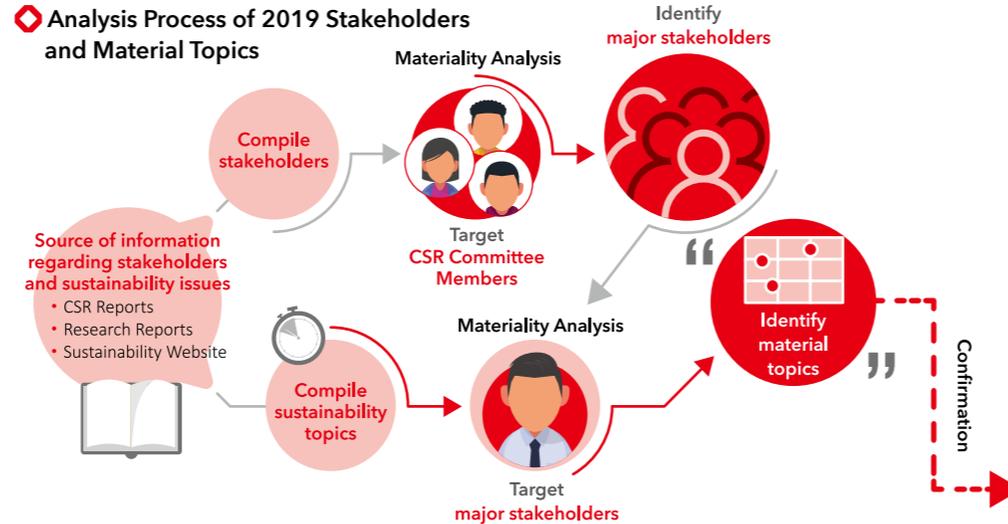


Identification of Stakeholders and Material Topics

In 2019, FENC conducted the 3rd special project to identify stakeholders and material topics. The purpose is to ensure that corporate sustainability management and the CSR report are in line with stakeholders' expectation. In the future, the Company will continue to gather and respond to feedbacks from stakeholders from time to time using various channels in order to make timely adjustments to the corporate sustainability strategies.

Analysis Process of 2019 Stakeholders and Material Topics



Identification of Stakeholders

Integrity and transparency are principles guiding stakeholder engagement at FENC. To understand our key stakeholders, the Company prepared surveys based on the latest version of AA1000 SES (Stakeholder Engagement Standard 2015) to collect comments from the CSR committee members. A total of 128 copies of responses were collected, representing 96% return rate. Based on the analysis of survey results, "external audit agency" is added as a key stakeholder while "NGO" is removed.

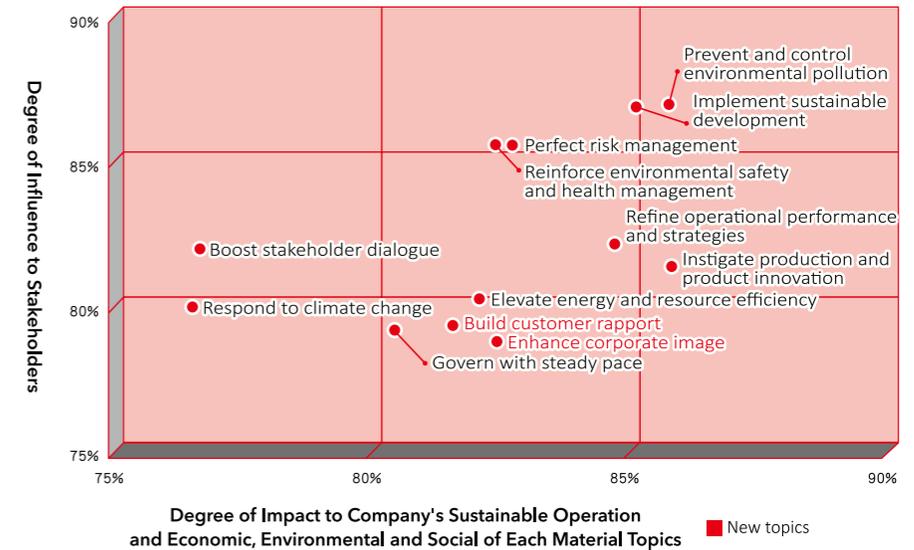
Identification of Material Topics

Once the key stakeholders are identified, it is essential to further assess their issues of concern, the degree of influence these issues pose upon them, as well as the material topics deemed by stakeholders to be posing major impacts on the economy, environment and society. A total of 494 surveys are administered to 8 key stakeholders, and 448 copies are returned with 90% return rate.

For the year 2019, 12 material topics are identified. Among them are 2 new topics, "Build customer rapport" and "Enhance corporate image". FENC operates on a B2B (Business to Business) model. As the world changes, enhancing customer relations through multiple channels becomes essential for staying competitive. In 2020, the Company will initiate a special project to integrate customer satisfaction survey in order to strengthen the validity and reliability of such survey. There is a growing concern for various CSR issues. Upholding corporate image is no longer an exclusive practice for brand corporations with direction customer contact. Their upstream manufacturers are also being scrutinized. In light of this, FENC will continue to refine its corporate image as well as its reputation regarding product and service quality to protect values for stakeholders.

The 12 material topics are discussed in the 2019 CSR report in compliance with the full disclosure conditions laid out in GRI Standards. Performance and future directions regarding the remaining 7 topics, which pose relatively low impact, are also discussed in the report as a pledge to provide full information to the stakeholders.

Matrix of FENC Material Topics



- Note:
- There are 7 other topics of concerns, including "Construct happy workplace", "Foster employee career planning", "Promote product marketing", "Coordinate sustainable supply chain development", "Cultivate compassionate bonds", "Optimize land resources", "Build sustainable community", please refer to the relevant chapters of respective topics.
 - The significance and management guidelines of each material topic to FENC will be elaborated in "7.2 Sustainability Issues Corresponding Table" section.
 - "Optimize land resources" and "Build sustainable community" apply to FERD only; "Construct happy workplace", "Foster employee career planning" and "Reinforce environmental safety and health management" apply to production business only.



Questionnaire on Issues Related to Corporate Sustainability for FENC

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