable paper is eco-friendlier than recycled paper.

**I. FSC certified tissue paper:**

- Paper that is legally harvested from well-managed forests to protect rainforests and primary forests.
- Conserves forests and maintain ecological balance.
- High-quality sustainable paper is eco-friendlier than recycled paper.
- Can be directly thrown in toilets to prevent solid waste pollution.

**J. Eco towels:**

- Helps to save 8.6 to 15 million trees per year.
- Greatly reduces greenhouse gas and air, water and solid waste pollution.

**K. Eco cloths:** Our eco cloths are each made from a 600mL recycled plastic bottle, reducing 25.2g of carbon emissions, 88.6mL water consumption and 0.52mL of oil.



● Figure 2-12 Low Carbon Office

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● Figure 2-13 Coffee grounds used as green manure

(2) Eco-friendly Meeting Rooms

Our Green Headquarters is equipped with 3 meeting rooms named Earth , Home and Seed to symbolize the earth as our home. The tables in the meeting rooms are covered with eco-tablecloths each made from 42 600mL recycled plastic bottles. For the health of our staff, Earth is equipped with a total heat exchanging system and smart indoor air quality monitoring system. When indoor CO2 levels exceed 800ppm, the total heat exchanging system will be activated and fresh air from the outside will be pumped in.

(3) Organic Vegetable Cafeteria

O'right's green philosophy emphasizes more on the value than the cost. In order to incorporate environmental concepts in everyday life, an organic vegetable cafeteria is especially designed for employees to enjoy during lunch.

A.Organic meals

Free fruit, vegetable salad and bread are provided in the cafeteria during lunch on workdays. All fruit and vegetables are produced from local organic farms nearby; only in the event of low production do we purchase elsewhere.

B.Prepare our own food

Every day at 12:00, staff members take turns washing fresh food and preparing salad for colleagues before lunch. The cost is high, but we believe that by doing so employees can learn to cherish food and be aware of their responsibility to the environment.

The value created is something that cannot be bought or measured with money.

Most employees don't help out in the kitchen at home. For them, their first time washing fruits and vegetables is at O'right. Our eco-friendly practices and services constantly receive praise from visitors as this kind of work environment is truly one-of-a-kind.

C.An eco-friendly cup of coffee

Employees can enjoy a cup of UTZ<sup>4</sup> certified fair trade coffee from the coffee machine in the cafeteria.The milk we offer to staff to add in their coffee comes from Chu Lu Ranch in Taitung, where cattle eat grass instead of genetically modified food.

These are a few of the benefits O'right offers employees.The coffee grounds leftover from brewing coffee is available for staff members to take and use as green manure to plant vanilla and potatoes, etc.

D.Soup:

In 2015, we began providing soup for staff as a way to encourage them to bring their own lunch meals and reduce plastic waste.

<sup>4</sup>UTZ is a non-profit organization whose mission is to promote sustainable farming in a world where farmers implement good agricultural practices and manage their farms profitably with respect for people and planet. UTZ Certified is the largest sustainability program in the world for coffee.

### (5) Water- and Energy-efficient Foot Pedal Faucets

Faucets play an important role in the water conservation of our green building. At the beginning of construction, we discovered that the whole building needs 40 faucets! If we use conventional manually-operated faucets (or taps), it will result in a huge amount of water consumed.

At that time, we thought installing automatic or sensor-operated, touch-free faucets is the greener solution. However, automatic faucets operate 24 hours a day, meaning that it is still running (and consuming electricity) even after working hours. Each sensor consumes 5 watts per hour.

So, let's do the math: 40 automatic faucets × 5 watts × 24 hours × 365 days. This means that each year 1,752 kWh has to be consumed. Since we only work 8 hours a day, there is only around 200 working days a year. This shows just how much power would be wasted from installing automatic faucets (Table 2-4). Instead, we adopted an eco-friendlier approach: foot pedal faucets. No electricity is needed, which allows us to save 17 million watts on a yearly basis. That's a water conservation rate of 65.5%<sup>2</sup>!

### (6) Vision Hall

Vision Hall is built at the entrance at the top of the stairs of our Green Headquarters. This design adopts buoyancy-driven ventilation to keep the area cool and adequately ventilated. Rainwater collected on the rooftop flows down from the 3-storey-high waterfall landscaping design, not only making it a natural landscape but also effectively lowering the temperature of Vision Hall since hot air rises and cold air sinks. This also allows the cool breeze to enter the low-carbon office area.

According to Table 25, our Green Headquarters reduced a total of 42% of carbon emissions, which equals to a carbon inhibition of 58%. A low-carbon building has to meet the following requirements: (1) Reduce the surface area exposed to the outside elements of sun, rain and wind; (2) Maintain good ventilation to improve indoor air quality; (3) Provide insulation and cooling with green roofs; (4) Utilize good thermal building insulation materials so that there is no need for air conditioning for over 300 days a year even during the hot and humid summer season in Taiwan.

<sup>2</sup>Source: Industrial Technology Research Institute



● Figure 2-14 Foot pedal faucet



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(7) The energy efficiency achievements of our low-carbon office can be shown from the following 3 green building indicators:

A. Daily energy use:

Air-conditioning: At the Green Headquarters, air conditioners are activated mostly only during hot summer days. In 2016, our air-conditioning system was only turned on for 216 hours, which is around 40 working days. According to Taiwan Power Company, companies in general have the air conditioning system on 8 hours per day for 86 days (excluding the weekends and public holidays) during the summer season from June to September with chillers consuming up to 60 tons of energy. However, in 2016, O'right saved up to 20,579.2 kWh, reducing 13,108.950 kg of carbon emissions, which is equivalent to planting 1,192 20-year-old trees.

B. Indoor environment

Good soundproofing materials: The walls are 15-25cm thick with airtight windows

a. Floor-to-ceiling windows: The office area is surrounded by floor-to-ceiling windows, half of which can be opened to welcome natural sunlight and cool breeze from outside.

b. Interior decoration: Green building materials are used for the ceiling, wall and floor; over 50% of the ceiling and walls have not been decorated.

● Table 2-4 Energy efficiency of air conditioning

	Other	O'right	Energy efficiency of O'right
AC energy consumption in 2016	29,996.8 kWh 43.6 x 8(hrs) x 86(days)=29,996.8 kWh	94,17.6 kWh 43.6 x 216(hrs)=9,417.6 kWh	68.6% 20,579.2 kWh (68.6%)
AC energy consumption in 2017	30,345.6 kWh 43.6 x 8(hrs) x 87(days)=30,345.6 kWh	37,69.22 kWh 43.6 x 86.45(hrs)=3,769.22 kWh	87.58% 26,576.38 kWh (87.58%)
AC energy consumption in 2018	29,299.2 kWh 43.6 x 8(hrs) x 84(days)=29,299.2kWh	40,22.1 kWh 43.6 x 92.25(hrs)=4,022.1 kWh	86.27% 25,277.1 kWh (86.27%)

Note: 1kWh=Unit of electricity | AC energy consumption per hour is 43.6kWh

<sup>4</sup> Source: Hsinchu Science Park Bureau, Ministry of Science and Technology [http://saturn.sipa.gov.tw/SPA/EPI/page\\_detail.do?&fmeLv1Id=5cf6ff61-1f23-4f47-8f58-59b227637629&fmeLv2Id=72ff7cc3-72be-409b-beb3-4265c1fb2ded](http://saturn.sipa.gov.tw/SPA/EPI/page_detail.do?&fmeLv1Id=5cf6ff61-1f23-4f47-8f58-59b227637629&fmeLv2Id=72ff7cc3-72be-409b-beb3-4265c1fb2ded)





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C.Sewage and garbage improvement

a.Waste disposal site: A designated location is provided for the disposal of waste.

b.incineration of business waste: Business waste, or commercial and industrial waste, is incinerated by qualified waste clearance companies. In 2018, a total of 12,550 kg of garbage was disposed of and 12,920 kg of recycled waste (e.g., paper, iron, plastic and aluminum) was taken out. From January to December of 2018, 925 metric tons of wastewater was converted and 482 metric tons was used for watering plants. Lotion such as shampoo and body wash has to go through a process in which wastewater is converted into liquid that can be reused for other purposes. Since 2015, reclaimed or recycled lotions are provided to staff, neighbors and senior citizen centers to take home to use for washing clothes or cleaning floors. As a result, 97.8% less wastewater is treated. Domestic wastewater is eventually discharged into Laojie River.

In addition to our constant innovation in products and manufacturing, we also continue take our role as a green enterprise seriously and responsibly by motivating employees to maintain a green work environment. In 2018, due to business expansion and increase in production output as well as number of employees, our Green Headquarters began renovation to accommodate more people and resources. However, because of the renovation work, industrial waste increased 3.1 metric tons from 2017.

c.We classify our waste into garbage bins in different colors and clear labels to make it easier for staff to identify what type of trash goes in which bin. There is also a bin especially designed for kitchen food waste to be disposed in. Separated sewer lines are installed to eliminate combined sewer overflow, which helps to prevent pollution. Rainwater can be recycled and reused for domestic consumption.

d.In order to regulate the amount of preservatives used in formulations by maximum permitted levels, O'right became the first hair and skin care company in Taiwan to be accredited under ISO 11930 preservative effectiveness test. However, this resulted in the generation of infectious waste, which is being handled and incinerated by qualified waste clearance companies (table 2-5).

● Table 2-5 Annual industrial waste comparison

Wastewater disposal (metric tons)	2016	2017	2018
Recycled goods (paper, iron, plastic and aluminum)	11.877	15.539	12.920
Industrial waste disposal	7.304	9.450	12.550
Infectious waste disposal	0.354	0.330	0.384



## 2.2 Green Products

### 2.2.1 Green Research and Development

O'right has never been just a hair and skin care company, but a brand that is dedicated to giving people, society and the environment the best care they deserve.

About 15 to 20 years ago, a global demand for a clean economy (i.e., the production of goods and services with an environmental benefit) began picking up. A clean economy is one that benefits the government, markets and consumers and one that provides products and services that reduce carbon emissions in the entire economy and improve efficiency in the use of natural resources. However, a clean economy is expensive; not everyone could afford to buy green and it did not help that green products often fail to deliver the desired result.

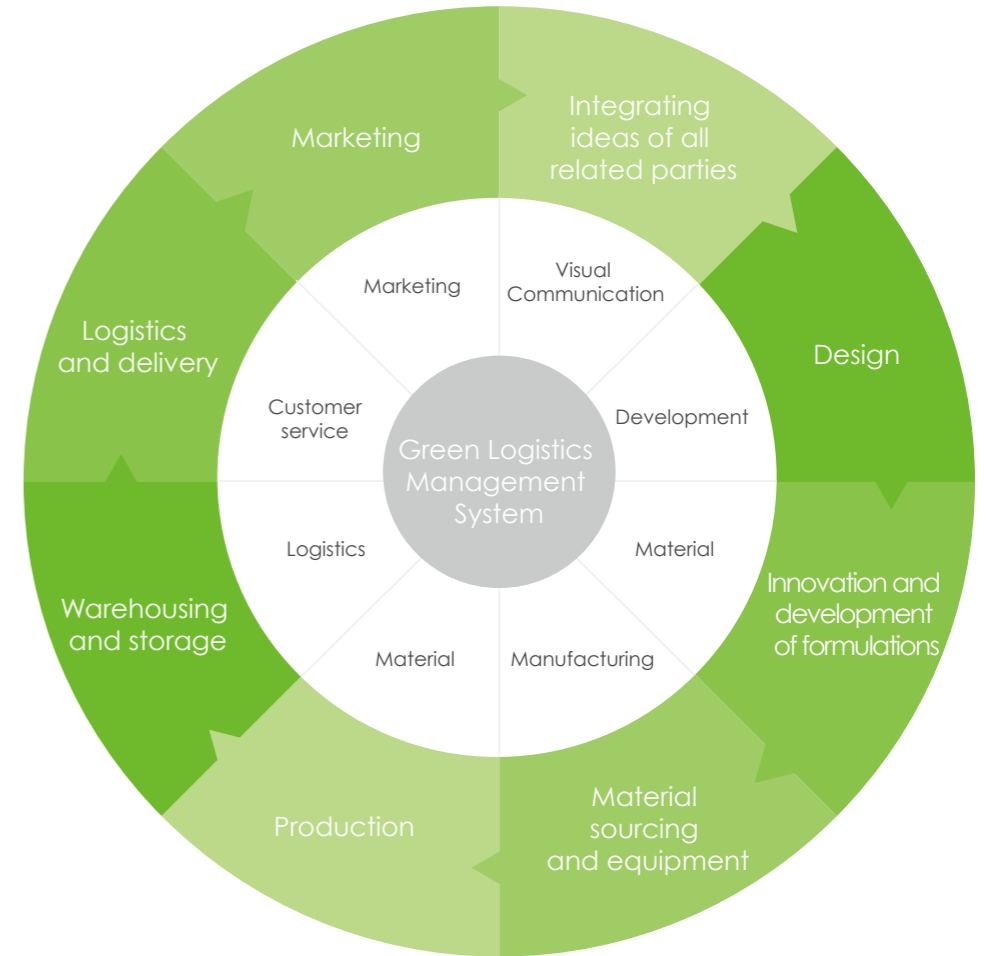
In order to make a breakthrough, we use green energy in the manufacturing of our products and environmentally-friendly packaging. Our products contain a high amount of natural ingredients with low environmental impacts. Our green building in which our products are manufactured is innovative and benefits the environment.

In addition, most of O'right's raw materials, packaging, and products are accredited by nationally or internationally recognized certifications that reflect our high standards for quality and safety. To enhance customer satisfaction, we comply with ISO 9001, ISO 22716, and Taiwan's Voluntary Cosmetic Good Manufacturing Practice (GMP) requirements and standards (see Appendix 3 for details).

Quality is characterized by strict adherence to guidelines, standards, procedures and specifications to ensure that our green products have the highest quality. Affordable shampoo, the kind you find in the supermarket or pharmacies, are great at removing the oil and dirt from our hair and scalp; but they are not very good at protecting consumers and the environment.

We apply and adhere to a strict set of quality standards internally and externally, nationally and internationally, making a name for ourselves in the green hair and skin care sector.

Our extensive range of beauty products (116 total) include shampoo, conditioners, hair oil, scalp revitalizers, styling products and skin care



● Figure 2-15 O'right green logistics management system



Non-GMO

Cruelty-free

Gluten-free

Vegan

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### 2.2.2 Innovations in Green Formula

O'right's Organica Plant Extraction R&D Center is responsible for the quality control and safety of products as well as the development of green ingredients. We have always strived to incorporate the concepts of Natural, Pure and Eco-friendly by increasing the percentage of natural ingredients in our products.

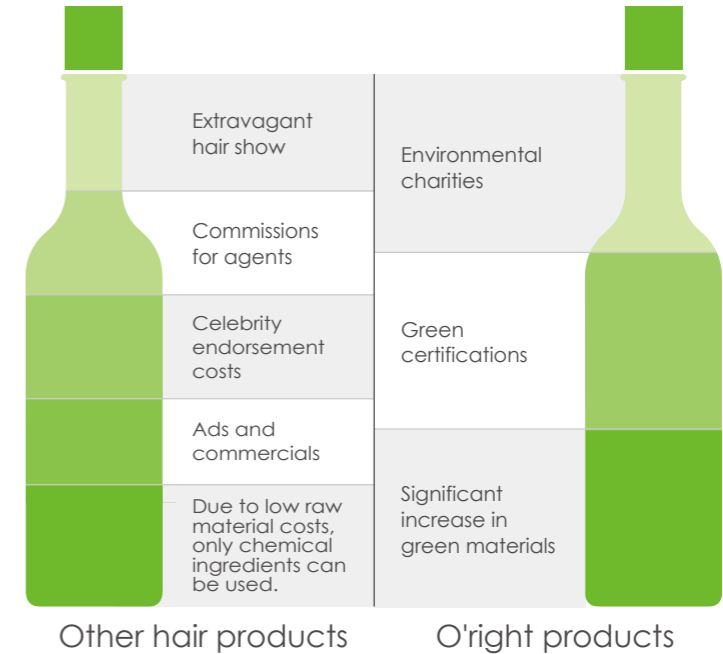
Plastic microbeads are commonly found in face and body scrubs or cleansers due to its exfoliating abilities. However, they also raise concerns about the pollution of the marine environment.

O'right bans the use of microbeads in our products; instead we use natural hinoki powder to achieve the same effect without compromising the well-being of people and the environment. Sustainability can be beautiful and beauty can be sustainable – and sustainable beauty is exactly what O'right aims to achieve.

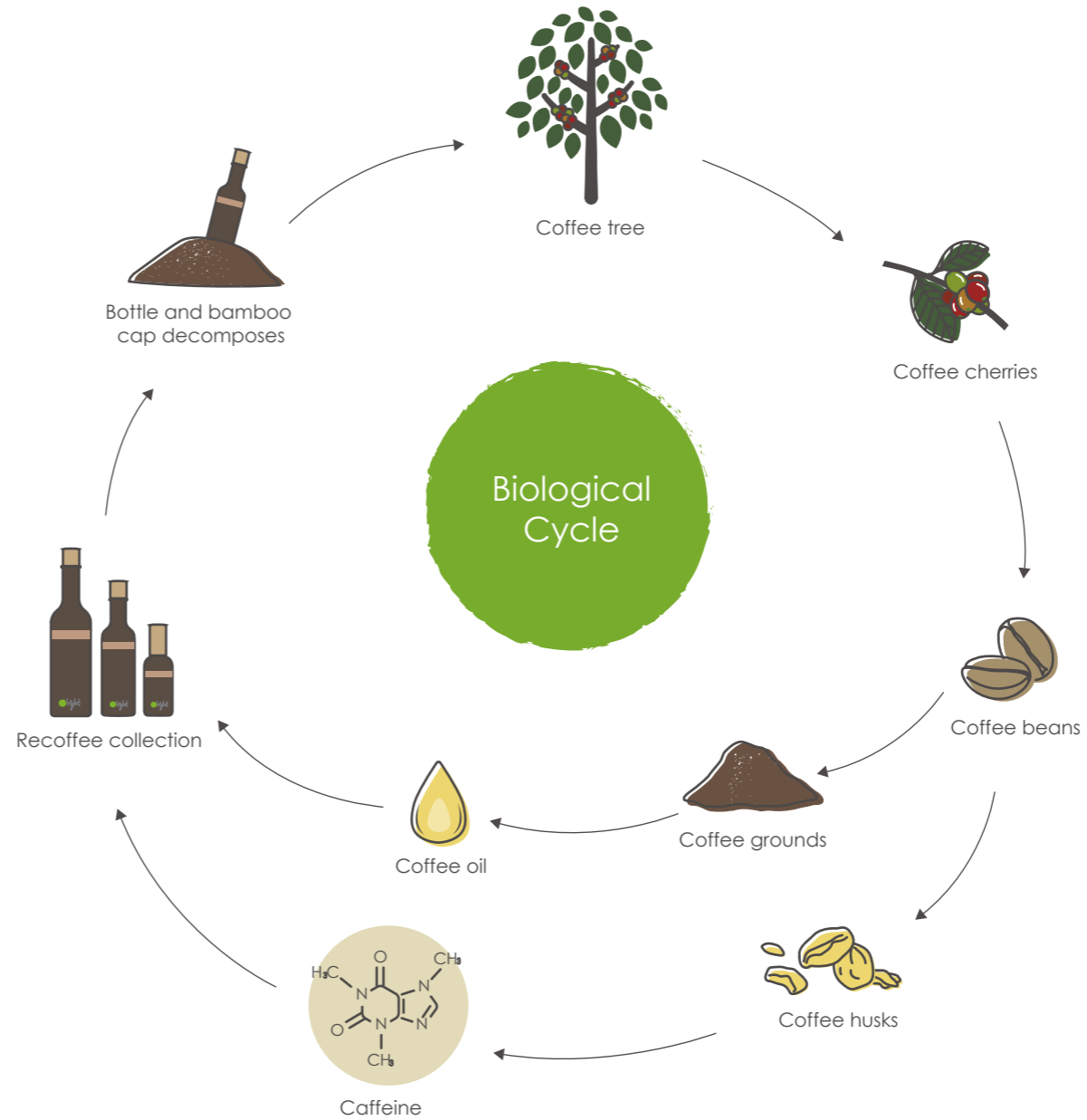
All of our products are tested for its safety, heat tolerance and package compatibility. Semi-finished goods are required to meet cosmetics GMP requirements which include 6 tests on aerobic plate count and purified water quality, etc. Before products are launched, they are to be registered first. Products that are being exported to European countries must undergo product safety assessments according to the cosmetics regulations.



● Figure 2-16 O'right offers 116 products to cater to different needs



● Figure 2-17 Comparison between O'right and other hair brand products



● Figure 2-18 Naturally-sourced green innovative products



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(1) 8 Free

As a green brand, we have dedicated ourselves to developing innovative green products on quality alone, without the help of endorsements and advertisements. Our commitment to green development has successfully led to the introduction of our 8 Free formula (5 Free for professional salon products). Free of 8 harmful chemical substances, O'right's shampoo products are healthy and safe for consumers and for the earth.

O'right offers a complete range of shampoo and body wash products that do not contain environmental hormones, parabens, formaldehyde, colorants, phthalates, sulfate surfactants, thickeners, diethanolamine (DEA) and ethylene oxide derivatives to provide consumers with a healthier and eco-friendlier lifestyle choice. Figure 39 is an 8 Free poster given to hair salons to hang in their stores for customers to see.

O'right will continue to adhere to our green philosophy of "Natural, Pure, and Eco-friendly" and develop animal-friendly products. We believe that a wonderful future involves not only building better lifestyles for people but rather co-existing in harmony with all creatures in nature. Therefore, we support animal welfare and adopt alternatives to animal testing during the development of product formulations.



ANIMAL WELFARE MATTERS

"The greatness of a nation and its moral progress can be judged by the way its animals are treated." – Ghandi

8 Common Household Toxins

It's O'right



Keep A Toxin-Free Life

1. Endocrine disrupter substances (Nonylphenol)

Nonylphenol, an artificial hormone which structure is similar to the female hormone estradiol, mimics that which is naturally found in our bodies and may cause an endocrine imbalance, interfering with the synthesis of androgenic hormones, leading to a reduced sperm count, male feminization, and a decreased reproduction rate.

Source : <http://toxipedia.org/display/toxipedia/Nonylphenol+and+Nonylpheno+Ethoxylates>



Let's work together for a better and healthier life

2. Plasticizers (Phthalates)

A substance generally used to improve materials' flexibility, viscosity, and luster. In high doses, it can affect fetal brain development; it is also harmful to the male reproductive system, and can cause precocious puberty in females.

Source : <http://kenyga.hubpages.com/hub/Health-Risks-of-Phthalates>



3. Preservatives (Parabens)

With excellent antibiotic properties, parabens is the most utilized artificial preservative. It has also been clinically proved to be absorbed by the skin and enter the human body, interfering with the endocrine system, in particular estrogen. It is related to endocrine disrupter substances and carcinogens.

Source : <http://www.breastcancerfund.org/clear-science/chemical-glossary/parabens.html>



4. Formaldehyde (Methanal)

Methanal, or formaldehyde when it dissolved in water, is utilized for preserving, sterilizing, and bleaching. It is a strong irritant to human skin and mucous membrane and can suppress all cell functions. Currently, methanal has been classified by the WHO as a carcinogen as well as a teratogen (increases the incidence of abnormal prenatal development).

Source : <http://www.cancer.gov/cancertopics/factsheet/Risk/formaldehyde>



5. Sulfate surfactants

Used for cleaning, sterilizing, and soaking, these can seep into and weaken cells. Long-term contact in high concentrations can destroy the outer layer of the skin, allowing other carcinogenic substances to easily penetrate the body, possibly increasing the risk of cancer.

Source : <http://gasmartmonkey.com/resources/sulfates.pdf>



6. Chemical Thickeners (DEA derivatives)

Used to adjust the viscosity and fluidity of different products. In high concentrations, they are easily absorbed into the skin where they can be stored, causing chronic intoxication.

Source : <http://en.wikipedia.org/wiki/Diethanolamine>



7. Chemical Colorants

Most contain toxic substances, such as methanol and benzene. These pigments are considered as an allergen and often cause skin inflammation. Skin reactions can be more severe for people with sensitive skin.

Source : <http://www.back2nature.co.nz/118e-ppd-problem/>

8. Ethylene Oxide derivatives

A central nervous system suppressor, irritant, and mutagen which was formerly used in the manufacturing of germicides. When in contact with the skin it causes inflammation followed by the appearance of blisters after several hours. Repeated contact increases skin sensitivity and long-term contact in low concentrations may lead to psychological disorders or malfunctions of the autonomic nervous system.

Source : <http://monographs.iarc.fr/ENG/Monographs/vol100F/mono100F-28.pdf>



Figure 2-19 Cost comparison of O'right products and other hair products



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### (2) Supercritical Fluid Extraction with Taiwanese Native Ingredients

In order to upgrade our green formula and develop botanical ingredients, we invested in supercritical fluid extraction (SFE) equipment to obtain active ingredients of agricultural products such as organic tea leaves, bamboo leaves, goji berry roots, and coffee grounds from local organic farms in Taiwan for extraction to foster the development of the Taiwanese organic farming industry as well as reduce import dependence and carbon emissions from shipping.

### (3) Independent Research Laboratory

Furthermore, in 2015, O'right became the first beauty company in Taiwan to be equipped with 3 independent research laboratories: Natural Formula Development Lab, Taiwan Agricultural Product Extraction Lab and Cosmetic Efficacy Verification Lab that engage in plant extraction and develop local agricultural ingredients. With advanced plant extraction technology and local agricultural ingredients, our team is devoted to developing sustainable products that are good for people and for the earth.

In 2016, we brought our testing capabilities to the next level with the establishment of our Organic Plant Extraction R&D Center, a biosafety level (BSL-2), TAF accredited laboratory that performs aerobic plate counts in accordance to TAF standards to minimize the use of preservatives and ensure the safety and quality of our products.

We are also the first hair and skin care company in Taiwan to use the ISO 11930 preservative efficacy test method. Leading by example in the beauty sector, O'right offers products that are manufactured and tested in line with international standards.

#### a. Natural Formula Development Lab:

The Natural Formula Development Lab searches for and tries out various natural, organic and eco-friendly ingredients to green up our product formulas.

#### b. Taiwan Agricultural Product Extraction Lab:

The Taiwan Agricultural Product Extraction Lab is responsible for developing native plants and local farm produce or other wastes, using eco-friendly ultrasonic and supercritical extraction technologies to obtain active ingredients for our product formulas.

<sup>7</sup>Carbon footprint refers to the amount of greenhouse gases (GHGs) produced during the life cycle of a product, a process or a service.



● Figure 2-20 O'right independent research laboratory

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● Figure 2-21 Ultrasonic & supercritical extraction technologies

- (a) Ultrasonic extraction equipment: Extracts active ingredients from native plants to Taiwan as well as farm produce and other wastes with optimal extraction conditions.
  - I. Eco-friendly manufacturing process: Short extraction time and less use of solvents.
  - II. Extraction of active ingredients: Obtains optimal amounts of active ingredients under low temperature to prevent heat damage and contamination.
  - III. Optimal extraction efficiency: Ultrasound has strong penetration abilities to enhance extraction efficiency.
  - IV. Optimal ingredients: Extracts ingredients with small particles, high permeability and high solubility.
- (b) Supercritical extraction equipment: Extracts active ingredients from native plants to Taiwan as well as farm produce and other wastes with optimal extraction conditions.
  - I. High level of safety: Non-toxic with high biosafety.
  - II. The Three Rs (3Rs): Adopts the 3Rs approach (reduce, reuse and recycle).
  - III. Environmentally friendly: Uses carbon dioxide to prevent environmental damage.
  - IV. Extraction of active ingredients: Obtains optimal amounts of active ingredients under low temperature to prevent heat damage and contamination.

c. Cosmetic Efficacy Verification Lab:

The Natural Extract Assessment Lab analyzes the active ingredients, tests product safety and efficacy and examines the safety and preservation efficacy of plant formulas. This Lab is equipped with an extract analysis lab, cosmetic efficacy testing lab, validation analysis lab and BSL-2 lab.

- (a) Extract analysis lab
  - Analyzes active ingredients in extracts and performs quantitative statistical analysis on the results.
- (b) Cosmetic efficacy testing lab
  - Evaluates the safety and efficacy of cosmetics through empirical research and user viewpoint to ensure optimal efficacy of products.
- (c) Validation analysis lab
  - Performs quantitative and qualitative analysis on active ingredients, product stability testing and BSL-2 laboratory equipment pre-treatment.
- (d) BSL-2 lab
  - Researches and tests level of antimicrobial activity to find the optimal preservation conditions of cosmetic products and enhance product safety and stability. This testing is generally called challenge testing or preservative efficacy testing. Compared to general BSL-1 laboratories, workers of BSL-2 laboratories must be adequately trained, qualified and experience in the field of pathology. Certain operations have to be performed in Class I or II biosafety cabinets or other containment facilities.



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(4) Research Objective and Results

A. Preservation Formulation

In 2013, we collaborated with the Biomedical Technology and Device Research Laboratories of the Industrial Technology Research Institute to conduct various research inventories, which lead the Center to set our direction and goal. In 2014, we teamed up again on the Development of Preservative-Free Cosmetics project to develop paraben, DMDM hydantoin, MI, and MCI free cosmetic preservative systems and even new preservative-free formulations. Preservative challenge testing is performed on all formulations, which is an important indicator for foreign markets (e.g., member states of the EU). O'right products are now completely MI-free.

B. Coffee Husk

In May of 2016, our research findings on the extraction of coffee oil using supercritical extraction was published in Evidence-based Complementary and Alternative Medicine, once again receiving global recognition for our research efforts and achievements.

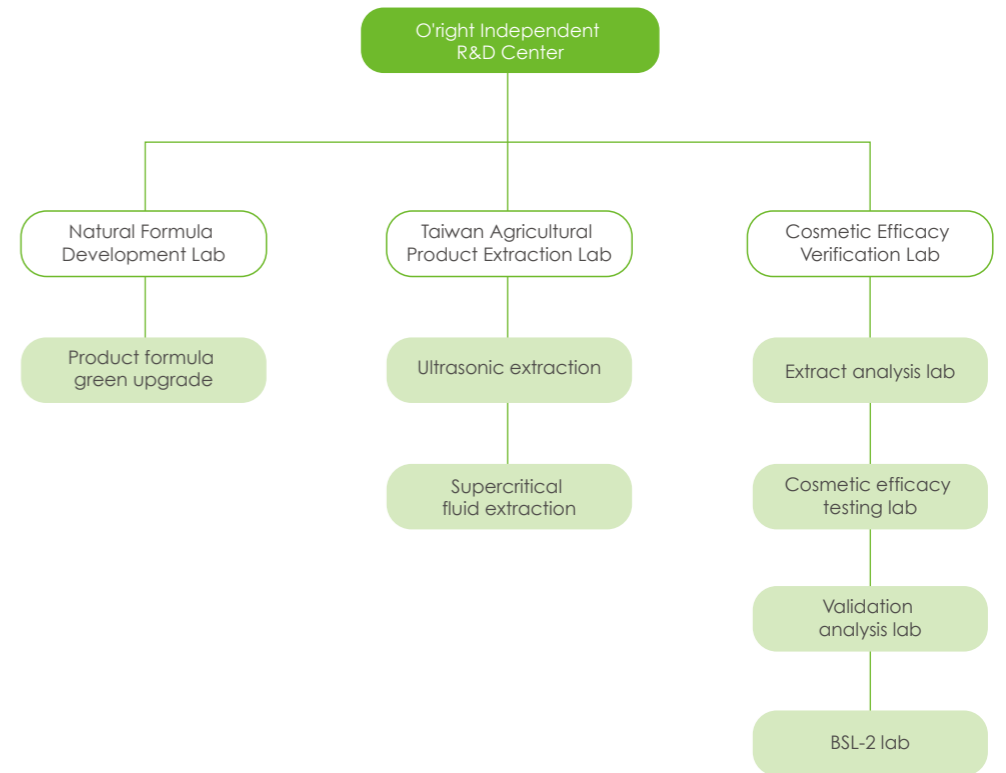
For our scalp revitalizer formulations, we obtained natural caffeine from coffee husks using ultrasonic extraction technology to stimulate hair growth and promote healthy hair and scalp. Clinical trials conducted by a third-party vendor showed that our Caffeine Botanical Scalp Revitalizer can help hair grow up to 7.2 cm longer in just 8 weeks. It is not only a safe and healthy product but also one that delivers the results consumers are looking for, leading to a repeat purchase rate of 90%.

C. Goji Berry Root

In October of 2014, a report by the Plant Extraction R&D Center on the effect of goji berry extract in skin care or dermatology published in BMC Complementary and Alternative Medicine caught the attention of the international academic society, marking the first such achievement by a Taiwanese hair and skin care brand and also the result of O'right's commitment to green development.

In 2018, our research team developed the Goji Berry Ultimate Rejuvenating Collection, a natural age reversing secret skin care line that includes Goji Berry Lucent Intensifier Serum, Goji Berry Age-defying Concentrate, Goji Berry Awakening Essence and Goji Berry Harmonizing Cleanser. Our International Exhibition of Inventions Geneva and Taiwan Excellence award-winning Goji Berry Age-defying Concentrate is clinically-proven to improve skin hydration and elasticity levels and reduce melanin content.

We strive for continuous improvement in our laboratories and its equipment. Involvement in industrial-academic collaborations is also important way to enhance the abilities of R&D personnel. Our efforts and investments aim to ultimately produce the greenest and safest shampoo products for consumers.



● Figure 2-22 O'right independent research laboratory

●BMC Complementary and Alternative Medicine is a journal, indexed in world-renowned citation index SCIE (Science Citation Index Expanded), publishing original peer-reviewed research articles on interventions and resources that complement or replace conventional therapies, with a specific emphasis on research that explores the biological mechanisms of action, as well as their efficacy, safety, costs, patterns of use and implementation. It only publishes 83 articles per year.





● Figure 2-23 Our commitment to green packaging

## 2.2.2 Green Packaging Design

We consider the environmental impact of each life cycle during product design and development stages. We strive to discover natural materials that can be reused. As such, we categorize our green packaging into biodegradable, recyclable and regenerated.

With zero impact as our priority, among the procurement of NT\$ 46,546,000 of materials in 2018, NT\$ 19,028,000 (over 40%) was spent on renewable resources that can be replenished by natural means in a short period of time, such as our bottle made of recycled coffee grounds, bottle cap made of bamboo and seed paper made of Manchurian wild rice hulls from Nantou of Taiwan and bagasse.

The non-renewable materials that cannot be easily replenished and are lurking around us have become a serious danger to humankind and our environment. The best solution is to make good use of these resources and not burn them.

In 2016, O'right developed the world's first renewable plastic shampoo bottle made from 100% recyclable HPDE. In 2018, we introduced the world's first renewable plastic pump.

We also incorporate our environmental practices into other materials by replacing plastics with green materials to make our packaging more sustainable.



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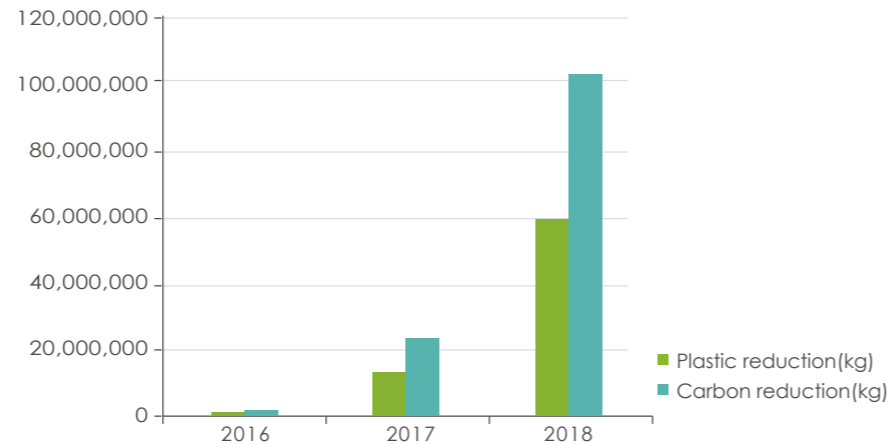
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(1) Towards a Circular Economy

We are bold yet meticulous when developing products, ensuring that renewable plastic materials are properly sorted, packed, crushed, separated by gravity, mixed and pelletized. We also perform safety testing to ensure that our bottles do not contain any heavy metals for mass production.

Our green path towards a greener tomorrow does not end here. In 2018, we partnered with Da Fon Environmental Technology and Living Fountain to develop the world's first renewable plastic pump, once again leading the way in sustainable beauty.

Renewable packaging is made of recycled plastic materials and is 100% recyclable. Switching to renewable plastic packaging significantly reduces our carbon footprint, which is why we changed all of our shampoo and body wash bottles into 100% renewable ones in 2018 and made the commitment to use renewable plastic pumps as well by 2019. Our efforts to create more environmentally friendly packaging solutions have greatly reduced our use of plastic and our carbon footprint (Table 2-6).



● Figure 2-24 Carbon and plastic reduction achievements of renewable packaging



● Figure 2-25 Partnered with Da Fon to develop our renewable plastic bottle

● Table 2-6 Carbon achievements of renewable plastic packaging from 2016-2018

NO.	Item	Quantity	Subtotal(kg)
1	HDPE bottle	Weight (kg)	66,718,320
		Carbon emission difference (kg)	120,110,389
2	PP renewable pump	Weight (kg)	5,632,000
		Carbon emission difference (kg)	7,503,583
3	PET bottle & cap	Weight (kg)	2,846,700
		Carbon emission difference (kg)	2,903,634
4	Total	Total weight of renewable plastics(kg)	75,197,020
		Total amount of carbon reduced(kg)	130,517,607

Type	HDPE	PP	PET
Carbon emissions of new plastic (kgCO <sub>2</sub> e/kg)	2.25	2.01	2.35
Carbon footprint of renewable plastic (kgCO <sub>2</sub> e/kg)	0.449739	0.418229	1.33
Usage ratio of renewable plastic	100%	83.70%	100%
Carbon reduction achievement (Carbon reduction x Usage)	80%	66%	43%

Note :<sup>1</sup> Carbon emission difference = (Carbon emissions of new plastic - Carbon footprint of renewable plastic) x Weight of bottle x Usage ratio  
<sup>2</sup> New plastic and renewable plastic carbon footprint calculation method by the Environmental Protection Administration



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## (2) Air Cushion Packaging

O'right does not use expanded polystyrene foam or any environmentally unfriendly materials when packing goods. Instead, we use eco-friendly air cushions, small air-filled bags made from LDPE (a code 4 plastic) that are placed inside shipping cartons or boxes to provide protection against shock and prevent goods from being damaged in shipping. Since 2011, in order to reduce plastic use to a minimum, we adopted a lighter, thinner upgraded version of air cushions.

● Table 2-7 Carbon achievements of air cushions

Item	Air Super light air cushions
Weight/pc	0.93 g
Material	No.4-coded LDPE 1 kg of LDPE produces 6 kg of CO2
Annual carbon emissions	$0.93 \times 560,000^1 = 520,800\text{g} = 520.8\text{kg}$ carbon emissions= $520.8 \times 6\text{kg} = 3,125\text{kg/yr}$

Note:

<sup>1</sup>According to the annual purchase cost, the amount of air cushions is calculated as follows: 160 rolls  $\times$  3,500 = 560,000 pcs (i.e., each roll is 700 m long and each air cushion is 20 cm, meaning that there are 3,500 air cushions in each roll)

<sup>2</sup>According to the annual purchase cost, the amount of super light air cushions is calculated as follows: 40 rolls  $\times$  3,500 = 140,000 pcs (i.e., each roll is 700 m long and each air cushion is 20 cm, meaning that there are 3,500 air cushions in each roll)



● Figure 2-26 O'right green packaging



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### (3) Moso Bamboo Cap: A Beautiful, Trendy Sustainable Design

O'right bottle caps are made of Moso bamboo. Its simple yet elegant design is a sustainable alternative to non-recyclable plastic or electroplated caps. Aside from our 1,000 mL products, all of our shampoo and body wash products feature our signature Moso bamboo caps.

With its natural color and shine, unique, fine veins and exquisite texture, our Moso bamboo cap is the perfect fusion of craftsmanship and green trends. O'right stands tall and firm like bamboo in our goal in creating a healthy environment and eco-friendly products for consumers. Moso bamboo cap conveys O'right's commitment to sustainability in hopes of continuing to make an impact on each and every consumer who owns one.

Our Moso bamboo caps help to reduce carbon emissions by 78%. We believe that small steps can lead to big changes in the environment. As our revenue grows, we also reduce even more carbon emissions. From 2012 to the end of 2018, bamboo caps helped reduce 121,985 kg of carbon, which is equivalent to planting 11,090 20-year-old trees.

## Love the earth with eco-friendly caps



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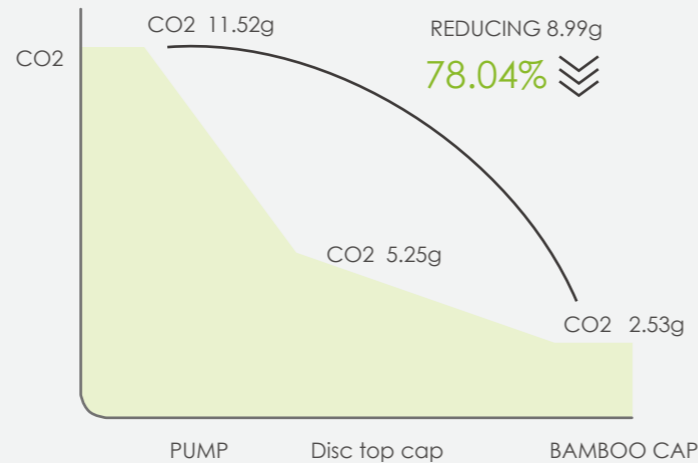
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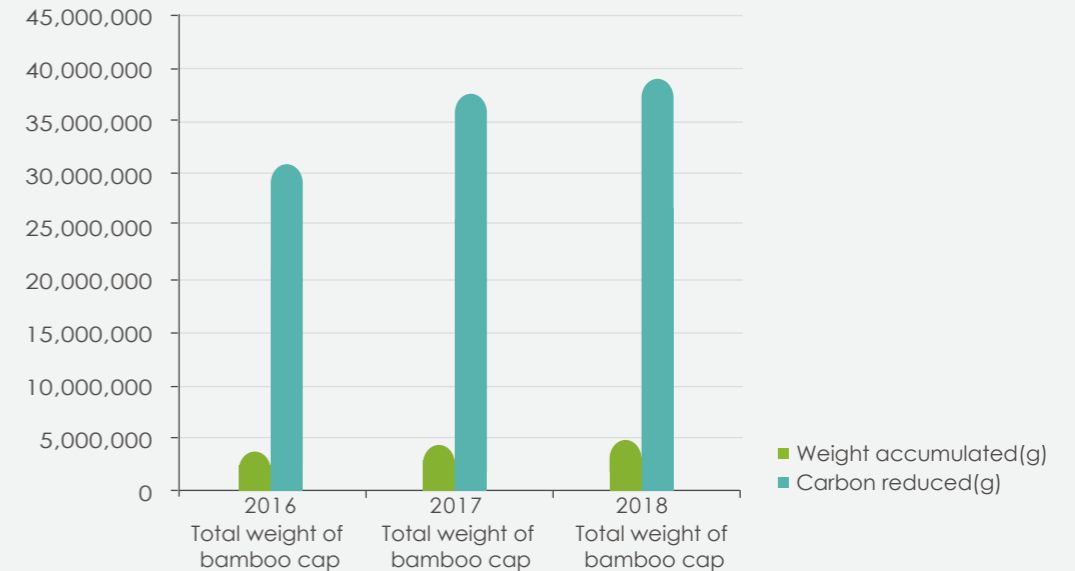
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### CARBON EMISSIONS



● Figure 2-28 Carbon emissions of bottle caps



● Figure 2-29 Carbon achievements through bamboo caps in the past 3 years

From 2011-2012, we sold 137,345 bottles with bamboo caps, which helped to reduce the use of

**137,345,400** mL PP caps and **1,234 kg of carbon emissions.**

This is equivalent to planting **112 20-year-old trees** on earth.



● Table 2-8 Carbon achievements through bamboo caps

Year	Procurement (pc)	Weight(kg)	Amount of carbon reduced(kg)	Number of 20-year-old trees planted
2012~2017	2,427,365	9,248	83,139	7,558
2018	517,204	4,321	38,846	3,531
Total	2,944,569	13,569	121,985	11,090



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(4) Eco Pallets

The alarming amount of plastic waste we find on the beach every year during our coastal cleanups are a startling wake-up call to how much damage plastic pollution is doing to our planet.

Plastics such as bottle caps are being found inside seabirds that have mistaken debris for food, eventually killing the innocent animal. O'right uses eco pallets each made from approximately 7,300 bottle caps to prevent this sort of tragedy from happening and protect marine life.

(5) Fren Bag: Stylish and Biodegradable

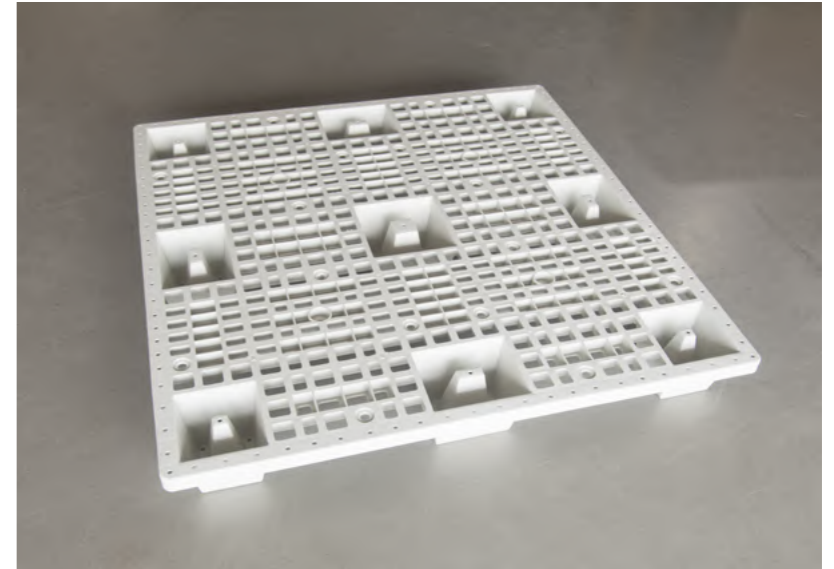
The Fren bag made from photolytic material is designed to reduce the use of paper bags. The eco-friendly design can be completely decomposed if exposed to direct sunlight for around three months. If kept out of direct sunlight, the Fren bag can be reused. We helped reduce the use of 208,042 plastic bags in 2018 alone, and 1,118,317 since Fren Bag was introduced to the world.

We strive to reduce our product packaging to minimize carbon emissions in any and every way possible. We communicate with our consumers through our website and social media platforms to motivate sustainability and spread our message to the world.

<sup>3</sup>Chris Jordan's photographs capture deceased seabirds with their stomachs overflowing with plastic litter. Take a look at the startling photographs here: <http://www.chrisjordan.com/gallery/midway/#CF000313%2018x24>

● Table 2-9 Carbon achievements by reducing the use of plastic bags

Year	Plastic bags reduced
2013~2017	910,275
2018	208,042
Total	1,118,317



● Figure 2-30 Eco pallet made from 7,300 recycled plastic caps



● Figure 2-31 Fren Bag



● Figure 2-32 Eco-friendlier Caffeine Botanical Scalp Revitalizer packaging



## 2.3 Green Resource Recycling System

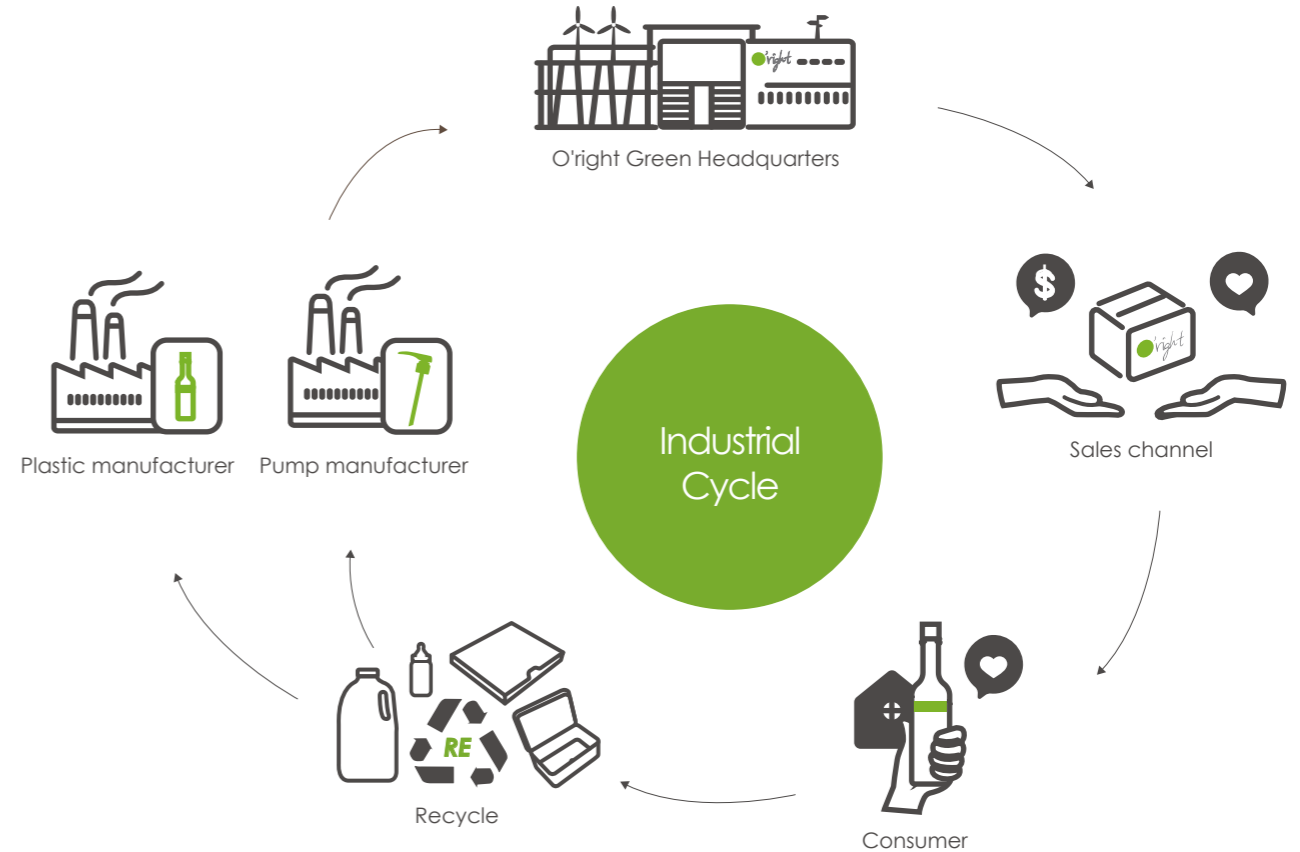
Climate change is not just an environmental issue, but a burning global problem that demands urgent action. Nations worldwide are working collectively to limit global temperature rise to below 1.5°C. Consumer choices are also a major cause of carbon dioxide emissions, which is why O'right has taken it upon ourselves to shift consumers towards sustainable behavior.

With sustainability at the heart of our business, we adopted a reverse logistics system for waste management to reduce waste and reuse resources. This year, our corporation and 9 of our products achieved carbon neutrality by SGS. Additionally, we joined RE100 to make a commitment to go 100% renewable by 2025.

### 2.3.1 A Reverse Logistics System

The shift towards a circular economy requires us to preserve resources. During our inventory process, we discovered that a circular supply chain requires an industrial cycle that focuses on recovering and restoring materials through reuse or remanufacturing. As such, we developed a circular model for 3 types of resources, empty bottle cartons, product cartons and empty product bottles, to reuse resources and lower costs at the same time. This recycling model not only benefits the environment but also fulfills our corporate social responsibility, enhances our competitiveness and reduces carbon emissions and cost.

The introduction of our 100% renewable bottle in 2016 pushed us closer towards a circular economy. Consumers can recycle our bottles, which can be washed and manufactured into new bottles for O'right to use. With people and nature's best interests at heart, we continue to innovate to ensure our packaging is as sustainable as possible.



● Figure 2-33 Green resource recycling system



### 2.3.2 Product Carbon, Water Footprint and Carbon Neutrality

Guided by our core values of Green, Sustainability and Innovation, we are committed to achieving green certifications, developing innovative green products, providing green services and fulfilling corporate social responsibilities. To bring our sustainable business to the next level, we became the first company in Taiwan to conduct carbon footprint and water footprint inventories as promoted by the government.

Carbon and water footprint inventories are a life cycle assessment to help better understand the environmental impact of a product and its effect in the value chain and to improve our competitive advantages. To preserve water resources and achieve more efficient water use, we developed 3 water recycling systems and conduct water footprint inventory. We also improved our foaming agents to make our shampoo easier and quicker to rinse.

In 2008, our Green Tea Shampoo got certified by SGS PAS 2050. In 2013, we obtained water footprint certification and adopted the Cradle to Cradle design concept. In 2016, we achieved ISO 14067 training and certification to measure the greenhouse gas emissions of our company.

In 2018, 9 of our products, including Green Tea Shampoo, Tea Tree Shampoo, Magnolia Moisturizing Shampoo, Bamboo Moisturizing Hair Treatment, Golden Rose Oil, Tea Tree Hand Wash and Goji Berry Age-defying Concentrate, achieved carbon neutrality. We meticulously calculated the carbon footprint at each stage of our product lines to reduce the emissions of the 9 products.

● Table 2-10 Carbon reduction actions at each stage

Stage	Description
Stage 1 Ingredient acquisition	<ol style="list-style-type: none"> <li>1.Procure non-toxic, safe organic ingredients to facilitate organic farming development, foster local organic agricultural industry and reduce shipping carbon emissions.</li> <li>2.Extract active plant-based ingredients with supercritical extraction technology to greatly improve product efficacy.</li> </ol>
Stage 2 Manufacturing	<ol style="list-style-type: none"> <li>1.Use green energy generated from solar and wind power for manufacturing.</li> <li>2.Equipped with class 10,000 cleanrooms with a cfu limit of below 100.</li> <li>3.Equipped with a PCW system to save energy.</li> <li>4.Implement water recycling systems.</li> </ol>
Stage 3 Delivery/sales	<ol style="list-style-type: none"> <li>1.Encourage customers to follow the minimum order quantity to reduce carbon emissions generated during shipping.</li> <li>2.Replace expanded polystyrene foam with eco-friendly air cushions for packing.</li> </ol>
Stage 4 Consumer use	<ol style="list-style-type: none"> <li>1.Encourage customers to install heat exchanging systems to reduce power consumption.</li> <li>2.Replace expanded polystyrene foam with eco-friendly air cushions for packing.</li> </ol>
Stage 5 Waste recycling	<p>Establish business to business to consumer (B2B2C) reverse logistics systems for waste management.</p>

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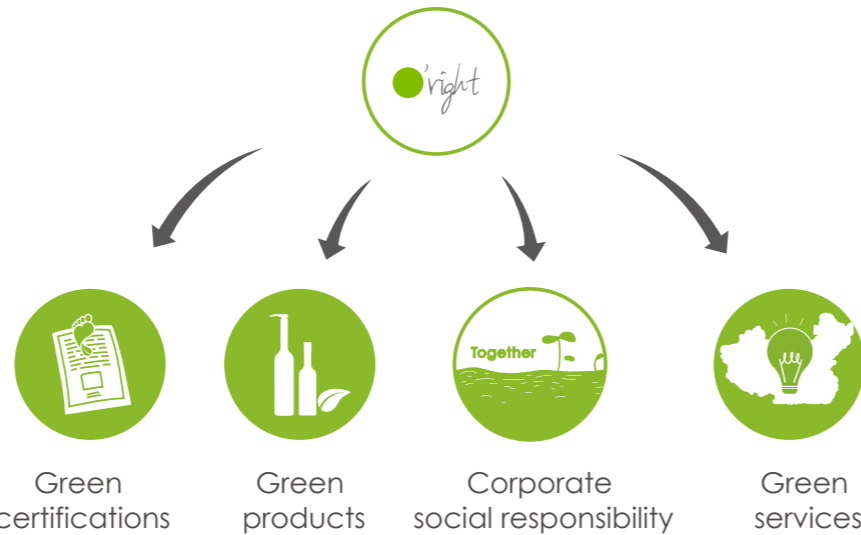
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● Table 2-11 Source: Energy Statistics Handbook 2018 by the Bureau of Energy

Item (unit: GJ)	Energy consumption			
	2015	2016	2017	2018
Purchased electricity	1,407.39	1,374.71	1,489.37	1,582.84
Liquefied petroleum gas	483.84	454.55	511.11	494.25
Diesel	99.68	104.08	85.93	63.27
Gasoline	39.79	34.31	14.29	5.50
Subtotal	2,030.7004	1,967.6508	2,100.6987	2,145.8575



● Figure 2-34 The 4 aspects of O'right's green management

### 2.3.3 Organizational Greenhouse Gas Inventory and Carbon Neutrality

Since 2016, we began to manage greenhouse gas emissions from our operations every year in order to minimize our carbon dioxide emissions. With 2015 as the base year for O'right's greenhouse gas inventory, the emissions threshold is 3.0%. In the event that the greenhouse gas emissions value exceeds 3.0% due to changes to operational boundary, import, export or transfer of ownership or changes to quantitative methods, then the greenhouse gas inventory established in the base year shall be modified according to new conditions.

Compared to the base year, our revenue in 2018 saw a growth of 67%. However, our total emissions were 299.318 metric tons of CO2 equivalent, showing a decrease of 4.916 tons of CO2 equivalent compared to 2015 (304.234 tons of CO2 equivalent). Diesel consumption in 2018 decreased 26.39% compared to 2017 and liquefied petroleum gas reduced by 3.3%.

The base-year emissions is shown in the below table. In 2018, emissions only slightly increased by 2.59% (indicating that emissions were not affected by the significant increase in revenue), with diesel showing a decrease of 26.37% and gasoline declining 62%. In general, emissions associated with the generation of purchased electricity reached 70%, which is our primary source of energy. In order to reduce the environmental impact of purchased electricity, we joined RE100 this year and made a commitment to increase our green facilities in 2019 and become the first company in Taiwan to use 100% renewable power by 2025.



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● Table 2-12 O'right's 7 main greenhouse gases

Item	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC <sub>s</sub>	PFC <sub>s</sub>	SF <sub>6</sub>	NF <sub>3</sub>	Total GHG CO <sub>2</sub> equivalent*	Biomass emissions
Emissions equivalent (metric tons of CO <sub>2</sub> equivalent per year)	280	0.0336	0.0620	19.1525	0.0000	0.0000	0.0000	299.318	0.0000
Percentage of gas	93.57%	0.01%	0.02%	6.40%	0.00%	0.00%	0.00%	100.00%	-

● Table 2-13 Total GHG CO<sub>2</sub> equivalent

Item	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O	HFC <sub>s</sub>	PFC <sub>s</sub>	SF <sub>6</sub>	NF <sub>3</sub>	Total GHG CO <sub>2</sub> equivalent
Emissions equivalent (metric tons of CO <sub>2</sub> equivalent per year)	36.5441	0.0336	0.0620	19.1525	0.0000	0.0000	0.0000	55.7922
Percentage of gas	65.50%	0.06%	0.11%	34.33%	0.00%	0.00%	0.00%	100.00%

● Table 2-14 Carbon reduction actions in each scope

Item	Scope 1				Scope 2	Scope 3	Total emissions equivalent*
	Direct emissions	Energy indirect emissions	Other indirect emissions	Total emissions equivalent	Energy indirect emissions	Other indirect emissions	
Emissions equivalent (metric tons of CO <sub>2</sub> equivalent per year)	55.7922				243.5257	0.0000	299.319
	31.4865	0.0000	5.1364	19.1693			
Percentage of gas	18.64%				81.36%	-	100.00%
	10.52%	0.00%	9.21%	34.3%			

\*The global warming potential (GWP) values that were not included in the second assessment report by the IPCC in 1995 are obtained from the third assessment report of 2001; the GWP values not included in the third assessment are obtained from the fourth assessment report of 2007.

\*The conversion coefficient is in accordance with the greenhouse gas emission coefficient management table (version 6.0.2) by the Environmental Protection Administration

Furthermore, we obtained carbon neutral validation for our products and for our organization. We steadily reduce our carbon footprint to move closer towards achieving our vision of a zero carbon, zero impact world.

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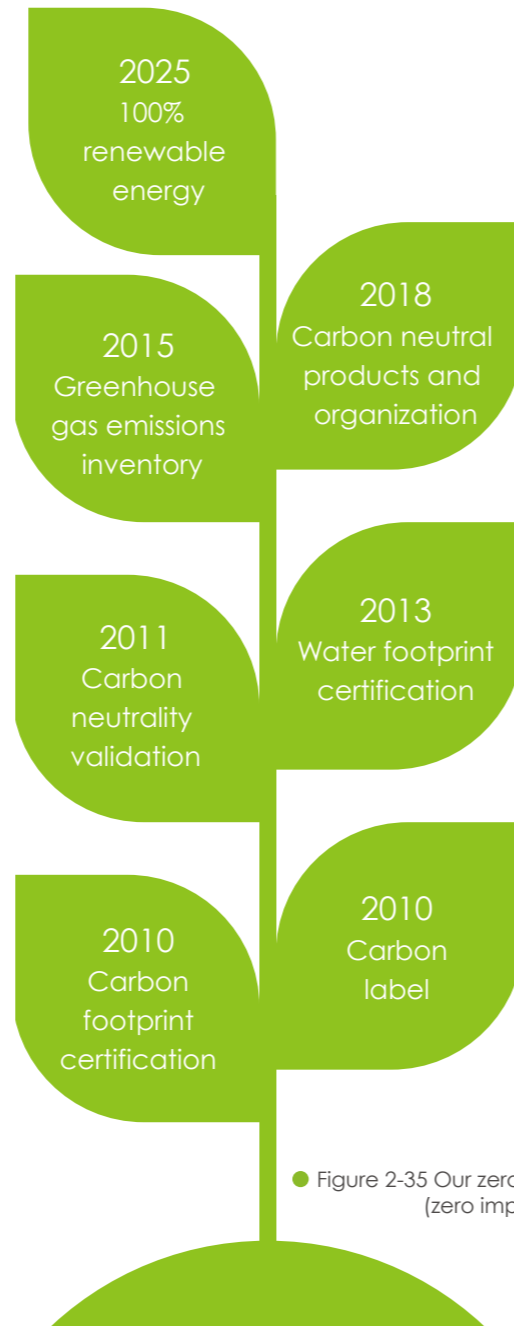
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● Figure 2-35 Our zero carbon (zero impact) plan

● Figure 2-36 Joined RE100 to commit to 100% renewable electricity by 2025



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# 03

# Caring for Our Staff



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### 3.1 Employee Benefits

O'right prohibits any discrimination in recruitment, hiring, employment terms and conditions, promotions, transfer opportunities, demotions, reward and punishment, training, benefits or firing on the basis of race, social status, language, beliefs, religion, political affiliation, national origin, place of birth, gender, sexual orientation, age, marital status, appearance, mental or physical disability or past labor union membership. Any workplace changes that may affect employee rights or significant operational changes will only be enforced after considering employee rights and relative regulations. This chapter details the attendance, salary, employee performance appraisal and complaint policies.

#### 3.1.1 Staff Attendance and Leave Policy

##### (1) Flexible Attendance

O'right strictly abides by all laws and regulations regarding labor and human rights set in place by the Taiwan government and treats the entire staff with respect, equally and fairly. We promote employment equality and set out reasonable employment conditions.

Each working day is divided into 3 sets of time periods (A shift, B shift and C shift) during which 3 groups of employees perform their duties. The standard hours of work for employees are 8 hours a day. If employees are to work in excess of the statutory working hours when necessary, it shall not exceed 4 hours a day in a working week and 8 hours on a non-working day (i.e., the weekends or holidays).

As customer service personnel in the Taiwan Business Division have to meet with hair salon customers frequently, mobile offices make it much more convenient for them to do so. Not only does this save space, it also saves electricity as there is no dormant office present.

Mobile offices also reduce time spent commuting, which in turn mitigates carbon footprint. In 2018, 8,065 hours of commuting time and 322,604.4 km of distance was reduced. Over the years, we have helped to reduce up to 78,537 kg of carbon dioxide emissions, which is equivalent to planting 7,140 trees every year.

##### (2) Absence

In 2018, a total of 10 employees took a maternity leave and 4 took a paternity leave. Among the 43 employees (10 male and 33 female) who were eligible, 2 female employees took a parental leave without pay.

● Table 3-1 Employee work schedules

Shift	Attendance	適用對象
A	08:30-17:30 with a one hour lunch break and 15 minutes break each in the morning and afternoon	Production line workers and quality assurance workers
B	9:00-18:00 with a one hour lunch break	Administrative and sales staff
C	08:00-17:00 with a one hour lunch break	Cleaning staff

● Table 3-2 Unpaid parental leave in O'right

Item	No. of people	Male	Female
Employees who were entitled to unpaid parental leave in 2018 (A):	43	14	29
Employees who took unpaid parental leave in 2018 (B):	2	0	2
Percentage of employees on unpaid parental leave (B/A):	5%	0%	7%
Employees expected to return to work after leave in 2018 (C):	8	1	7
Employees who returned to work after leave in 2018 (D):	3	0	3
Percentage of employees who returned to work after leave in 2018 (D/C):	38%	0%	43%
Employees who returned to work after leave in 2017 (E):	3	0	3
Employees who continued to work for one year after leave in 2017 (F):	1	0	1
Employee retention rate after unpaid parental leave in 2018 (F/E):	33%	N/A	33%



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3.1.2 Salary and Wages

Employees are important assets in a company. Education, professional knowledge and skills, professional experience and past performance are all considered to determine an employee's final value. Employees are evaluated without regard to sex, race, religion, political view and marital status. For more information, please refer to Table 3-3.

In terms of pension plans, the entire staff adopts the new labor pension system. In 2018, the fair value of pension plan assets was NT\$948,064 and the defined benefit obligation for post-employment benefit plans was NT\$1,966,900.

3.1.3 Employee Performance Appraisal System

We have a performance appraisal system in which employee job performance is rated by a direct manager once a year in accordance with Article 45 of the Codes of Practice. Employees are evaluated fairly and objectively based on their competency, knowledge and skills, productivity, performance quality, behavior, attitude and ethics and integrity in the workplace of the previous year. Managers and employees discuss the past year's goals, review accomplishments and make future plans in order to reach the annual goal of the company.

In 2018, the performance appraisal was performed on 242 employees whose date of employment is before June 30, 2018 based on their overall performance from January 1 to December 31. A total of 240 employees participated in the performance appraisal, indicating a participation rate of 99.2%.

● Table 3-3 Salary comparison between make and female employees in 2018 (based on insurance salary & minimum wage)

Gender	Minimum wage	Average salary at O'right	Average salary/minimum wage
Male	22,000	29,325	1.33
Female	22,000	25,676	1.17
Average	22,000	27,254	1.24

3.1.4 Employee Complaints and Communication Channels

O'right offers a channel for the reporting of sexual harassment, misconduct or any inappropriate behavior in the workplace by or against employees. The Labor Relations Committee established in 2014 plays a central role in managing activities related to labor relations and facilitate employee-management communication. The committee currently consists of 5 labor representatives and 5 management representatives. Meetings are convened once every 3 months to discuss issues on labor rights protection and ways to facilitate employee-management cooperation and increase work efficiency. We make it our priority to listen to employees and take their complaints seriously as we believe that it is the easiest and most important step to improving employee satisfaction.

We take problems and suggestions provided by staff very seriously. We have a complete system for employees to put forward their comments or feedback in the most efficient way possible. We encourage staff to communicate via social media platforms such as Skype, Line or Facebook in the workplace.

3.1.5 Benefits

O'right offers a comprehensive employee benefits package to meet a variety of their needs (Table 3-4). Additionally, the Chairman also occasionally pays visits to employees' homes to bring the company closer to staff members and use the opportunity to share our green concepts.

On Mother's Day and Father's Day each year, we give each employee a card and gift to express our gratitude for their support. Employees are also given a birthday card filled with wishes from the entire staff on their birthdays.

3.1.6 Employee Health Check

The entire staff receives a health check once every 3 years while laboratory staff receives a checkup every year. The next workplace health check is expected to take place next year in 2020. In 2018, 2 laboratory employees working in the Organic Plant Extraction R&D Center received a health assessment.

● Table 3-4 Employee health check in 2018

Category	Number of person(s)	Item
A	43	Labor inspection (X-ray inspection, etc.)

Note:\*A total of 2 employees received a health check in 2018.

\*The health check is categorized into 3 groups: A (general staff), B (manager level staff), C (vice manager levels) and D (chairman).



● Table 3-5 Overview of employee benefits

Benefits	Permanent employees	Temporary employees
A comprehensive employee promotion plan	✓	✓
Year-end bonus (depending on company and individual performance)	✓	
Profit-based bonus and sales bonus	✓	
Training (new employee orientation, professional training, management training, talent development)	✓	✓
Annual year-open party	✓	✓
Occasional brand events	✓	✓
Incentive trips for top-performing employees	✓	
Employee health check *	✓	
Group insurance (accident insurance and occupational accident insurance)	✓	✓
Maternity allowances	✓	
Marriage and funeral allowances	✓	
Emergency allowances	✓	
Employee purchase discount	✓	✓
Birthday benefits	✓	
Dragon Boat Festival benefits	✓	
Moon Festival benefits	✓	
Free organic meals, fair trade coffee and soup provided in the Organic Vegetable Cafeteria	✓	✓
Overtime meals	✓	✓
Mother's Day gift	✓	
Father's Day gift	✓	



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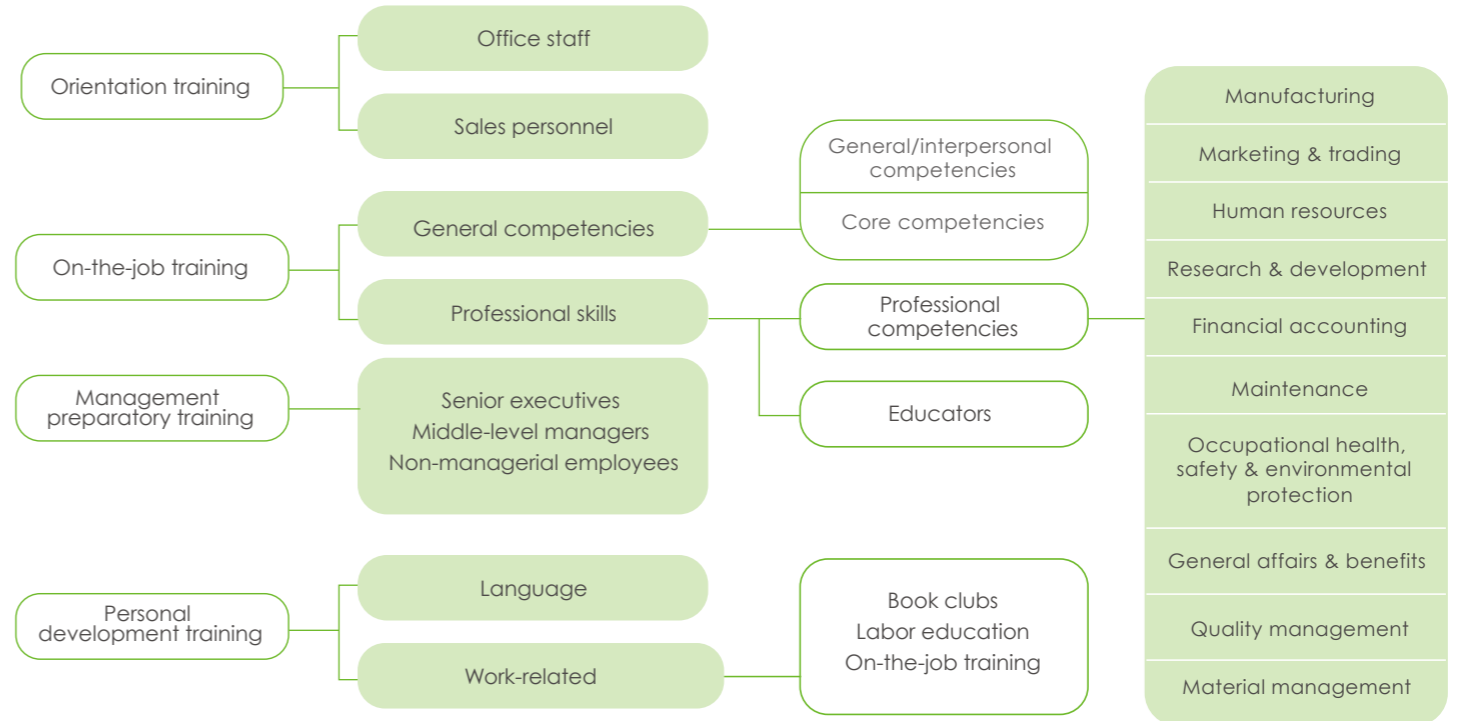
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### 3.2 Personnel Training

O'right recognizes the importance of employee training and development and even believes that it is more important than working. In order to cultivate green leaders and talents and improve the professional skills of staff, we use a professional competency inventory to assess employee strengths and skills and help them develop training plan. For more information, please refer to Table 3-6.



● Figure 3-1 O'right educational training framework

● Table 3-6 Employee training hours

Item	Total hours trained (men)	Total hours trained (women)	Total hours trained
Human resources	16	24	40
Occupational health, safety & environmental protection	164	334	498
Manufacturing	97	262	359
General / interpersonal	266.5	614	880.5
Health & safety	16	2	18
Brand marketing	314	1244	1558
Quality assurance	233	332	565
Quality audit	20	28	48
Research & development	71	119	190
Research & manufacturing	18	0	18
Core competencies	124	152	276
Financial accounting	9	249	258
Purchasing & production control	0	18	18
Design & manufacturing	0	8	8
Sales & marketing	0	8	8
Sales & trade	4	28	32
Information	62	73	135
Management functions	7	14	21
General affairs & benefits	21	42	63
Book club	67	179	246
Total hours trained	1509.5	3730	5239.5
Average hours trained	20.1	18	18.6

Note: The number of employees in 2018 was 282 (75 male and 207 female)



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# Our Green Supply Chain

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### 4.1 Green Procurement

Global climate change is not going away and we all have to do something about it right now. Being a sustainable business on the inside is not enough; we have to think about creating a sustainable supply chain as well to make sure that our green influence is being felt everywhere. We set strict green procurement standards and engage suppliers in sustainability, even requiring them to sign the Supplier Declaration on Corporate Social Responsibility Code of Conduct as our mutual promise to corporate social responsibility.

#### 4.1.1 Green Procurement

In 2015, we set stricter standards for green raw materials. For example, over 80% of product ingredients must be plant-based<sup>1</sup>. We continue to innovate and improve our product formulations and packaging in order to achieve our visions for a greener tomorrow. Our procurement of green ingredients and materials significantly increased from 44.3% in 2011 to 69.86% in 2018.

In terms of green materials, they accounted for over 45% of total procurement of materials and further went on to reach an average of 60% in the recent 3 years. Since we began developing the renewable plastic bottles made of 100% household recycled containers in 2016, the percentage of recycled materials saw a growth from 4.74 to 22.97% in 2018.

We firmly believe in the use of sustainably source raw materials that are supported by third party certification, such as Ecocert, USDA and FSC to ensure the quality of our products. Environmental certifications attesting to product sustainability are lacking in Taiwan, therefore locally sourced materials accounted to 27.31% in 2018.

Nevertheless, in order to reduce the shipping carbon footprint of raw materials, we endeavor to develop raw materials locally sourced in Taiwan by searching for materials that meet country standards and purchasing plant extraction equipment. Through years of searching, developing and innovating, our team converted agricultural waste such as coffee grounds, coffee husks, pineapple skin and goji berry root, obtaining their active ingredients to create new value and give natural, healthy products for consumers. Furthermore, we are also fostering the development of the organic agricultural sector while unearthing new value in agricultural waste.

In terms of materials, we collaborate with suppliers in Taiwan for the development of numerous eco-friendly bottles, namely our 100% biodegradable Tree in the Bottle, 100% renewable plastic bottle and the world's first renewable plastic pump. Our innovations in ingredients and bottles have gained us countless international certifications.

We expect to obtain the USDA Certified Biobased Product Label in 2019 and are on the road to becoming the first company in Asia to achieve the Cyclos label for consumer products and packaging made of post-consumer recyclate in accordance with the EuCertPlast certification.



● Figure 4-1 Replacing chemicals with agricultural waste

● Table 4-1 Procurement of green ingredients and materials

	Green ingredients <sup>1</sup>		Green materials <sup>2</sup>	
2016	<b>225,814</b>	<b>46.89%</b>	<b>7,954,745</b>	<b>62.83%</b>
	Total quantity procured (kg) / Green ingredient procured (%)		Total quantity procured (pc) / Green materials procured (%)	
	Green ingredients procured (kg)		Green materials procured (pc)	
	Imported 80,515 (76.05%)	<b>105,875</b>	Biodegradable 866,804 (17.34%)	<b>4,997,599</b>
	Taiwan 25,360 (23.95%)		Recyclable 3,754,251 (75.12%)	
			Recovered 3,754,251 (75.12%)	
2017	<b>338,252</b>	<b>50.96%</b>	<b>10,003,547</b>	<b>56.11%</b>
	Total quantity procured (kg) / Green ingredient procured (%)		Total quantity procured (pc) / Green materials procured (%)	
	Green ingredients procured (kg)		Green materials procured (pc)	
	Imported 138,827 (80.53%)	<b>172,387</b>	Biodegradable 859,556 (15.31%)	<b>5,612,622</b>
	Taiwan 33,560 (19.47%)		Recyclable 4,348,750 (77.48%)	
			Recovered 404,316 (7.20%)	
2018	<b>298,411</b>	<b>80.41%</b>	<b>10,569,868</b>	<b>59.55%</b>
	Total quantity procured (kg) / Green ingredient procured (%)		Total quantity procured (pc) / Green materials procured (%)	
	Green ingredients procured (kg)		Green materials procured (pc)	
	Imported 204,040 (85.04%)	<b>239,948</b>	Biodegradable 1,174,168 (18.66%)	<b>6,294,068</b>
	Taiwan 35,908 (14.96%)		Recyclable 3,629,836 (57.67%)	
			Recovered 1,490,064 (23.67%)	

Note:

<sup>1</sup>Green Ingredients refer to product ingredients. From 2011-2013, green Ingredients were defined as ingredients that contain more than 70% of components derived from plant sources; since 2014, green Ingredients have been required to contain over 80% of components derived from organic or plant sources.

<sup>2</sup>Materials refer to bottles, containers and packaging materials classified into the following 3 types: biodegradable (PLA bottles/accessories, bamboo accessories, seed paper); recyclable (FSC certified paper box, bottles/accessories); recovered (shipping cartons, 100% renewable plastic bottles).

● Table 4-2 Procurement of green ingredients and materials in Taiwan

	Green ingredients		Green materials		Total	
	Total procured (NT\$)		Total procured (NT\$)		Total procured (NT\$)	
2016	Imported 36,073,787 (92.65%)	38,933,932	Imported 1,263,475 (3.97%)	31,801,760	Imported 37,337,262 (52.78%)	70,735,692
	Taiwan 2,860,145 (7.35%)		Taiwan 17,420,331 (54.78%)		Taiwan 20,280,476 (28.67%)	
2017	Total procured (NT\$)		Total procured (NT\$)		Total procured (NT\$)	
	Imported 55,137,003 (92.54%)	59,579,298	Imported 15,117,524 (38.26%)	39,507,849	Imported 70,254,527 (70.90%)	99,087,147
Taiwan 4,442,295 (7.46%)	Taiwan 24,390,325 (61.74%)		Taiwan 28,832,620 (29.10%)			
2018	Total procured (NT\$)		Total procured (NT\$)		Total procured (NT\$)	
	Imported 76,539,409 (94.75%)	80,776,141	Imported 29,125,708 (62.57%)	46,546,039	Imported 105,665,117 (82.99%)	127,322,180
Taiwan 4,236,732 (5.25%)	Taiwan 30,538,285 (65.61%)		Taiwan 34,775,017 (27.31%)			

**Natural green ingredients**  
Natural products contain ingredients derived from organic or inorganic chemicals to change its physical properties and achieve desired effects. For example, lye (sodium hydroxide) is a necessary component in handmade soap. Our natural ingredients contain over 80% of naturally-sourced components.

Recyclable materials (FSC certified paper boxes, bottles/accessories); recycled materials (shipping cartons, 100% recycled bottles).

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## 4.2 Green Supply Chain

Supplier cooperation plays an important role in the creation of green products. Only with O'right's commitment and suppliers' efforts can the world's greenest hair care product be born. To incorporate suppliers into our green supply chain, an investigation must be carried out before officially forming a partnership between each department and suppliers. Investigation should cover technical skills, supplier capacity and quality assurance. In 2014, social and environmental aspects were added, which meant that anything related to workers, environmental protection and corporate social responsibility should be investigated.

### 4.2.1 Supplier Declaration on Corporate Social Responsibility Code of Conduct

Starting from 2015, new suppliers are required to sign a Supplier Declaration on Corporate Social Responsibility Code of Conduct, inviting them to be a part of the sustainable industry and our green supply chain. By the end of 2018, 81 Declarations were signed by raw material suppliers.

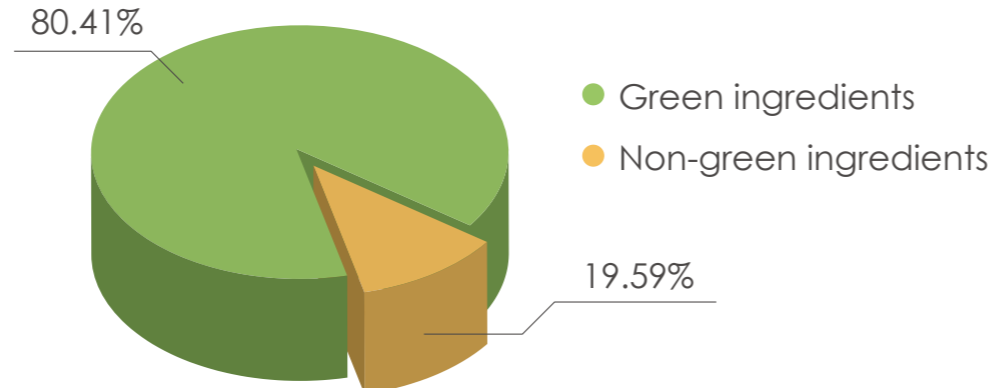
Regarding our supplier management process, for first-time partners, we propose a Supplier Assessment Form, which focuses on aspects such as environmental protection, compliance with labor laws, social engagement/involvement and corporate social responsibility practices. Suppliers are assessed based on the above aspects by the development, product quality assurance and procurement departments to determine whether they meet our company requirements. They are also evaluated each year on quality, delivery time, price and service. If a supplier is deemed unqualified, we will terminate our partnership.

Suppliers that we work with can take action for our planet and demonstrate the economic benefits of green business opportunities.

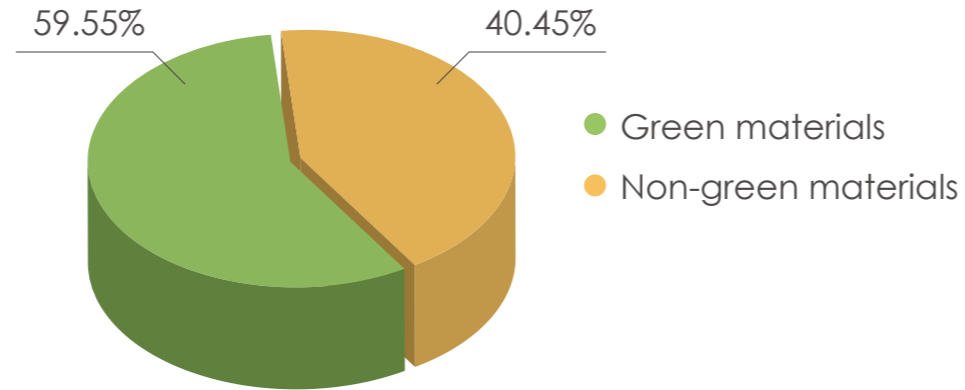


● Figure 4-2 Our best seller Caffeine Botanical Scalp Revitalizer with ingredients sourced from local farmers





● Figure 4-3 Green Ingredients



● Figure 4-4 Green materials

#### 4.2.2 Green Suppliers Development

Green ingredients and material suppliers, green material suppliers and green ingredients suppliers account for 78.65%, 72.34% and 85.71%, respectively. Moreover, all suppliers have to provide a material safety datasheet.

#### 4.2.3 Engage Suppliers in CSR

Since 2016, we have invited our suppliers to take part in our Coastal Cleanup and Earth Hour events. By personally picking up trash and seeing the city go dark to put a spotlight on nature, we spark awareness and action for a healthy planet while commuting our commitment to sustainability.

In 2018, 23 suppliers attended our Coastal Cleanup and 24 suppliers showed their support for Earth Hour. Every year the number of people increase, which is proof that we are gradually motivating them toward sustainability and inspiring them with our sustainable values and efforts.



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● Figure 4-5 Renewable bottle made from recycled milk bottles to reduce carbon by 80%

4.2.4 Together Greener

The world produces hundreds of billions of pumps every year, yet none of them are renewable. With this in mind, we collaborated with Da Fon to create the 100% renewable plastic bottle made from recycled milk cartons with the aim to reduce carbon emissions by 80%. Then, we worked again, this time with Living Fountain to develop the world's first renewable plastic pump.

The collective effort of our green suppliers is the reason why O'right has grown so much as a green brand and business. Without them, we would not be who we are and where we are today. Together, we made a commitment to switch all shampoo and body wash bottles to renewable ones in 2018 and use renewable plastic pumps in 2019. For this reason, we print the suppliers' logos on all of our renewable plastic bottles.

Our efforts in sustainability go beyond our product packaging. We are also working on making our formulations more sustainable. Furthermore, we encourage consumers to purchase larger bottles of beauty products to eliminate waste. As a result, we discontinued our 35mL products despite its impressive sales performance.

Since 2012, we replaced traditional plastic caps with biodegradable bamboo caps to reduce negative impact on the environment and enhance the quality of our products. In 2018, we created a new version of the bamboo cap that features an inner cap made of biodegradable PLA materials which provides a tighter seal.

Product information were originally printed directly onto the bottles of 1,000 mL shampoo and body wash products; now, the bottles feature sticker labels that provide consumers with the information they need. By doing so, the bottles can be used for all shampoo flavors (e.g., each bottle can be used for Green Tea or Tea Tree or Goji Berry), thus greatly reducing inventory of empty bottles and formulations.

In terms of formulations, we improved our preservation system and fragrance, using plant-acid preservatives instead and removing HICC from fragrance. In addition to safer preservatives and fragrance, our formulations have also obtained Vegan, Gluten-free and Non-GMO certifications to ensure the health and well-being of consumers.



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## 4.3 Green Salons

Hair salons are the most important customers of O'right. We call them "green angels"-due to their roles as green ambassadors.

### 4.3.1 Taiwan Green Salons

(1) Visits to the Green Headquarters

Hair salons are spaces curated specially for beauty and fashion. They boost confidence and give customers a beautiful new look. For O'right, hair salons are also green ambassadors that help to spread our message and visions for a greener tomorrow.

We regularly invite salon customers to visit our Green Headquarters for free to articulate and spread our values through green product design and green production.

From 2011, we have engaged salon hairdressers in CSR activities such as Earth Hour, Plant a Tree and Coastal Cleanup, encouraging them to take action, connect with nature and live green to make sustainability happen. Sustainability is not just our responsibility, but our customers as well, who in turn communicate the same concepts to their customers. The hair and beauty industry is our green ambassador, our green angel and the person behind our success.

In 2018, we began to promote the use of mobile payment in traditional salons, which not only helps to save energy and carbon, but also improves the payment process and reduces risks. Also, customers are able to check their order history and status, greatly reducing the paper consumption and postage costs.

Since then, we have had 7,400 payments (NT\$60 million) made through convenience stores.



● Figure 4-6 Green salon hair and scalp event

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4.3.2 International Green Salons

Our international market and influence are also some of our main focuses. In addition to our annual Earth Hour, Plant a Tree and Coastal Cleanup events, to let the international green Salons to learn how to love and protect the environment, and show the urgency of environmental protection.

Our international distributors have also begun following in our green footsteps. The green impact reaches all parts of nature.



● Figure 4-7 International distributors show their support for Earth Hour



Our international market and influence are also some of our main focuses. In addition to our annual Earth Hour, Plant a Tree and Coastal Cleanup events, our international distributors have also begun following in our green footsteps.

● Table 4-3 The green actions of international distributors

International distributors	Green practices	
Italy	<ul style="list-style-type: none"> <li>*Join Earth Hour</li> <li>*Support child welfare institutions</li> </ul>	<ul style="list-style-type: none"> <li>*Promote the sustainability concepts of O'right</li> <li>*Support local art performances</li> </ul>
Poland	<ul style="list-style-type: none"> <li>Reuse O'right cartons and cardboard boxes</li> <li>*Use FSC certified tissue paper and printing paper</li> <li>*Use second-hand facilities</li> <li>*Install LED lighting</li> <li>*Separate and classify wastes</li> <li>*Establish a minimum order quantity policy</li> </ul>	<ul style="list-style-type: none"> <li>*Work with delivery companies certified by ISO 14001:2004</li> <li>*Join local environmental events such as Earth Hour and COP24</li> <li>*Hold one-day styling events for female cancer patients</li> <li>*Promote the sustainability concepts of O'right</li> <li>*Recycle the aluminum tubes of hair color cream</li> </ul>
Lithuania	<ul style="list-style-type: none"> <li>*Install energy-efficient lighting</li> <li>*Promote the sustainability concepts of O'right</li> </ul>	<ul style="list-style-type: none"> <li>*Join Earth hour</li> </ul>
Austria	<ul style="list-style-type: none"> <li>*Use 100% recycled printing paper and cardboard boxes</li> <li>*Provide fair trade coffee, organic food and eco-friendly office stationery</li> <li>*Use FSC certified tissue paper</li> <li>*Use eco-friendly detergents and cosmetic products</li> <li>*Install LED lighting and do not use air conditioning systems</li> <li>*Use water saving devices</li> <li>*Participate in tree planting events and encourage hair salons to build vertical gardens</li> <li>*Separate and classify wastes</li> </ul>	<ul style="list-style-type: none"> <li>*Create a green association with hairdressers and consumers to promote environmental protection</li> <li>*Establish a minimum delivery quantity and use biofuel cars for shipping</li> <li>*Join Earth Hour</li> <li>*Support local environmental events such as urban farming, community gardening, and The Children's Garden and promote environmental education, sustainable practices, and environmental protection</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>*Join Earth Hour</li> </ul>	<ul style="list-style-type: none"> <li>*Promote the sustainability concepts of O'right</li> </ul>
Finland	<ul style="list-style-type: none"> <li>*Promote the sustainability concepts of O'right</li> <li>*Provide green salon services and promote green values</li> </ul>	<ul style="list-style-type: none"> <li>*Use eco-friendly shopping bags Separate and classify wastes</li> </ul>

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International distributors	Green practices	
Denmark	*Join Earth Hour *Support children's cancer activities	*Promote the sustainability concepts of O'right
Belarus	*Join Earth Hour *Promote the sustainability concepts of O'right	*Care for the apple tree planted in 2015 *Donate apple seeds and plant more trees
Finland	*Join Earth Hour *Support children's cancer activities	*Promote the sustainability concepts of O'right *Recycle the aluminum tubes of hair color cream
Belgium	*Join Earth Hour *Promote the sustainability concepts of O'right	*Participate in Christmas charity hair cutting events
Bulgaria	*Join Earth Hour *Promote the sustainability concepts of O'right	*Participate in Christmas charity hair cutting events
Korea	*Join Earth Hour *Promote the sustainability concepts of O'right Use energy-efficient facilities and conserve energy in daily life	*Green the indoor environment for educational training *Bring their own cups instead of paper cups
Canada	*Promote the sustainability concepts of O'right	*Separate and classify wastes
Japan	*Promote sustainability concepts at beauty schools *Promote green hair care at innovative fashion brand exhibitions	*Take public transportation
Germany	*Promote the sustainability concepts of O'right	*Join Earth Hour
Sweden	*Promote the sustainability concepts of O'right	*Use eco-friendly goods
Estonia	*Promote the sustainability concepts of O'right	*Turn off unessential lights
Finland	*Promote the sustainability concepts of O'right *Provide green salon services and promote green values	*Use eco-friendly shopping bags Separate and classify wastes



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International distributors	Green practices	
Russia	*Promote the sustainability concepts of O'right	*Support and use eco-friendly goods
Romania	*Join Earth Hour *Promote the sustainability concepts of O'right	*Promote sustainability concepts with decorations
Turkey	Promote the sustainability concepts of O'right	
United Arab Emirates	Promote the sustainability concepts of O'right	
Qatar	Promote the sustainability concepts of O'right	
Oman	Promote the sustainability concepts of O'right	
Bahrain	Promote the sustainability concepts of O'right	
Kuwait	Promote the sustainability concepts of O'right	
Saudi Arabia	*Join Earth Hour *Promote the sustainability concepts of O'right	*Plant trees in deserts *Open an O'right Concept Store
Hong Kong	*Join Earth Hour	
Portugal	*Join Earth Hour	*Promote the sustainability concepts of O'right
Slovenia	*Join Earth Hour	*Promote the sustainability concepts of O'right
Croatia	*Join Earth Hour	*Promote the sustainability concepts of O'right
Serbia	*Join Earth Hour	*Promote the sustainability concepts of O'right
Bosnia and Herzegovina	*Join Earth Hour	*Promote the sustainability concepts of O'right

## 4.4 TogetherGreener

For staff, we also view green practices for the body and soul as motivations in the workplace. The fruitful benefits cannot be measured in money. As such, we follow the Green Living Guidelines and organize green activities, uniting everyone to engage in sustainability.

### (1) Green Living Guidelines

Upholding a brand philosophy of Natural, Pure and Eco-friendly, we apply our core values to our everyday business. While we use the earth's natural resources, we believe in giving back to nature. Therefore, we are committed to playing our part as a leading green brand in creating a greener and better world by reducing greenhouse gas emissions and having as little impact on earth as possible.

In order to promote sustainability in the workplace, we build a sense of teamwork and create a sense of respect among staff members as well as develop a self-managed workplace. As such, we established the Green Living Guidelines in hopes of creating a healthy, eco-friendly workplace environment.

Our Green Living Guidelines discourages the use of disposable straws and tableware. In 2018, our Green Council for Sustainable Development resolved to ban the use of single-use plastic in the workplace.

### (2) Organic meals:

Our Organic Vegetable Cafeteria provides staff with fresh seasonal fruit and vegetables picked from local farms, toast and bread made from local bakeries and delicious soup to enjoy. Staff is divided into groups that take turns preparing the food and washing the dishes every day.

### (3) Cleaning:

Every Friday the entire staff at Green Headquarters is divided into groups, each responsible for cleaning up a certain area. Our aim is for employees to develop good habits in the workplace and subsequently do the same at home or in local communities.



● Figure 4-8 Staff take turns to prepare organic vegetable meals for everyone





● Figure 4-9 Family Day brings environmental education and fun together

(4) **Family visits:** Chairman Steven Ko also arranges for visits to employees' homes to thank their parents while not forgetting to promote our green concepts, further spreading our green impact to more people.

(5) **Environmental events:** Every year we hold or co-host environmental events, inviting employees to join at their will as a means to encourage them to go green in their daily life. Employees who take part in charity events are granted a volunteer day off as a show of gratitude (see 1.3.5).

(6) **Family day:** We hold annual family days where we invite family members and friends of employees to visit our Green Headquarters and have fun. On family day in 2018, after the tour around our green building, an activity for kids and parents that required children to draw their dreams and hopes for the future. Not only did we increase parent-child bonding time but also raise environmental awareness. At O'right, we believe in doing the right thing and committing to it while bringing more people together to create a bigger impact.



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# Our Green Impacts



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● Figure 5-1 2018 Earth Hour Taiwan

## Our Green Impacts

We have 3 major CSR events every year: Earth Hour, Plant a Tree and Coastal Cleanup. In 2012, we also made our Green Headquarters open to the public, welcoming enterprises and schools as well as communities, distributors, salon customers and family of staff to experience the green of O'right.

Moreover, we hire interns to work at our company. The main purpose is to give young students the opportunity to get to know this green hair care brand from Taiwan and get an overview of what is involved in running a business.

In 2018, we welcomed students majoring in cosmetics, business management, business administration and product design from National Taiwan University, National Tsing Hua University, Kaohsiung Medical University, National Taiwan University of Science and Technology, Hungkuang University, I-shou University and Ming Chuan University to O'right.

## 5.1 Green Chairity Engagements

In 2018, we continued to strive towards a greener, zero carbon society, bringing our green contributions beyond our annual CSR activities. Along with our international distributors and TWYCC (Taiwan Youth Climate Coalition), we flew all the way across the globe to Poland to join the march for the climate on the streets of Katowice.

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5.1.1 Earth Hour

Earth Hour is a global initiative founded in Sydney, Australia by WWF in 2007 that is celebrated on the last Saturday of March every year from 8:30 to 9:30 local time, uniting people across the globe to raise awareness of the fight against climate change and to protect the earth. Since then, it has grown to become the world's largest grassroots movement for the environment. On 24 March 2018, Taiwan joined 187 countries and territories and over 7,000 cities around the world in turning off the lights for one hour to send a powerful message about environmental awareness and action as people worldwide generated millions of impressions on social media in a huge, symbolic show of support for the planet.

For Earth Hour in 2018, O'right teamed up with the world's largest bicycle manufacturer, Giant Manufacturing Co., Ltd., Cathay Financial Holdings and Taipei 101 for the cycling event, where participants would ride bicycles around Taipei City Hall and Xinyi District to show the world our determination for stopping climate change. As long as you are willing to do something to reduce carbon in their daily lives, you can make a green difference.

As a sustainability leader in Natural, Pure and Eco-friendly beauty products, O'right believes that small changes can make a monumental difference to the environment. For 8 years, we have taken an active role serving as the organizer of Earth Hour Taiwan, uniting enterprises, celebrities, politicians, hair salons and people to join the environmental movement and make a green impact.

This year, more than 200 companies and 4,000 salons showed their support for Earth Hour, including Taipei 101, Le Méridien Taipei, W Hotel, Grand Hyatt Taipei, Breeze, Uni-President Department Store and Shin Kong Mitsukoshi, etc.

According to the Taiwan Power Company, approximately 100,000 kWh of electricity was saved on March 24 of 2018, which helped reduce 52,700kg of carbon emissions and is equal to planting 4,791 trees on earth.

\*From 2011-2018, a total of 630,000 kWh of electricity was saved, 340,730 kg of carbon was reduced and 30,975 trees were planted.



● Figure 5-2 Earth Hour Taiwan 2018 saw us team up with Giant

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● Figure 5-3 Climbing trees to connect with nature and preserve the forests

5.1.2 Plant a Tree

Since 2011, we began collaborating with NTU Experimental Forest to plant and adopt trees native to Taiwan in accordance with the soil and climate of the chosen site. With the help of the professional team at NTU Experimental Forest, we are currently in the 8th year of our Forestation Project.

Our staff and salon hairdressers are important parts of our annual CSR events. In 2017, they learned the importance of trees through 5 senses. In 2018, they connected with nature by climbing trees.

Forests are an extremely important natural resource. Trees curb climate change by removing carbon dioxide from the atmosphere; they filter air, store carbon and improve soil fertility. Forests are home to a majority of the world's terrestrial biodiversity. Therefore, we take action to adopt forest land to increase the ability of forests to sequester atmospheric carbon and reduce carbon dioxide emissions.

So far, we have adopted and planted 2,660 trees and each year we continue to adopt 3.561 hectares of forest land. Over the past 7 years, we have helped to reduce 100,000 kg of carbon emissions. O'right urges everyone to protect our environment through action.

### 5.1.3 Coastal Cleanup

O'right joined the world's largest volunteer effort for the ocean for 6 years in a row. In 2018, we came together once again for the 8th time to hold our annual Coastal Cleanup at the coastal shores of Yongan Fishing Harbor located in Taoyuan.

A total of 203 people, including the staff and family members of O'right, green suppliers and green salons, bent down to pick up trash off the beach, which resulted in the collection of 494 kg of marine litter and reduction of 1,018 kg of carbon emissions. With this outcome, we helped plant 93 20-year-old trees on earth.



● Figure 5-4 Our team led by O'right Chairman picked up trash from the beach



### Plant a Tree

From 2011 to 2018, 2,660 trees were planted and a total of 101,464 kg of carbon emissions was reduced.

A 20-year-old tree absorbs 11-18 kg of CO<sub>2</sub>. The calculation is based on the lowest carbon absorption of 11 kg as tree seedlings were planted instead of grown trees (Source: Bureau of Energy, Ministry of Economic Affairs)



### Earth Hour

In 2018, Earth Hour Taiwan saved 100,000 kWh of power and achieved 52,700 kg of carbon reduction, equal to planting 4,791 trees.

From 2011 to 2018, a total of 630,000 kWh of power was saved and 340,730 kg of carbon was reduced, equal to 30,975 trees planted.

Source: Bureau of Energy, Ministry of Economic Affairs, R.O.C.

1. Based on the electricity emission factor of Taiwan from 2011 to 2018 (0.527 kg)

2. A 20-year-old tree absorbs 11-18 kg of CO<sub>2</sub>. The calculation is based on the lowest carbon absorption of 11 kg as tree seedlings were planted instead of grown trees.



### Coastal Cleanup

In 2018, 494 kg of litter was picked up from the beach, which helped reduce 1,018 kg of carbon emissions and plant 93 20-year-old trees.

From 2015 to 2018, 1,542 kg of litter was picked up from the beach, which helped reduce 3,177 kg of carbon emissions and plant 289 20-year-old trees.

\*According to the carbon footprint inventory data on renewable materials by the Recycling Fund Management Board, a reasonable resource recycling rate can help greatly reduce the amount of trash. Every kg of trash reduced is 2.06kg less of carbon emissions released.

\*A 20-year-old tree absorbs 11-18 kg of CO<sub>2</sub>. The calculation is based on the lowest carbon absorption of 11 kg as tree seedlings were planted instead of grown trees (Source: Bureau of Energy, Ministry of Economic Affairs)

● Figure 5-5 Carbon achievements through green charity engagements in 2018

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## 5.2 An Educational Facility for All

O'right Green Headquarters is not your typical factory. Equipped with rainwater harvesting, solar and wind power systems and built to be naturally ventilated, it is a building well-integrated with nature that aims to co-exist with the environment.

Our Green Headquarters is not just a green building, but also an educational facility for all. We are well-prepared for anyone who is interested in getting to know our building. For example, we have a presentation giving people a brief introduction about our headquarters and give a guided tour around our premises. Manager staff regularly receives professional training in environmental education to help review and amend the presentation or guided tour for an enhanced experience for everyone.

Since its completion in June 2012, the Green Headquarters has welcomed numerous visitors from well-known enterprises, organizations, universities and environmental groups. We also encourage nearby communities, salons and family members of staff to visit and experience the green of O'right.

In 2018, 2,871 people and 935 groups visited our headquarters. Since the establishment of our headquarters, we have welcomed 22,797 people (Table 20).

During the 3-hour tour, visitors are taken on an enriching tour of our headquarters and are provided with the latest environmental news and introduced to various eco-friendly facilities and practices. Through this educational experience, we hope to raise environmental awareness as well as make an impact on more people.

The more people we reach, the bigger the impact we can have. Therefore, our educational facility, Green Headquarters, is free of charge for the general public to visit. By welcoming more visitors to our green building, O'right can make a bigger green impact on and inspire each and every person and corporation to make a difference through protecting our planet together. Our Green Headquarters acts as a portal to reach deeper into people with our green values. Each visitor or company that leaves our premises is left thinking: what can you and I do to make the world a better place?



● Figure 5-6 O'right invites all guests to support the SDGs





● Table 5-1 Visitors of O'right Green Headquarters

	2012~2017	2018	List of visitors in 2018
Enterprises	6,953	903	JPMorgan Chase Bank, Hong Kong General Chamber of Commerce, DuPont, China Airlines, RT-mart, Uni-President Enterprises Corporation, Acer, Aurora Group, Foxconn Technology Group, Taisun Enterprise, Cathay Life Insurance, Bao Tai Construction, Panasonic Taiwan
Hair salons	4,958	294	Salon customers and distributors from Taiwan and China
Governmental units	1,101	155	Taoyuan City Government, Ministry of Foreign Affairs, Industrial Development Bureau of the Ministry of Economic Affairs, National Chung-Shan Institute of Science & Technology
Associations	541	338	Sustainable & Circular Economy Development Association, Judges Academy, International Cooperation and Development Fund, Ten Outstanding Young Person's Foundation, Taiwan Junior Chamber, National Association of Small & Medium Enterprises
Academic institutes	5,831	1155	Keio University (Japan), Chinese University of Hong Kong (Hong Kong), Republic Polytechnic (Singapore), INTI International University & Colleges (Malaysia), Tunku Abdul Rahman University College (Malaysia), National Taiwan University's Office of International Affairs (Taiwan), NCCU College of Commerce (Taiwan), Cheung Kong Graduate School of Business (China)
Media	34	26	Media journalists/reporters from India, Japan and Vietnam
Neighboring residents	508	0	Participated in community activities
Subtotal	19,926	2,871	--
Total	27,797		

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### 5.3 Green Publication

It's O'right Quarterly was formerly known as Eco Paper Bimonthly, which was initially published as a single piece of paper to infuse and update viewers with green concepts and information.

In September 2013, in order to incorporate eco-friendly concepts into viewers' lives and promote a greener lifestyle, we switched to a quarterly schedule, changing its title to It's O'right Quarterly, which is now printed once every 3 months. It's O'right Quarterly features green cover stories on themes such as traveling, fashion, agriculture, food and beverages, home, lifestyles, and education, etc. So far 17,860 copies of this intellectual and perceptual publication have been given to 7,000 hair salons nationwide, with an estimated reader base of 3.5 million based on the average of 500 customers of salons per month.

Furthermore, we publish the It's O'right Green Lifestyle newsletter every 2 months to explore the latest news on green lifestyle, sustainable trends, global salons and green care. Aiming to create a bigger influence, It's O'right Quarterly is available in Chinese and English versions for digital download on O'right's official website. (<https://blog.orient.com.tw/w/>)

Official Facebook Pages:

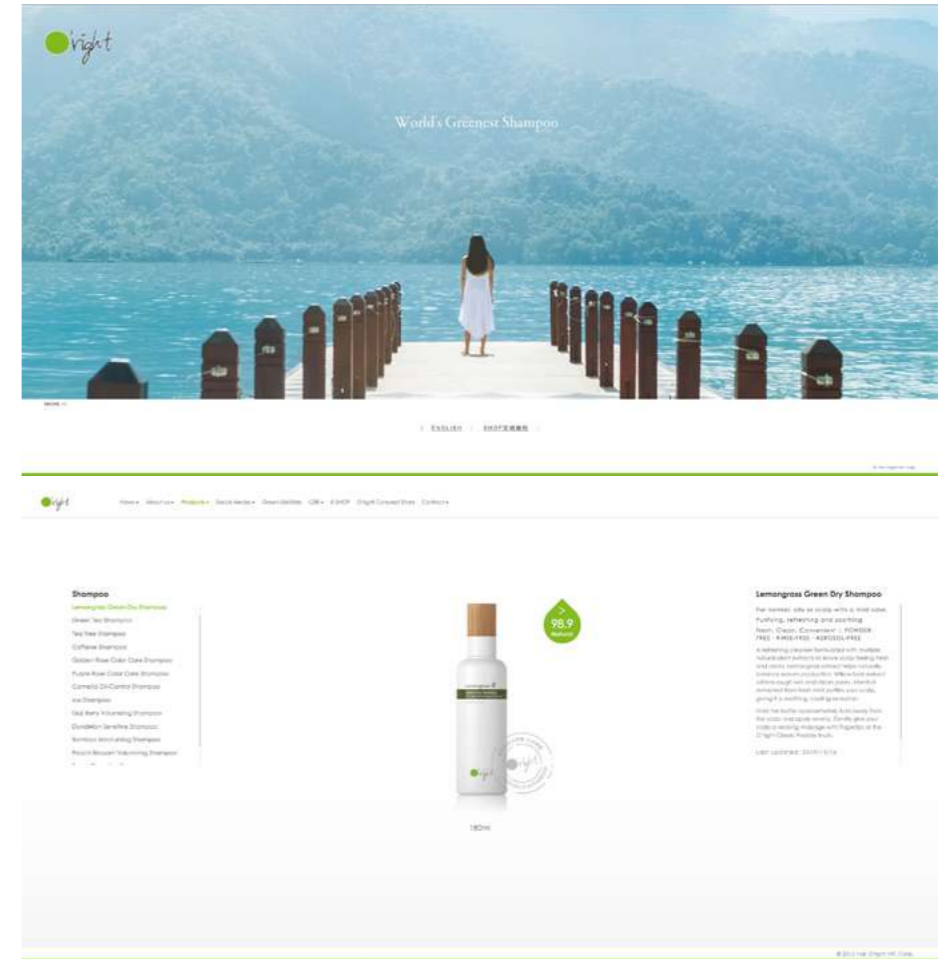
We have 5 official Facebook pages, including the brand-centered O'right, the green educational advocate O'right Green Headquarters, e-shop O'right Shop and It's O'right, a page launched on February 13, 2015 where we share articles and news about sustainability to plant more green seeds.



● Figure 5-7 It's O'right Quarterly QR Code



● Figure 5-8 It's O'right FB QR Code



● Figure 5-9 It's O'right Green Lifestyle website



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## 5.4 Green Consumption

### 5.4.1 Product Service

To offer innovative green product services to customers, each product is given a unique identification by implementing a barcode traceability system. Three barcode labels are created for and printed on each product for identification purposes and quality assurance.

#### 1.Barcode:

A means for customers and consumers to identify products and see if a product is authentic and learn its country of origin. For example, Tea Tree Shampoo 400mL carries a 16-digit barcode; the first digit "T" is the country code, the 6 digits "1AA036" is the part number, the 4 digits "4131" is the batch number and the last 5 digits "00035" is the serial number.

#### 2.QR Code:

Users can use their smart phones to scan the image of the QR code to display additional information about the product, company profile and other helpful information.

#### 3.International Article Number (EAN):

A barcode used in point of sale (POS) system that manages purchase, sale and inventory of products.

In addition to the 3 barcodes, O'right also labels products with additional information including the percentage of natural ingredients, certified organic ingredients, and the use of clean energy for manufacturing. Paper boxes carry the FSC label and soy ink label. These identification and certification labels give consumers a better understanding towards product quality and also differentiate O'right's products from competitors.



① Barcode    ② International Article Number    ③ QR Code (product information)

● Figure 5-10 A complete product traceability system

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5.4.2 Green Marketing

Guided by our core values Green, Innovation and Sustainability, O'right strives to create green products, green services as well as social and ecological value while providing sustainable living solutions and beauty that blossoms from the inside out.

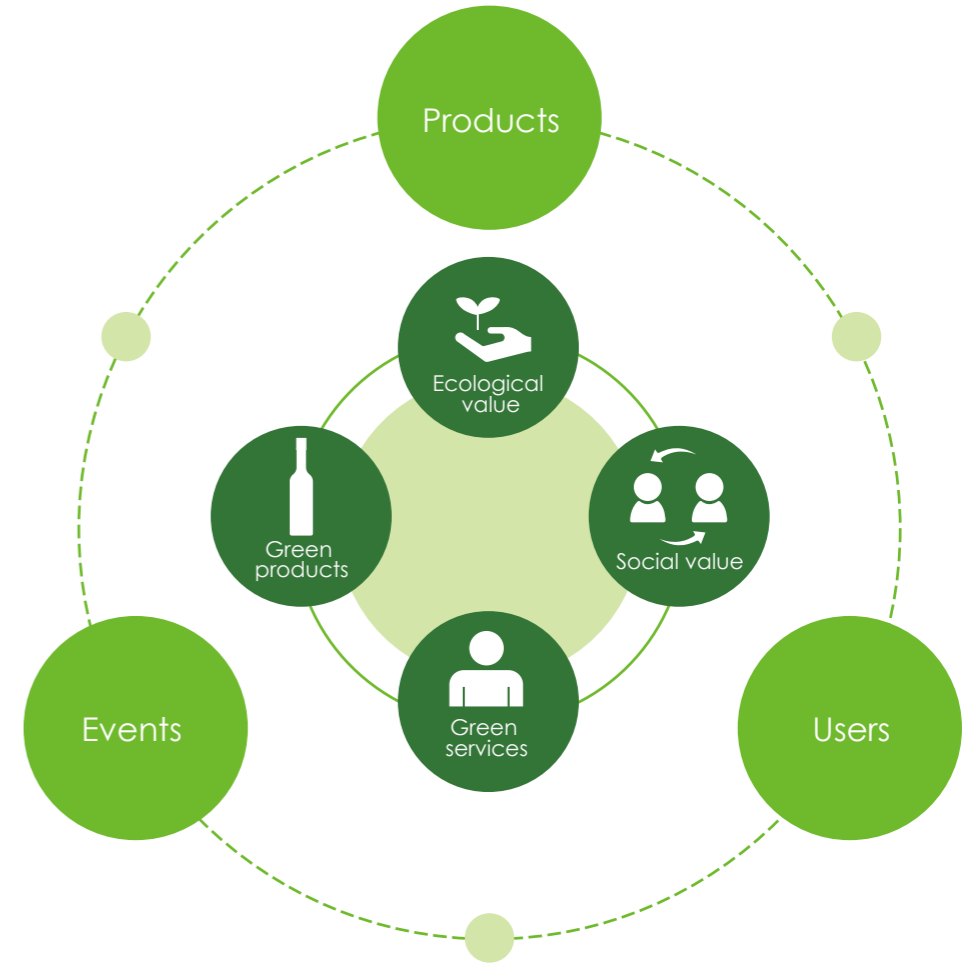
We engage consumers in sustainable actions such as reducing the use of plastics, reusing wastes and making the shift to green consumption and living. By influencing others, we are also motivating them to go green as if it is the most natural thing to do. Make green a part of not just ours but their daily lives as well; that is our ultimate goal.

O'right understands that consumers need to be influenced from the following aspects to increase consumer awareness of green products and cultivate green consumers.

**(1)Products:** Create eco-friendly designs such as Tree in the Bottle, Moso bamboo caps and FSC certified paper boxes and develop eco-friendly formulas such as 8 Free, coffee oil extracted from coffee grounds and organic certified ingredients. The greener the products consumers get, the higher the possibility of raising their green awareness.

**(2)User experience:** O'right products have been proven to be easy to rinse, easy to blow dry, water and energy efficient. The efficacy and results our products deliver can be felt with each use. In 2018, we tracked our company's greenhouse gas emissions in order to find solutions to reduce carbon, which earned us the carbon neutral validation for 9 of our products and for our company. Carbon neutral products and manufacturing indicate that we have achieved net zero carbon dioxide emissions by balancing carbon emissions with carbon removal. Moreover, we made a commitment to go 100% renewable by 2025.

**(3)Events:** O'right holds or co-hosts major environmental events every year including: (1) Earth Hour; (2) Coastal Cleanup; and (3) Plant a Tree.



● Figure 5-11 Cultivating consumer awareness



## Appendix 1 GRI Guidelines Glossary

### GRI Guidelines Glossary

GRI	Disclosure Number	Disclosure Title	Chapter	Page No.	Explanation
101		Foundation			
102		General disclosures			
Organizational profile					
102-1		Name of the organization	1.1		
102-2		Activities, brands, products, and services	1.1		Replaced all shampoo and body wash bottles with renewable plastic bottles produced by Da Fon
102-3		Location of headquarters	About Our Corporate Sustainability Report		
102-4		Location of operations	1.3		
102-5		Ownership and legal form	1.3.1		
102-6		Markets served	1.3		
102-7		Scale of the organization	1.3.1 / 1.3.3 / 2.1 / 2.2		
102-8		Information on employees and other workers	1.3.1		
102-9		Supply chain	4.2		
102-10		Significant changes to the organization and its supply chain	4.2		
102-11		Precautionary Principle or approach	1.3.2		
102-12		External initiatives	1.2		
102-13		Membership of associations	1.1.2		
Strategy					
102-14		Statement from senior decision-maker	Letter from Our Chairman		
102-15		Key impacts, risks, and opportunities	1.3.2		

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GRI	Disclosure Number	Disclosure Title	Chapter	Page No.	Explanation
Ethics and integrity					
102-16		Values, principles, standards, and norms of behavior	1.3 / 4.4		
Governance					
102-18		Governance structure	1.3.1		
Stakeholder engagement					
102-40		List of stakeholder groups	1.1.3		
102-41		Collective bargaining agreements			O'right does not have unions and therefore has no collective agreements
102-42		Identifying and selecting stakeholders	1.1.3		
102-43		Approach to stakeholder engagement	1.1.3		
102-44		Key topics and concerns raised	1.1.3		
Reporting practice					
102-45		Entities included in the consolidated financial statements	1.3.3		
102-46		Defining report content and topic Boundaries	About Our Corporate Sustainability Report		
102-47		List of material topics	1.3.3		
102-48		Restatements of information	About Our Corporate Sustainability Report		No restatements of information
102-49		Changes in reporting	1.1.3		
102-50		Reporting period	About Our Corporate Sustainability Report		
102-51		Date of most recent report	About Our Corporate Sustainability Report		
102-52		Reporting cycle	About Our Corporate Sustainability Report		
102-53		Contact point for questions regarding the report	About Our Corporate Sustainability Report		



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GRI	Disclosure Number	Disclosure Title	Chapter	Page No.	Explanation
Reporting practice					
102-54		Claims of reporting in accordance with the GRI Standards	About Our Corporate sustainability Report		
102-55		GRI content index	Appendix 1		
102-56		External assurance	Appendix 2		
Management approach					
103-1		Explanation of the material topic and its Boundary	1.1.3		
103-2		The management approach and its components	1.1.3		
103-3		Evaluation of the management approach	1.1.3		
Specific disclosures					
201	ECONOMIC PERFORMANCE				
	201-1	Direct economic value generated and distributed	1.3.3		
	201-2	Financial implications and other risks and opportunities due to climate change	1.3.2		
	201-4	Financial assistance received from government	1.3.3		
204	procurement-practices				
	204-1	Proportion of spending on local suppliers	4.1		
301	MATERIALS				
		Materials used by weight or volume	2.2		Due to the variety of packaging, only the total procurement amount can be provided
	301-2	Recycled input materials used	4.1		



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GRI	Disclosure Number	Disclosure Title	Chapter	Page No.	Explanation
302		Energy			
	302-1	Energy consumption within the organization	2.3		
	302-4	Reduction of energy consumption	2.3		
303		Water and effluents			
	303-1	Interactions with water as a shared resource	2.1		
	303-3	Water withdrawal	2.1		
304		Biodiversity			
	304-2	Significant impacts of activities, products, and services on biodiversity	2.2.1		
305		Emissions			
	305-1	Direct (Scope 1) GHG emissions	2.3		
	305-2	Energy indirect (Scope 2) GHG emissions	2.3		
	305-5	Reduction of GHG emissions	2.3		
306		Effluents and waste			
	306-1	Water discharge by quality and destination	2.1.2		
	306-2	Waste by type and disposal method	2.1		
307		Environmental compliance			
	307-1	Non-compliance with environmental laws and regulations	1.3		No non-compliance with environmental laws and regulations occurred
308		Supplier environmental assessment			
	308-1	New suppliers that were screened using environmental criteria	4.2		





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GRI	Disclosure Number	Disclosure Title	Chapter	Page No.	Explanation
401		Employment	3.1		
	401-1	New employee hires and employee turnover	1.3.2		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	3.1		
	401-3	Parental leave	1.3.2		
402		Labor/management relations			
	402-1	Minimum notice periods regarding operational changes			Notice regarding major operational changes are given in accordance to relative laws and regulations
404		Training and education			
	404-1	Average hours of training per year per employee	1.3.2		
	404-3	Percentage of employees receiving regular performance and career development reviews	3.1.3		
416		Customer health and safety	5.3		
	416-1	Assessment of the health and safety impacts of product and service categories			
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services			No non-compliance with laws during the reporting period
417		Marketing and labeling			
	417-1	Requirements for product and service information and labeling	5.4.1		
	417-2	Incidents of non-compliance concerning product and service information and labeling			No non-compliance with laws during the reporting period
	417-3	Incidents of non-compliance concerning marketing communications			No non-compliance with laws during the reporting period
418		Customer privacy			
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.4		No breaches of customer privacy and losses of customer data occurred
419		Socioeconomic compliance			
	419-1	Non-compliance with laws and regulations in the social and economic area	1.3		

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### ASSURANCE STATEMENT

#### SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HAIR O'RIGHT INT'L. CORP.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2018

##### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Hair O'right Int'l. Corp. (hereinafter referred to as O'right) to conduct an independent assurance of the Corporate Social Responsibility Report for 2018 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report.

The information in the O'right's CSR Report of 2018 and its presentation are the responsibility of the management of O'right. SGS has not been involved in the preparation of any of the material included in O'right's CSR Report of 2018.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all O'right's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- evaluation of content veracity of the sustainability performance information based on the materiality determination at a moderate level of scrutiny for O'right and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- AA1000 Assurance Standard (2008) Type 2 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008); and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

##### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from O'right, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

##### 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 2018 verified is accurate, reliable and provides a fair and balanced representation of O'right sustainability activities in 01/01/2018 to 12/31/2018.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 2, Moderate level assurance.

##### AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

###### Inclusivity

O'right has demonstrated a 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.

###### Materiality

O'right has established 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 STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, O'right's CSR Report of 2018, is adequately in line with the GRI Standards in accordance with Core Option. The material topics 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 topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, the decision-making processes underlying the report are to be documented in a manner that allows for the examination of key decisions, such as processes for identifying material topics and their boundaries. Also, it is proposed to explain the mechanisms for evaluating the effectiveness of the management approach specifically. More descriptions about the results of the evaluation of the management approach and specific actions aimed at improving performance are also encouraged.

Signed:

For and on behalf of SGS Taiwan Ltd.

David Huang  
Senior Director  
Taipei, Taiwan  
5 September, 2019  
WWW.SGS.COM



AA1000  
Licensed Assurance Provider  
000-8

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## Appendix 3 O'right Green Management System

Content	
(1)ISO 9001 Quality Management Systems:	Natural, pure and eco-friendly
(2)ISO 22716 Cosmetics GMP:	Strengthen education and training, prevent equipment contamination, manage production, quality assurance and warehousing, enhance product manufacturing quality
(3)ISO 50001 Energy Management Systems:	Reduce energy consumption, constantly increase our energy efficiency, continue to invest in resources to achieve our goals, comply with laws and other energy-related requirements, improve energy performance in the design and maintenance of equipment and procure and use high energy-efficient products and services
(4)Taiwan Intellectual Property Management Systems (TIPS):	Taiwan Intellectual Property Management Systems (TIPS): Promote innovation development and avoid intellectual property infringement and strengthen organizational intellectual right perceptions and capabilities
(5)ISO 14001 Environmental Management System:	Environmental protection, employee engagement, energy saving and carbon reduction, green innovation and sustainability
(6)ISO 45001 Occupational Health and Safety Management Systems:	Healthy and safety risks, legal compliance, hazard prevention, constant improvement and propaganda and communication
(7)ISO 17025 General Requirements for the Competence of Testing and Calibration Laboratories:	Employee engagement, quality enhancement, constant improvement and customer satisfaction

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## Appendix 4 Green Footprint

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### 2008-2009

- Taiwan's Excellent Brand Award
- Eco Paper Bimonthly
- Green Earth Project with annual revenues hitting a new record high
- International Business Department to expand our European market

### 2010

- Product Carbon Footprint Label
- Taiwan's Carbon Footprint Label
- Expanded internationally and successfully entered the European market
- Fren Bag made from photolytic material
- Began construction of Asia's first GMP certified green cosmetics plant
- SGS PAS 2050 Product Carbon Footprint
- ISO 9001 Quality Management Systems
- Taiwan's Top 100 MVP Managers
- Special Innovation Award by Pure Beauty
- PAS 99 Integrated Management Systems

### 2011

- Developed the Tree in the Bottle,
- Developed the Floral Box
- Carbon Neutral by BSI PAS 2060 Taiwan's CSR Award
- Chairman Steven Ko attended the APEC summit in the United States on behalf of all Taiwan SMEs
- Taiwan Green Classics Award
- Selected as one of the top green brands under the Daily Supplies category in the Top Green Brands survey conducted by Business Next Magazine
- Xue Xue Special Award in the Green Eco-friendly Industry category
- Golden Pin Design Mark
- Top 100 Taiwan Innovative Enterprises by the Ministry of Economic Affairs

### 2012

- EEWH Gold-level Green Building Certification
- Taiwan's CSR Award
- Environmental Sustainability Award by Taiwan SGS
- National Outstanding SMEs Award
- National Sustainable Development Award
- Enterprise Environmental Protection Award
- Industrial Sustainable Excellence Award
- Green Excellence Award by Taoyuan County
- Xue Xue Creative Award in the Green Industrial Design category
- Model of Entrepreneurs Award
- Moso Bamboo Cap
- Enable QR code scanning for easy access to product information

### 2013

- Red Dot: Best of the Best 2013
- Environmental Sustainability Award by Taiwan SGS
- Only SME in Taiwan to receive the CSR Award
- Green Excellence Award by Taoyuan County
- Cradle to Cradle certification
- ISO 22716 Cosmetics GMP certification
- SGS Water Footprint certification
- Taiwan Intellectual Property Management Systems (TIPS)
- ISO 50001 Energy Management Systems
- Action Mark for Energy Saving and Carbon Award by the Executive Yuan
- Taiwan Green Classics Award
- Taiwan Voluntary Cosmetic GMP certification
- Green Building Honorary Award
- Chairman Steven Ko invited as a speaker for the United Nations Sustainable Development Summit in New York

Revenue



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2014

- World Genius Convention Gold Medal Award
- IENA Gold Medal and Green Invention Award
- INPEX Gold Medal and Special Award
- IF Design Award
- Red Dot Awards for packaging design and social responsibility
- Excellent Enterprise Award in Taoyuan City
- FT-Standard Chartered Taiwan Business Award
- Taiwan Excellence Award
- International Green Classics Award
- Silver Medal at Seoul International Invention Fair
- CSR Award of Global Views Monthly
- 2014 Top Green Brands by Business Next Magazine
- Special Innovation Award by Pure Beauty
- PAS 99 Integrated Management Systems

2015

- Excellence in Soil and Water Conservation
- International Exhibition of Inventions of Geneva Gold Medal and Special Award
- Common Wealth Magazine Excellence in CSR Little Giant Award
- National Intelligence Award Excellence Award
- Golden Pin Design Mark
- Taiwan OTOP Product Design Award
- Good Design Award
- EY Entrepreneur of the Year Green Innovation Entrepreneur of the Year
- Excellence in Corporate Social Responsibility Award
- National Intelligence Award Excellence Award

2016

- Shopping Design 2016 Best 100 Award
- AREA Green Leadership Award
- Excellent Enterprise Award in Taoyuan City for Environmental Protection
- Environmental Protection Education Award in the Private Enterprise group
- Common Wealth Magazine Excellence in CSR Little Giant Award
- ISO 9001 Plus Award

2017

- Taiwan Excellence Award
- Katerva Award Finalist in the Environment category
- National Environmental Education Award by the Executive Yuan
- Common Wealth Magazine's Excellence in CSR Award
- Sustainability Best Practice Award
- Sustainability Influence Award
- Green World Awards
- Sustainable Beauty Awards – Sustainability Leadership
- Sustainable Beauty Awards – Sustainable Packaging
- ISO 9001 Plus Award
- Good Design Award
- Excellent Enterprise Award in Taoyuan City
- Red Dot Award for our CSR Report Asia Sustainability Reporting Awards – Asia's Best Sustainability Report (SME)

2018

- Replace all shampoo and body wash bottles with renewable ones
- The world's first renewable plastic pump
- Join RE100
- Organizational and product carbon neutrality
- Taiwan Excellence Award
- CSR Award by Global Views Monthly
- International Exhibition of Inventions of Geneva Gold Medal, Silver Medal, and Special Award
- Pure Beauty Global Award
- Common Wealth Magazine's Excellence in CSR
- Green World Awards
- PwC Taiwan CSR Impact Award
- IENA Gold Medal
- National Quality Award – Excellence in Business Award
- Enterprise Environmental Protection Award



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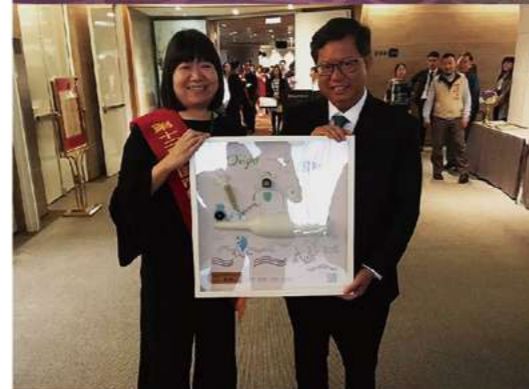
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Event Photos

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- Steven Ko wins the National Quality Award
- Gifted the Taoyuan City Mayor with a renewable plastic pump frame

- O'right Caffeine Botanical Scalp Revitalizer wins Gold Medal at the International Exhibition of Inventions of Geneva
- ROC Enterprise Environmental Protection Award

- Received the Asia Sustainability Reporting Award
- Steven Ko Interviewed by Sisy Chen

- Gifted TAITRA with a renewable plastic pump frame
- Welcomed TAITRA

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- Co-hosted the PwC x CGE Camping for Good
- Welcomed former Minister of Economy

- Welcomed Taoyuan City Mayor and government officials
- Welcomed reporters from India

- 2018 Family Day
- Earth Day press conference

- Supported the victims of the Hualien earthquake
- Christmas event



## Appendix 6 Stakeholder Engagement Survey

### ● Stakeholder Engagement Survey

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Stakeholder Engagement Survey

Category	No.	Aspect	
Economic	1.	Economic Performance	
	2.	Market Presence	
	3.	Indirect Economic Impacts	
	4.	Procurement Practices	
Environment	5.	Material	
	6.	Energy	
	7.	Water	
	8.	Biodiversity	
	9.	Emissions	
	10.	Wastewater and Waste	
	11.	Products and Services	
	12.	Compliance	
	13.	Transport	
	14.	Overall	
	15.	Environmental Assessment of Suppliers	
	16.	Environmental Grievance Mechanisms	
Society	Labor Practices and Decent Work	17.	Employment
		18.	Labor/Management Relations
		19.	Occupational Health and Safety
		20.	Training and Education
		21.	Diversity and Equal Opportunity
		22.	Equal Remuneration for Women and Men
		23.	Assessment for Labor Practices of Suppliers

Category	No.	Aspect	
Society	Human Rights	24.	Labor Practices Grievance Mechanisms
		25.	Investment
		26.	Non-discrimination
		27.	Freedom of Association and Collective Bargaining
		28.	Child Labor
		29.	Forced or Compulsory Labor
		30.	Security Practices
		31.	Indigenous Rights
		32.	Assessment
		33.	Supplier Human Rights Assessment
		34.	Human Rights Grievance Mechanisms
		35.	Local Communities
		36.	Anti-corruption
		37.	Public policy
		38.	Anti-competitive Behavior
		39.	Compliance
	Product Responsibility	40.	Supplier Assessment for Impacts on Society
		41.	Grievance Mechanisms for Impacts on Society
		42.	Customer Health and Safety
		43.	Product and service labeling
		44.	Marketing communication
		45.	Customer privacy
		46.	Compliance