

Content

About This Report

Chairman's Message

Performance Highlights in 2017

Sustainable Development

Sustainable Goals

Establishing Strong Governance

Creating Diversified Values

Nourishing Sustainable Environment

Creating Employee Passion

Building Altruistic Society

Starting Futuristic Parks

Appendix

## Chairman's Message



In 2017, the global economy was on the track of gradual recovery. However, political, environmental and social risks and crises continued to impact many corporations' operations. Since its establishment 70 years ago, FENC has continued to innovate, transform and adjust its pace and trajectory of development in response to the change in business climate.

Despite all the changes, the Company has remained steadfast in its commitment to fulfilling social responsibility. Since 2013, we have developed our Corporate Social Responsibility Report entitled "Inventing New Century" every year, incorporating the concept of innovation as the cornerstone for sustainable development. This year, we added "Striving for Sustainability" as the report's subtitle, suggesting corporate sustainability requires constant improvement until perfection.

In order to align our sustainability goals with the aims of Company's operations, in 2017, we drew up the "Sustainability Strategy Blueprint" and set the following four aims, directing the Company toward sustainable development. The blueprint corresponds to 14 of the UN Sustainable Development Goals (SDGs), displaying our commitment to the SDGs.

- Fostering unlimited innovation
- Enabling inclusive society
- Navigating a green future
- Constructing sound governance

The Sustainability Strategy Blueprint was drawn up by the CSR Committee. From the perspective of their duties, the committee members from different units and operational sites developed a number of targets for sustainable development. With the support and resources from the senior management, the committee is able to reinforce the Company's commitment to sustainability and formulate forward-looking strategies based on our core business. In the future, we will examine the action plans and progress against our targets periodically and use roll-wave planning to lead the Company as a whole toward our goals.

As the leader in the green polyester industry, FENC has continued to invest in resources to research and develop visionary and sustainable green products and to provide green solutions for recycling and reducing the consumption of energy and resources. In 2016, our innovative endeavor to produce eco-friendly yarn from ocean plastic waste garnered local and global media's attention, heightening public awareness of marine conservation. In 2017, we led the field in introducing various PFC-free products with the aim of pursuing environmental sustainability while improving quality of life.

In 2018, soccer jerseys that use our eco-friendly fabrics made their fourth appearance in the FIFA World Cup. In addition to using recycled PET bottles as materials, we introduced the latest eco-friendly, toxin-free and anti-fouling functions together with using eco-friendly auxiliaries in energy and water-saving process to produce state-of-the-art green products that polish Taiwan's green image.

In addition, we promoted green finance by issuing Taiwan's first green bond which has been certified by a third party and the funds will be used in four green projects, namely, rPET, new batch polymer, waterless dyeing machines and green buildings. The investment totals NT\$3 billion, covering the production businesses' materials, manufacturing process and equipment and the land development business' Tpark. Before issuing the bond, the investment plan and the application of funds have been certified by a third party. We aspire to adopt measures to conserve energy and cut carbon emissions as well as minimize energy consumption to mitigate the global impact of climate change.

In order to expand our influence, the Company not only expects itself to pursue excellence, but also seeks improvement with our supply chain partners. We have developed regulations to ensure the practice of our upstream suppliers is compliant in terms of laborers' human rights, environment and ethics, while developing sustainable products and creating green opportunities throughout the industrial chain. In addition, we have been active in engaging internal and external stakeholders and participating in various activities to exchange views and perspectives with the aim of enhancing our sustainability.

In 2017, FENC received widespread recognition at home and abroad for its outstanding economic, environmental and social performance. The Company was regarded by Forbes as one of the Top 500 Best Employers and incorporated as a constituent of the MSCI ESG Leaders Indexes (MSCI ESG Rating - Industrial Conglomerates: A) and FTSE4Good Emerging Index. We also ranked among the top 5% listed companies in the TWSE Corporate Governance Evaluation and won Best Report of the Year and other five awards in the 2017 Taiwan Corporate Sustainability Awards, best record that we have ever had.

At this critical juncture, FENC expects itself to become an exemplary sustainable business, leading Taiwan to set new standards for economic growth, environmental sustainability and social inclusion. By innovation, transformation and reconstruction, we will be able to achieve impressive growth in the future.

Far Eastern New Century Corporation Chairman

Douglas Tong Hsu 徐旭東