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About This Report

Far Eastern New Century Corporation (FENC) issued its first Corporate Social Responsibility Report in July 2013, and beginning in 2015, the report became an annual publication issued in August. With the publication of the 8th issue, the report was renamed "Sustainability Report." The current issue marks the 11th edition, which discloses corporate sustainability performance from 2023.

Significance of Report Subjects to FENC

Innovation is the cornerstone that empowers sustainable growth at FENC. Entitled "Inventing New Century," the FENC Sustainability Report lays out the Company's visionary journey on the path towards net zero. With pioneering mindsets and concerted efforts, FENC fosters sustainability by developing low-carbon products and next-generation materials with the value chain while committing to inclusive development and environmental education out of the determination to expand its social influence. Working alongside its stakeholders, FENC is shaping a beautiful new century.

Reporting Period

This report was issued in August 2023 with the reporting period spanning from January 1, 2023 to December 31, 2023. The content encompasses specific actions and quantitative data on the sustainability performance at FENC regarding economics, governance, society and environment. For past sustainability performances, please refer to FENC's sustainability website.

[FENC Corporate Sustainability Website](#)

Reporting Guidelines

1. Corporate Sustainability Performance:

The reporting is in accordance with the Global Reporting Initiative (GRI) Universal Standard 2021 and has been assessed by third-party verification as AA1000 Assurance Standard v3 Type I moderate level. For details, please refer to [7.5 Assurance Statement](#). The reporting also referenced Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) on Chemicals and Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

2. Corporate Financial Performance:

Financial audits were conducted by Deloitte & Touche. The unit of calculation is New Taiwan Dollar (NT\$) unless otherwise noted.

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Scope of Disclosure

FENC has diversified businesses ranging from production, property development and investment. The scope of the 2023 FENC Sustainability Report encompasses 26 FENC sites, which is identical to that from the previous year. The report discloses 98% of the revenues on the 2023 consolidated statement. The scope of the disclosure for each Business is described as follows:

1. Production Business:

With materiality in mind, subsidiaries of the Production Business covered within the report are those reaching NT\$2 billion in annual revenues (see note). The combined disclosure accounts for 98% of the 2023 revenues from the Production Business.

2. Property Development Business:

FERD, a subsidiary of FENC, develops and manages the Company's real estate for investment purposes. Please refer to [Advocating Balanced Coexistence](#) for details.

3. Investment Business:

The primary targets of investment at FENC are the listed companies under Far Eastern Group (FEG). These companies have published their own reports on sustainability performance. Please refer to the corresponding sustainability websites under FEG for details.

Note: To maintain consistency, once a business entity is included in FENC Sustainability Report, said entity will remain in the report even when its annual revenues fall below NT\$2 billion. Explanations will be provided in the report if the above condition applies

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Scope of 2023 FENC Sustainability Report

Far Eastern New Century Corporation (FENC)	• Headquarters	• Far Eastern Group R&D Center	• Hsinpu Chemical Fiber Plant
	• Kuanyin Chemical Fiber Plant	• Kuanyin Dyeing and Finishing Plant	• Hukou Mill
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	• Plant 1	• Plant 2	
Far Eastern Fibertech Co., Ltd. (FEFC)		Far Eastern Apparel (Suzhou) Co., Ltd. (FEAZ)	
Oriental Green Materials Limited (OGM)		Far Eastern Polytex (Vietnam) Ltd. (FEPV)	• Polyester Plant
			• Knitting and Dyeing Plant
Far Eastern Industries (Shanghai) Ltd. (FEIS)		Far Eastern Apparel (Vietnam) Ltd. (FEAV)	
• Petrochemical Business	• Polyester Business	Far Eastern New Apparel (Vietnam) Ltd. (FENV)	
		Far Eastern Ishizuka Green PET Corporation (FIGP)	
Wuhan Far Eastern New Material Ltd. (WHEF)		APG Polytech, LLC	
Oriental Industries (Suzhou) Ltd. (OTIZ)		Far Eastern Resources Development Co., Ltd. (FERD)	
Far Eastern Industries (Wuxi) Ltd. (FEIW)		Far Eastern Memorial Foundation	
Far Eastern Dyeing & Finishing (Suzhou) Ltd. (FEDZ)		Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	

Corporate Sustainability Websites of Companies under Far Eastern Group

 Far Eastern New Century	 Asia Cement	 Far Eastern Department Store	 U-Ming Marine Transport	 Oriental Union Chemical
 Pacific SOGO Department Stores (Chinese Website)	 Everest Textile	 Far Eastern International Bank	 Far EasTone Telecommunications	 Click the LOGO to Enter the Website

Note:
1. The companies are listed in chronological order of their establishment.
2. The link to each company's sustainability website may change. Please use the link provided on the company's official website.

Information for Readers

The chapters on Enabling Unlimited Innovation, Navigating a Green Future and Creating Inclusive Society correspond to Production Business; Advocating Balanced Coexistence corresponds to Property Development Business; the remaining chapters cover both Businesses.

Four years of quantified data is presented in this report. The specific data referenced in Navigating a Green Future and Creating Inclusive Society are included in 7.1 Environmental and Employee Data.

FENC has prepared this report in a conscientious manner with utmost attention to detail. We continue to improve and refine the scope and process of data collection to elevate data quality. Discrepancies in historical data between the latest report and the previous version exist for the reasons stated below:

Chapter	Detail
Navigating a Green Future	<p>Corrections to 2022 FENC Sustainability Report:</p> <ul style="list-style-type: none"> energy consumption, GHG emissions <p>Updates on estimates to actual data:</p> <ul style="list-style-type: none"> carbon quotas and emissions of FEIS <p>Updates on previously disclosed data and reference factors:</p> <ul style="list-style-type: none"> Updates on calculation methods for production capacity
Creating Inclusive Society	<p>Corrections to 2022 FENC Sustainability Report:</p> <ul style="list-style-type: none"> application of parental leave and returning statistics in Taiwan, human resource statistics, number and rate of new employee hires, number and rate of employee turnover, average number of training hours and training days of regions, average number of training hours of ranking and gender, the number and purchase amount percentage of suppliers signing "Supplier Corporate Social Responsibility Committee Statement"

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Message From the Chairman



Chairman of Far Eastern New Century Corporation

Douglas Tang Hsu
徐旭東

The world was rattled by political and economic volatility in 2023. With Russia and Ukraine still locked in battle, the geopolitical tension was escalated to a new height by the conflict between Israel and Hamas. Aggressive interest rate hikes by major central banks impeded consumer spending as the effects of trade barriers and climate change continued in a downward spiral. The Economic Outlook Report published by the International Monetary Fund (IMF) in January 2024 shows the 2023 global economy grew at the pace of 3.1%, down by 0.4% from 2022. Amid these severe challenges, FENC is treading steadily, bolstering the bedrock on which its sustainable operation flourishes with agility in its business model and strategies. Looking into the future, three challenges lie ahead of us. To prevail, we must stay mindful of external changes and prepare to strike pre-emptively. The first challenge to overcome is the economic environment. According to the IMF, the forecast for 2024 is clouded with uncertainties, overcast by the real estate crisis in mainland China, fluctuations in commodity prices, geopolitical fragmentation and shifts in international monetary policies. On the political front, 2024 is marked by a record number of elections that are set to alter the course of economic policies, diplomatic relations and global cooperation. We must observe closely and respond accordingly.

The second challenge is brought by the race towards net zero. Worsening climate conditions prompted the world to legislate net zero 2050 into laws, including Taiwan, which enacted the Climate Change Response Act in 2023. In the European Union, the transitional phase of the Carbon Border Adjustment Mechanism has started. Operating with a price tag on carbon emissions and a supply chain disrupted by the climate change and extreme weather patterns, businesses are faced with a precarious path. To excel, corporations should seek aggressive actions towards decarbonization, transforming the challenge into strength in order to take the lead in the race to net zero.

The third challenge arrives with the rise of AI. As the world of technology leaps at an unprecedented pace, it is vital to embrace AI as a competitive edge. According to McKinsey & Company, the economic potential of AI could reach US\$25.6 trillion, surpassing a quarter of the world's GDP. In other words, regardless of the industry, the impact will be felt. We must embody a digital mindset, harnessing AI and other digital innovations to address challenges derived from emerging technologies.

FENC is a multi-national conglomerate. Anchored in Taiwan, its operation arms are spread across mainland China, Japan, Vietnam, Malaysia, the Philippines and the U.S.,

forming robust supply chains in Asia and the American continent. Mitigating impacts from fluctuating raw material prices and diversifying risks in regional operation with a vertically integrated and agile production, sales and distribution network, FENC is well prepared for the economic challenges.

To tackle climate issues, FENC has set short, medium and long-term carbon reduction targets while aligning itself with international standards. The year 2023 was the year that FENC released its first TCFD Report. It was also the year that FENC incorporated an internal carbon pricing mechanism, taking carbon reduction performance into consideration when making investment decisions. Determined to advance the circular economy, FENC has engineered recycling and remanufacturing technologies that transform waste from the land, ocean and air, working with major brands to create a green business model.

To keep pace with the explosive growth of AI applications, FENC has readied itself with an extensive set of digital strategies, integrating AI throughout the production, sales and administrative operations. Specifically, FENC is building smart factories that incorporate smart drone inspection and logistics management systems as well as quality forecasting and energy management platforms. Meanwhile, we are taking full advantage of generative AI, creating an internal knowledge base and AI-assisted decision-making system, setting FENC apart from the competition with technological prowess.

FENC was the recipient of the National Sustainable Development Award in 2023. In addition, the year brought FENC the fourth consecutive Top Ten Taiwanese Companies Sustainability Model Award, the highest honor from Taiwan Corporate Sustainability Awards, and for the fifth consecutive year, FENC ranks among the top 5% in the Corporate Governance Evaluation. FENC also ranked fifth among the companies listed on the Taiwan Stock Exchange with 4.1 in FTSE Russell's ESG score and among the top 3% in Sustainalytics' ESG risk rating for the global chemicals industry.

Aligning growth strategies with the evolving trends, FENC braces itself for the future with an extensive production network, the determination to reach net zero and a competitive stance through the power of AI. Standing upon the time-tested bedrock cultivated for over 70 years, we are charting a blueprint for sustainable growth, taking strides towards the vision, FENC's centennial.

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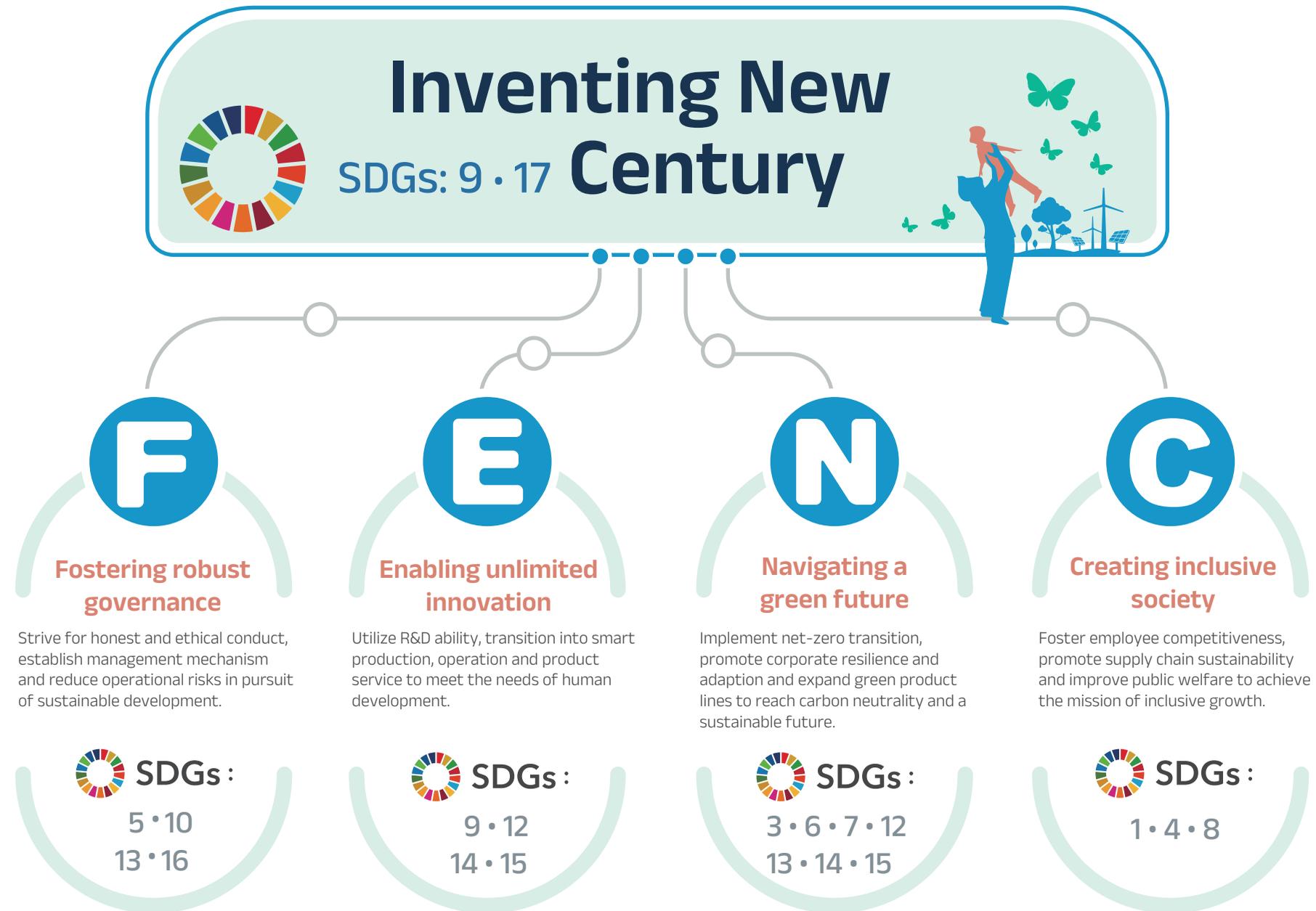
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Sustainability Strategy Blueprint





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FENC's Contribution to UN SDGs



- FENC makes regular cash donations to not-for-profit organizations and participates in outreach programs for the disadvantaged, devoting NT\$80 million in social engagement. **P.133**
- OGM donated scholarships to disadvantaged students in ten junior high and elementary schools in the remote areas in Guanyin and Xinwu Districts, Taoyuan City. **P.135**
- FENV donated new year gifts to low-income households and households near the poverty line in Binh Phước Province, Vietnam. **P.135**



- FERD held a Christmas charity market. **P.150**
- APG Polytech donated Thanksgiving feasts. **P.135**



- Hsinpu Chemical Fiber Plant implemented a bonus system to encourage zero-occupational disaster hours with a total of NT\$1,017,912 awarded in 2023. **P.123**
- FENC Classic Marathon drew over 4,000 runners, who were invited to donate to the "Love for the Elderly" campaign. **P.134**



- The Transformative Magic of Circularity, a free on-campus environmental education program co-developed with B Corporations, benefited 2,204 students through 42 sessions as of the end of January 2024. **P.30**
- The USR Program co-hosted with Yuan Ze University drew 266 students in participation. **P.139**
- The 15th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. **P.139**



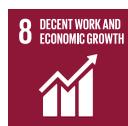
- FENC engaged in sexual harassment prevention training with key case analysis. **P.112**
- FENC values gender equality with a 74% increase in female managers in the past decade. **P.99**



- FENV and FEAV installed the water purification system for Tan Hoa Elementary School, providing healthy and hygienic environment for students. **P.134**



- FENC installed approximately 18.6 MW of solar power generators, purchased 160 GWh of renewable electricity and used a total of 180 GWh of renewable electricity. **P.77**
- The Kanto Plant of FIGP purchased renewable electricity and reached RE100. **P.78**



- FENC has been listed on the Taiwan Stock Exchange for 56 years, with annual profits and dividends. **P.37**
- Mid-level managers and above may participate in the employee stock ownership plan with 30% contribution from the Company. **P.104**
- FENC issued a total of 20 sustainable financial products, most of which are the first in Asia or Taiwan. As of the end of 2023, the products have raised over NT\$60 billion. **P.52**



- FENC devoted NT\$1,040 million in forward-looking R&D. **P.58**
- FENC received 912 patent approvals to date. **P.58**
- FENC won the Red Dot Design Award in Germany for its fusion of the proprietary 3D weaving technology, rPET materials made of recycled waste gas and the water-conserving nylon production technique. **P.22**
- Multiple FENC innovations were awarded at the ISPO Textrends in Germany. **P.58**



- FENC was recognized out of over 300 corporations and certified by the Taipei City Government as an enterprise friendly to the middle-aged and elderly. **P.104**



- FERD developed the sustainable city financing project, Saving Planet! The project marks a first in the real estate development industry in Taiwan by linking green building and energy conservation as performance targets. **P.145**



- FENC took the top spot in the global petrochemical industry with the Circularity score for its comprehensive range of recycling and remanufacturing technologies. **P.21**
- FENC developed and mass produced 100% rPET tire cord fabrics. **P.22**



- FENC established the short-, mid- and long-term GHG reduction targets. **P.26**
- FENC cut the 2023 GHG emissions by 25% from 2020, the base year, reaching the short-term target. **P.26**
- FIGP became the world's first carbon neutral rPET plant. **P.78**
- FENC conducted the TCFD impact assessment. **P.69**



- FENC is the world's largest supplier of recycled ocean plastic, which is remanufactured from recycled waste PET bottles from the ocean. **P.24**
- FENC pioneered the use of recycled ocean polyester filament for the sports jerseys in FIFA Women's World Cup and UEFA Champions League. **P.22**



- FENC addressed the textile waste issues by developing textile recycling technologies. **P.22**
- OTIZ initiated a family mountain cleaning campaign. **P.136**
- FENV started the campaign, Waste Batteries for Reusable Bags. **P.136**



- FENC ranked among the top 5% in the 2023 corporate governance evaluation. **P.40**
- FENC established the Speak Up Policy with a 24-hour grievance channel and enhanced the whistle-blower protection system. **P.17**
- FENC established a robust and resilient information security governance and management system. **P.49**



- FENC promoted the Efficient Smart Recycling Machines in northern Taiwan through an exclusive partnership with the President convenience store chain, 7-ELEVEN. **P.23**
- FENC constructed the fabric-to-fabric loop with IKEA. **P.23**

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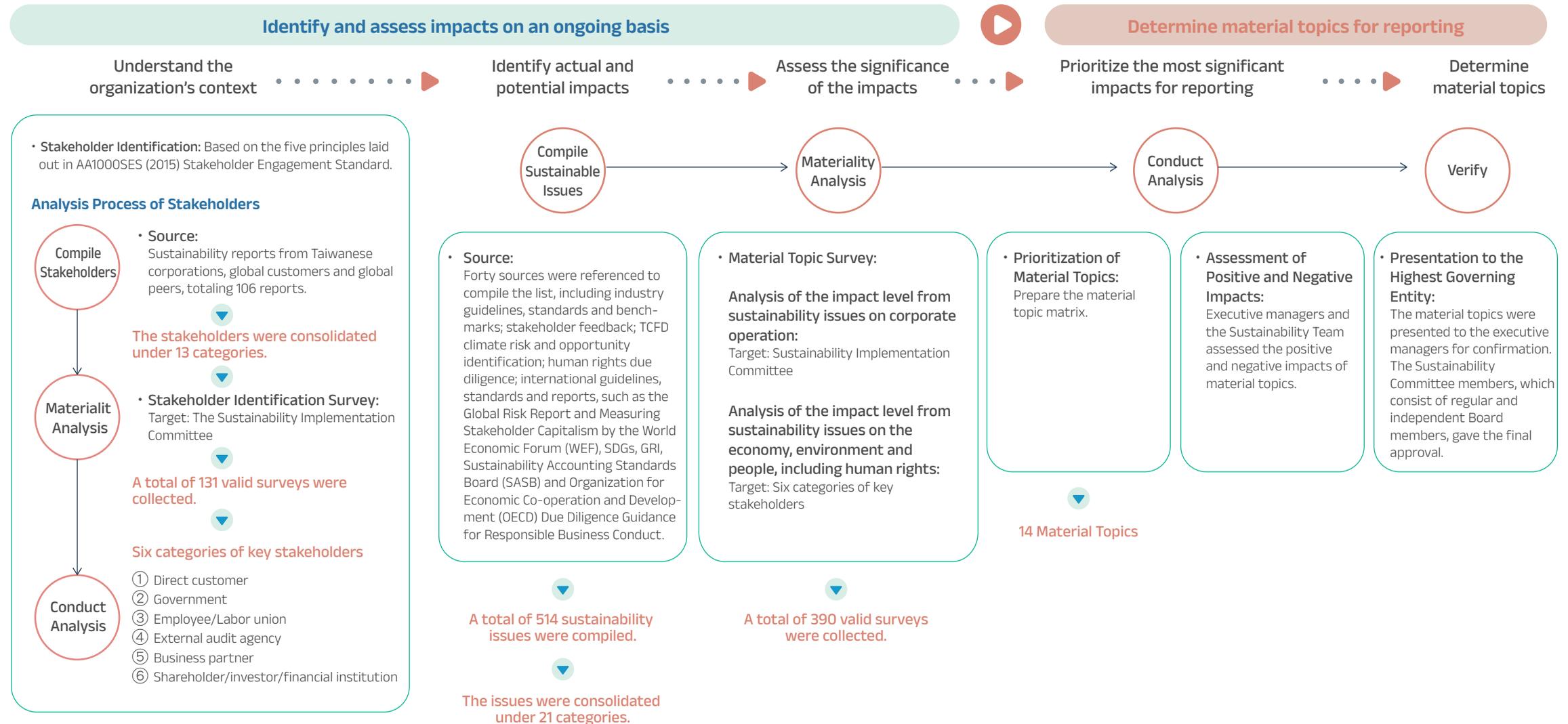
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Identification of Stakeholders and Material Topics

Identification of Materiality

Each year, the stakeholders and material topics are identified by the executive managers and Sustainability Implementation Committee, and the internal and external feedback is gauged through surveys to keep the sustainability management and reporting at FENC in alignment with the expectations of all stakeholders.

FENC follows the procedures for the identification of material topics in the 2021 version of the GRI Standards, developing the framework for materiality analysis based on the principles of identification, analysis and verification. In 2022, surveys were administered to internal and external recipients with a total of 423 valid surveys collected. In 2023, in light of the rapidly changing external environment and to increase stakeholder participation, another round of survey was administered to 98 stakeholders. The outcome was combined with that from the 2022 survey for analysis. External experts were consulted regarding the process and result of stakeholder and material topic identification, which were then presented to the executive managers for confirmation. The Sustainability Committee members, which consist of regular and independent Board members, gave the final approval.



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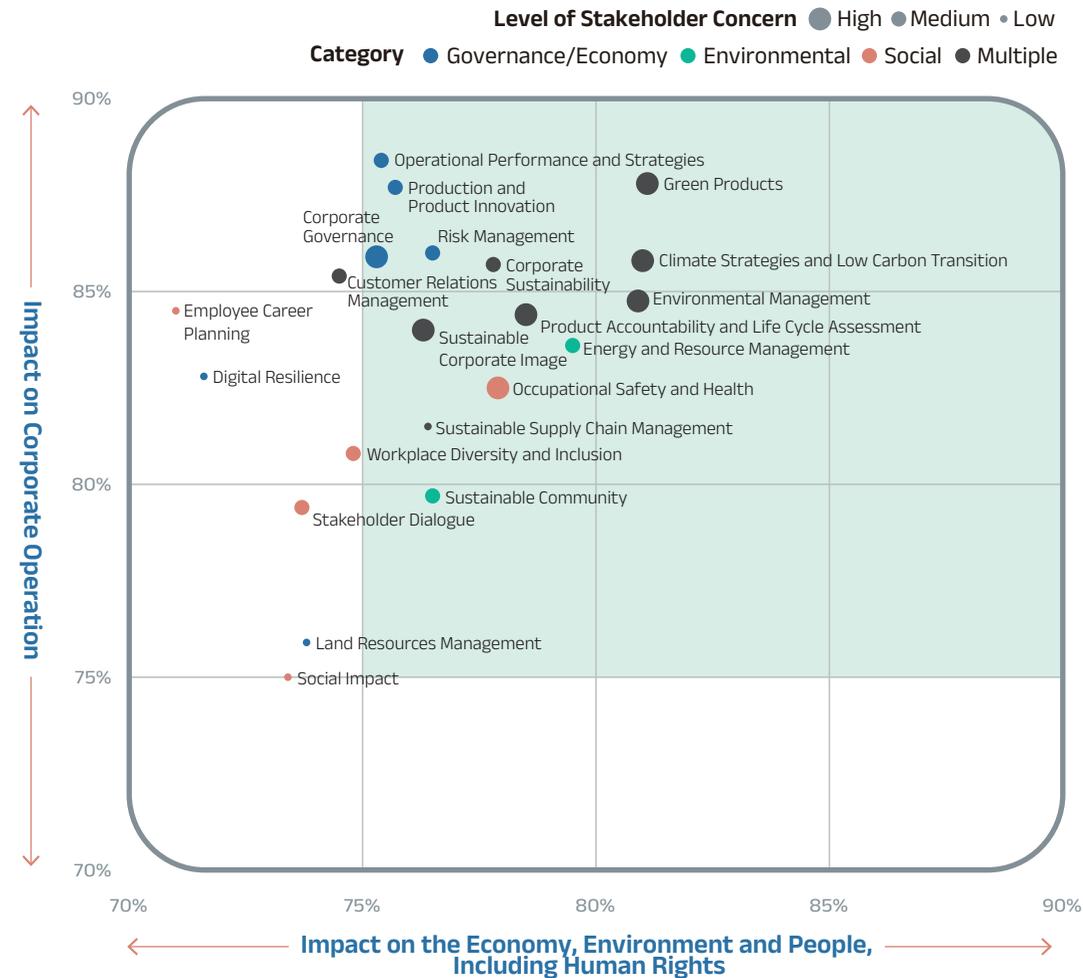
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FENC renamed the sustainability issues in 2023 to provide ease for stakeholders to evaluate their positive and negative impacts on the external economy, environment and people, including human rights. By applying the principle of double materiality proposed by the European Commission, a total of 14 material topics were identified as posing significant impacts regarding corporate operation as well as the economy, environment and people, including impacts on human rights. The materiality of four topics was downgraded. They are "workplace diversity and inclusion," "customer relations management," "land resources management" and "stakeholder dialogue."

Matrix of FENC Material Topics



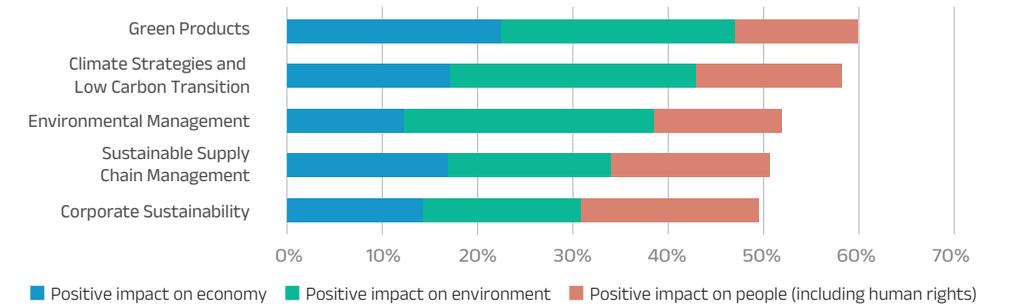
Note: The threshold for materiality is 75%.

FENC Sustainability Survey

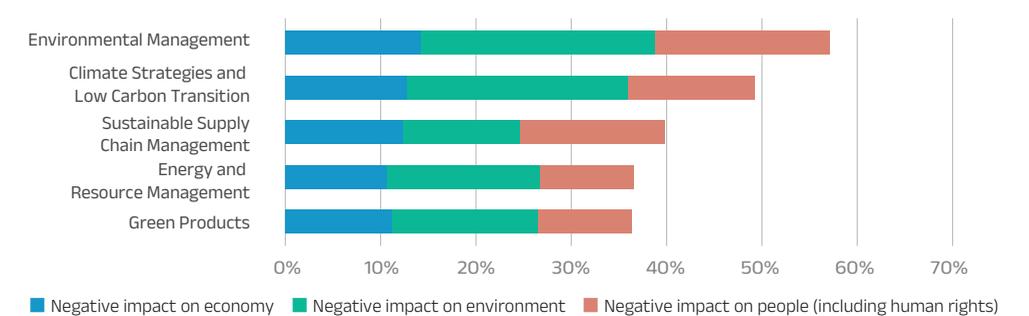
Positive and Negative Impact and Scope of Value Chain Impact

Refer to the material topics identified in 2022, executive managers and the Sustainability Team conducted impact analysis to assess their positive and negative impact as well as the scope of value chain impact. Each material topic was assessed against current corporate strategies and management guidelines to measure the positive impact and likelihood of occurrence regarding the aspects of economy, environment and people, including human rights. The assumption for the assessment of the negative impact, no action, would lead to the inability to prevent or mitigate the negative impact, and was used to assess the likelihood of occurrence and severity regarding the three aspects.

Top Five Issues with Positive Impact



Top Five Issues with Negative Impact



A comprehensive evaluation measuring current corporate strategies and management guidelines against the impact on the above-referenced three aspects identifies "develop green products" as having the greatest positive impact, and further pursuit will augment such impact. The most significant negative impact, however, could result from inaction under "steer environmental management," indicating the need for FENC to enhance such management efforts for mitigation.

Climate change is an issue that has become front and center in the global dialogue in recent years. The impact analysis also reflects the positive influence FENC may bring by aggressively stepping up GHG management with net zero as the end game. Conversely, the extent of negative consequences from the absence of such action will be second only to that from not steering environmental management.

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Impacts of Material Topics and Value Chain Impact Assessment

Material Topics	Impacts on External Economy, Environment and People, Including Human Rights	Value Chain Impact Assessment				Management Methods and Related Information Corresponding to Chapters
		Suppliers	FENC		Customers	
			Production Business	FERD		
Green Products	The development of green products may fulfill FENC's green commitment to brand customers, promote economic growth and mitigate environmental impacts.	√	√		√	Special Report 1 2.2 Developing Green Products
Climate Strategies and Low Carbon Transition	The inability to effectively control GHG emissions will lead to worsening climate conditions and business environments.	√	√	√	√	Special Report 2 3.1 Marching Towards Net Zero
Environmental Management	Business operations may lead to air pollution, waste and impacts on biodiversity.	√	√	√		3.3 Steering Environment Management
Operational Performance and Strategies	With steady refinement of business strategies, FENC maintains the industry-leading status, drives industry evolution and promotes economic development.		√	√		Message from the Chairman 1.1 Refining Operational Performance and Strategies
Corporate Sustainability	By establishing a comprehensive governance framework, FENC balances the sustainable development of the environment, society and corporate governance to create values for all stakeholders.		√	√	√	Message from the Chairman 1.5 Implementing Sustainable Development
Production and Product Innovation	Leveraging its R&D capabilities, FENC develops forward-looking products and transitions to smart production, operation and product services to promote industry growth.	√	√		√	Special Report 1 2.1 Instigating Production and Product Innovation
Energy and Resource Management	Environmental impacts may be reduced by monitoring the current energy and resource usage and adopting a host of conservation measures.		√	√		3.2 Elevating Energy and Resource Efficiency
Product Accountability and Life Cycle Assessment	Impacts on the environment and human health may be mitigated by gauging the scale and significance of potential environmental impacts with product life cycle assessments and improvements from the management and R&D perspectives.	√	√			2.3 Honing Product Management
Risk Management	The establishment of a sound risk management mechanism may reduce the degree and likelihood of impacts from environmental and man-made factors.		√	√		1.3 Perfecting Risk Management
Corporate Governance	With integrity as the highest guiding principle, FENC builds a robust governance system to facilitate corporate management and maximize the interests of all shareholders.		√	√		1.2 Governing with Steady Pace
Occupational Safety and Health	Implementing occupational safety and health management may reduce occupational risks and improve the physical and mental health of the employees and contractors.	√	√	√		4.3 Reinforcing Occupational Safety and Health Management
Sustainable Corporate Image	FENC may examine the direction of sustainable development and elevate stakeholders' willingness to invest in the Company by participating in global sustainability ratings, forums and conferences to engage and interact with stakeholders.		√	√	√	Enhancing Sustainable Corporate Image Special Report 5 Cultivating Compassionate Bonds
Sustainable Supply Chain Management	FENC ensures that goods and services provided by suppliers are in line with quality, economic, environmental and human rights requirements.	√	√	√		4.4 Shaping Sustainable Supply Chain
Sustainable Community	With environmental protection and low-carbon operation as the goal, FENC strikes a dynamic balance between the man-made and natural environment, building a smart industrial park through advanced technologies to foster a sustainable ecosystem.			√		6.2 Building Sustainable Community

Note: The significance of the material topics to FENC and specific management guidelines are provided in each chapter. Seven sustainability issues are not listed as material topics. They are "customer relations management," "workplace diversity and inclusion," "employee career planning," "digital resilience," "stakeholder engagement," "land resources management" and "social impact." Details are provided in the ensuing chapters.

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Boosting Stakeholder Dialogue

With integrity and transparency as the guiding principles, FENC utilizes multiple channels of disclosure and stakeholder engagement to strengthen the relationships. Throughout the process, issues significant to stakeholders are documented, and Company policies are modified accordingly to respond to their expectations. Progress of stakeholder engagement is reported to the Board periodically. The Sustainability Implementation Committee presented the 2023 stakeholder engagement to the Sustainability Committee and the Board on April 11 and May 9, 2024, respectively.



Six categories of key stakeholders

22,656 times
253,311 participants



Employees / Labor Union

4,471 times
196,119 participants

Significance to FENC

Employees are FENC's most valuable asset. The Company offers enhanced benefits and career development to build solidarity and co-create a sustainable future.

Issues of Concern

- Employee Career Planning
- Occupational Safety and Health
- Green Products
- Sustainable Corporate Image
- Workplace Diversity and Inclusion

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Monthly, Irregular
- Internal Meetings: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Training/Trial/Drill: Yearly, Quarterly, Monthly, Irregular, Other
- Promotional Campaign: Yearly, Monthly, Irregular, Other
- Visits/Exchanges: Yearly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Quarterly, Weekly, Irregular, Other
- Survey/Questionnaire: Yearly, Quarterly, Irregular
- Grievance/Comment Box: Weekly, Irregular
- Company Website: Weekly
- Other: Yearly, Weekly, Irregular, Other

Global Online Satisfaction Survey for Current and Departing Employees

FENC implemented a global employee satisfaction survey in 2023 with a total of 18,576 employees participating. The survey was divided into eight key aspects, including job duties and environment; employee development; organizational climate; supervisor support; communication and interaction; performance management; strategies, vision and goals; culture and systems. The scope of this survey was expanded to measure employee satisfaction throughout FENC's global locations for the first time. Covering a wide spectrum of assessments, the results provided profound insights into employees' thoughts and feelings.

With an overall satisfaction rating of 78.4%, FENC plans to further analyze the results by region to establish specific improvement plans with the aim to ensure employee satisfaction.

FENC launched an online survey system for departing employees in 2023, hoping to solicit suggestions for improvement from the employee perspective. The results identified "the plant environment," "the relationship between female employees and the company culture" and "welfare" as the top three areas of dissatisfaction. To address these issues, FENC has responded with welfare enhancement, continuous promotion of a female-friendly workplace, career development training for female employees and improvement of plant environment.



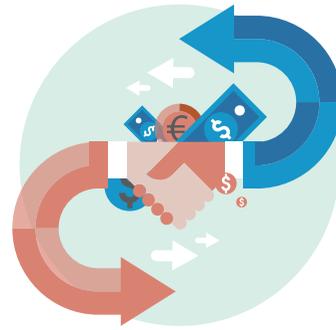
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Direct Customers

8,259 times
24,397 participants

Significance to FENC

The trust of direct customers can lead to sales success. FENC must lead the way, advancing brand values for customers through innovative products.

Issues of Concern

- Product Accountability and Life Cycle Assessment
- Green Products
- Environmental Management
- Sustainable Corporate Image
- Energy and Resource Management

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Internal Meetings: Yearly, Irregular, Other
- Training/Trial/Drill: Quarterly, Irregular
- Promotional Campaign: Yearly, Irregular, Other
- Visits/Exchanges: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Quarterly, Irregular, Other
- Survey/Questionnaire: Yearly, Monthly, Irregular
- Company Website: Yearly
- Other: Irregular, Other

World's First Partnership Award From Nike for 40 Years of Collaboration

FENC is a main supplier of Nike. The partnership began in 1982 with Nike's first pair of "André Agassi" denim tennis shorts. Since then, 40 years have passed. Through effective communication, this close partnership continues to flourish and deliver quality products. In 2010, the collaboration transformed waste PET bottles into recycled polyester filament, which debuted as the national team uniform during the FIFA World Cup. Sports jerseys made of this eco-friendly material also received great consumer reaction, making it a trendy product. In addition to team uniforms at the FIFA World Cup, the recycled polyester filament has also been chosen for sportswear used during additional major international sports events, such as the Olympics and NBA, shining bright on the world stage.

On April 23, 2023, as a celebratory gesture marking four decades of collaboration and a move to enhance this partnership, Nike sent a team of executives, including the vice president overseeing the supply chain, to visit FEAZ. While showcasing its vertically integrated dyeing, finishing and garment production operation, FEAZ also presented its digital management systems, including the production line visual dashboard and production automation, to highlight FENC's modernized capabilities.

During this visit, Nike presented a trophy to FEAZ as a token of gratitude and to commemorate the first 40-year partnership with an apparel supplier. The trophy is inscribed with "Win As A Team." As the words suggest, FENC intends to form powerful teams with customers, creating quality products through trustworthy relationships.



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Government

900 times
2,845 participants

Significance to FENC

FENC maintains clear communication channels with governmental entities to stay on top of regulatory development, prevent violations and ensure sound operation.

Issues of Concern

- Environmental Management
- Occupational Safety and Health
- Climate Strategies and Low Carbon Transition
- Corporate Sustainability
- Corporate Governance

Communication Channel and Frequency

- External Meetings: Yearly, Monthly, Irregular
- Internal Meetings: Irregular
- Training/Trial/Drill: Yearly, Irregular, Other
- Promotional Campaign: Yearly, Quarterly, Irregular
- Visits/Exchanges: Yearly, Irregular
- Review/Evaluation/Audit: Yearly, Monthly, Weekly, Irregular, Other
- Survey/Questionnaire: Quarterly, Monthly, Irregular
- Grievance/Comment Box: Irregular
- Other: Yearly, Irregular, Other

Carbon Reduction Recommendations for Climate Change Administration

Taiwan's Climate Change Response Act went into effect on February 15, 2023, and the government continues to engage agencies and industry associations for discussions, which will serve as a reference for the delegated legislation to ensue. On October 12, 2023, the Climate Change Administration of the Ministry of Environment held a meeting with the Taiwan Man-made Fiber Industries Association and its members to discuss carbon fees and the voluntary reduction plan. As the convener of the textile industry working group under the Industrial Development Administration, which undertakes net zero promotion, FENC has been assisting the government with the implementation of carbon reduction, thus assuming the role of the event host.

Among the key issues discussed during the meeting are the exemption cap and payment methods for carbon fees. In addition, enterprises submitting a voluntary reduction plan and meeting the reduction targets are eligible for a preferential rate. Therefore, the discussions focused on reduction target-setting, the base year for carbon emissions and carbon fees due for unmet targets. FENC proposed several recommendations on behalf of the industry, such as taking prior carbon reduction performance into consideration when establishing reduction targets; increasing the average time period between the base years for carbon emissions; adding the circular economy measures to reduction targets for the voluntary reduction plan considering the significant contribution to carbon reduction from the circular economy. FENC's recommendations were affirmed by the Climate Change Administration, which has increased the average time period between the base years for carbon emissions. Other recommendations are also being evaluated as potential provisions of the delegated legislation.



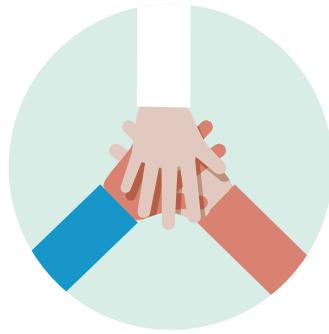
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Business Partners (Suppliers / Contractors)

8,206 times
22,019 participants

Significance to FENC

FENC's innovative products and services are built upon the raw materials and services provided by business partners. The Company creates a win-win by achieving sustainable development through strong partnerships.

Issues of Concern

- Customer Relations Management
- Product Accountability and Life Cycle Assessment
- Occupational Safety and Health
- Corporate Governance
- Operational Performance and Strategies
- Risk Management
- Green Products

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Monthly, Irregular
- Internal Meetings: Monthly, Weekly, Irregular
- Training/Trial/Drill: Yearly, Weekly, Irregular
- Promotional Campaign: Yearly, Monthly, Other
- Visits/Exchanges: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Quarterly, Irregular, Other
- Survey/Questionnaire: Other
- Grievance/Comment Box: Irregular
- Other: Irregular, Other

Building Low-Carbon Supply Chains to Co-Create Biomass Raw Materials

In December 2023, FENC's Petrochemical Business signed a letter of intent on the supply of biomass materials with Marubeni Taiwan Co., Ltd. (Marubeni) and Idemitsu Kosan Co., Ltd. (Idemitsu Kosan). The cooperation involves the extraction of Bio-PX from biomass-derived naphtha by Idemitsu Kosan, and Plant 2 of OPTC under FENC converts the Bio-PX into Bio-PTA. Marubeni is responsible for establishing the biomass supply chain and facilitating product sales by coordinating with the upstream and downstream customers. Compared to products made of virgin materials, those produced from biomass materials cut carbon emissions and contribute towards a low-carbon society.

FENC strives to create innovative sustainable materials. Plant 2 of OPTC became the first among its peers in Taiwan to successfully develop Bio-PTA. In 2024, the plant is expected to be certified by the International Sustainability & Carbon Certification, ensuring the traceability and sustainability of its biomass materials as well as the supply chain in order to achieve its environmental goals and fulfill its sustainable commitment to stakeholders.



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External Audit Agency

413 times
3,710 participants

Significance to FENC

FENC examines the adequacy of corporate policies through verifications conducted by external agencies and proposes specific plans to enhance sustainable competitiveness.

Issues of Concern

- Climate Strategies and Low Carbon Transition
- Green Products
- Environmental Management
- Energy and Resource Management
- Land Resources Management

Communication Channel and Frequency

- External Meetings: Yearly, Irregular
- Training/Trial/Drill: Yearly, Irregular
- Visits/Exchanges: Quarterly, Irregular
- Review/Evaluation/Audit: Yearly, Quarterly, Irregular, Other
- Survey/Questionnaire: Yearly, Irregular
- Other: Irregular, Other

Sharing Success in Sustainability Implementation at Forums Held by Sustainability Rating Agencies

Over the years, FENC has never wavered in its commitment to ESG. The Company scrutinizes policy integrity, perfects corporate operation and enhances competitiveness by participating in a host of sustainability ratings. In 2023, FENC became the first corporation in Taiwan with two top ESG awards from the Global Views Monthly. The Company also received the Corporate Governance Award from the SGS ESG Awards, and the accolades continued with eight TCSA Awards. Additional details about FENC's award records are included in [Enhancing Sustainable Corporate Image](#).

Being a frequent recipient of ESG awards, FENC's sustainability performance is reflected in the recognitions given by sustainability rating agencies. The Company was thus invited to speak at the sharing sessions organized by these organizations. Allen Sha, Executive Vice President and the executive convenor of the Sustainability Implementation Committee, shared FENC's success stories in sustainability endeavors with its partners and the public during these events. On September 7, he attended the ESG and USR Model Sharing Session held by the Global Views ESG Alliance to discuss the project that won the first prize in the Low-Carbon Operation category. He also spoke on the topic, "Net-zero Solutions Through Sustainable Business Model." On November 2, he gave a lecture on FENC's corporate governance performance at the ESG Seminar held by SGS Taiwan Ltd. On December 20, during the Sharing Session of Corporate Excellence in Environmental Sustainability held by Taiwan Institute for Sustainable Energy, he shared the Company's innovative environmental solutions through the circular economy. He also explored solutions to textile waste with interactive audience engagement. Drawing over 1,000 participants during the three events, it is FENC's hope to engage and collaborate with more stakeholders to build a circular ecosystem.



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Shareholder / Investor / Financial Institution

407 times
4,221 participants

Significance to FENC

Shareholders, investors and financial institutions are significant sources of capital funding for FENC. Achieving excellence in corporate performance creates a virtuous cycle of securing stable funding by demonstrating corporate values.

Issues of Concern

- Operational Performance and Strategies
- Climate Strategies and Low Carbon Transition
- Corporate Governance
- Environmental Management
- Green Products

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Irregular
- Internal Meetings: Yearly, Irregular
- Promotional Campaign: Irregular
- Visits/Exchanges: Monthly, Irregular
- Review/Evaluation/Audit: Yearly
- Other: Irregular

Recognitions From Three International Investor Rankings for Providing Long-Term and Stable Communication Channels

In 1988, FENC created the IR Team to be in charge of investor relations. Over 26 years have passed, and the team now provides services to approximately 100,000 shareholders. Its services have diversified as the Company expands and as the world of investment evolves, and the mode of delivery has also transformed from the conventional office briefing to the dynamic multimedia presentation of special projects and new products using mediums such as videos. The IR Team provides customized communication formats to meet the needs of its audience while ensuring transparency. When appropriate, the team invites managers and experts to provide the information needed, hoping to deliver tailored services to the participants through team efforts.

Being highly awarded by three major international investment rankings, FENC grabbed the international spotlight two years in a row. The Institutional Investor magazine presented FENC with the title, Most Honored Company (Rest of Asia, ex-Mainland China) along with Best Board, Best CEO, Best ESG, Best CFO, Best Investor Relations Professional and Best IR Team. FENC is also the winner of Best Overall Company in Taiwan in the Best Companies Poll by the internationally renowned financial media, FinanceAsia. Another authoritative financial magazine, Asiamoney, presented FENC with the title, Asia's Outstanding Company.

The three awards are decided through polls held among investors. FENC was distinguished out of over one thousand peers as the only winner in the sector it represented in Taiwan. Rankings conducted by Institutional Investor, in particular, are regarded as the benchmark of excellence in the global investment arena and hailed as "the Oscars in the foreign investment circle." FENC's win represents a vote of confidence for the management team, recognizing its ability to establish long-term and stable bilateral relationships with stakeholders amid times of change and uncertainty. It is also a call for more attention to corporate sustainability.



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Contact and Grievance Channel

FENC maintains open dialogues with stakeholders. The Company established Speak Up Policy, encouraging comments and suggestions from all stakeholders. Communication and grievance channels are accessible 24-7 and available in Chinese, English, Japanese, Vietnamese and Malay to meet the needs of FENC's diverse workforce locations and demographics. The Company accepts anonymous claims and has an independent investigation mechanism in place. An investigation team is established within 5 days of receiving the claim documents. Under general circumstances, a ruling shall be established, and the investigation report shall be compiled within 3 months of accepting the claim. Separate grievance channels and procedures are in place for claims concerning regulatory compliance, anti-corruption, labor, human rights, products and the environment. In September 2023, FENC amended the Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management to include provisions on whistle-blower protection and submitting investigation reports based on the position of the reported individual to protect the rights of individuals filing grievance claims.

Speak Up Policy Stakeholder Contact FENC Speak-up: speak-up@fenc.com

Grievance Channel and Procedure for Issue-Specific Claims

Regulatory Compliance and Anti-Corruption	Labor and Human Rights	Products	Environment
<p>Process</p> <ul style="list-style-type: none"> Once the grievance claim is filed and deemed legitimate, the individual against whom the grievance claim is filed shall immediately cease performing the questionable conduct and be held accountable based on regulatory provisions and company policies. The acceptance, investigation and outcome of the grievance claim shall be filed and kept in written or electronic forms for 5 years. Once confirmed, applicable units shall review the internal control mechanism and operational procedure concerning the incidents reported. Improvements shall be proposed and implemented to prevent future occurrence. 	<p>Process</p> <ul style="list-style-type: none"> Each grievance claim is thoroughly investigated and reported through the chain of command. The result of the investigation is provided to the individual filing the claim on a timely basis, and the entire record is properly filed and preserved. 	<p>Process</p> <ul style="list-style-type: none"> Once the grievance is filed, it is reported through the chain of command based on product, client manager and persons accountable. Response and outcome are reported back to the client on a real-time basis. 	<p>Process</p> <ul style="list-style-type: none"> Once the grievance is filed, applicable units at the plant are notified to address the matter, report to the management and respond to the individual filing the grievance with updates and outcomes of the investigation.
<p>Channel</p> <ul style="list-style-type: none"> Audit Committee email: auditcommittee@fenc.com Audit Department email: feaudit@fenc.com Legal Compliance email: legalcompliance@fenc.com 	<p>Channel</p> <ul style="list-style-type: none"> Employee comment box, HR email: fenchrd@feg.com.tw <p>designated email (e.g., President's email, departmental email), confidential hotline, employee representative meeting, verbal claim, written claim</p>	<p>Channel</p> <p>Designated email (e.g., Sales departmental email), verbal claim, written claim</p>	<p>Channel</p> <p>Appointed units responsible for environmental grievances at all production sites, Labor Safety and Health Department, Security Guard Supervising Office</p>

2023 Claims and Outcome

FENC received five grievance claims in 2023, including two regarding labor issues and three concerning the environment. Details are included as follows:

Labor Issue 2	Odor 2	Noises 1
<p>1-2. FENC</p> <p>Employees filed two claims regarding the employee welfare and performance review. FENC took immediate action and communicated with the employees thoroughly. The issues have been resolved and the cases are closed.</p>	<p>1. OPTC</p> <p>A claim was filed by the neighboring factory regarding the odor spreading in the vicinity. An on-site inspection was conducted and the production process was examined. No unusual occurrences were detected. OPTC assigned staff to patrol the areas between the west side of the unloading station and the security room, and it was confirmed that OPTC was not the source of the odor. After thorough communication, the case was closed.</p> <p>2. OPTC</p> <p>A claim was filed by the local residents regarding a chemical odor. An on-site inspection was conducted, and no unusual occurrences were detected. It was concluded that OPTC was not the source of the odor. After thorough communication, the case was closed.</p>	<p>1. OPTC</p> <p>A claim was filed by the neighborhood chief from the local community against the noise occurring late at night. After inspection, the chain plate on the tank truck was identified as the source of the noise. As a result, late night operation was suspended immediately, and OPTC conducted further inspection and followed up with improvement. With immediate action and thorough communication, the issue was resolved and the case was closed.</p>

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Enhancing Corporate Sustainable Image

2023 Constituent of Sustainability Indexes



MSCI ESG Leaders Indexes



FTSE4Good
Emerging Indexes



FTSE4Good TIP Taiwan ESG Index



TWSE
臺灣證交所

TWSE Corporate Governance 100 Index

Recognitions from 2023 Sustainability Ratings



National Sustainability Development Award
Corporations



Global Views Monthly - the 19th Annual ESG Award
 First Prize at Manufacturing Industry
 First Prize at Low-Carbon Operation
The Only Double First Prize Winner in Taiwan



Taiwan Corporate Sustainability Awards (TCSA)

- Top 10 Taiwanese Companies Sustainability Model Award
 - Platinum for Corporate Sustainability Report Award
 - Climate Leadership Award
 - Circular Economy Leadership Award
 - Growth through Innovation Leadership Award
- Four Consecutive Years**
- Information Security Leadership Award
 - Workplace Well-being Leadership Award
 - People Development Leadership Award



Global Corporate Sustainability Awards (GCSA)
Sustainability Reporting Award - Gold Class



2023 Corporate Governance Evaluation
Top 5%
Five Consecutive Years



Sustainalytics ESG Risk Ratings
Industry Top Ratings
Top 3% of the Chemicals Industry

CDP

Climate Change - Management
Water Security - Management
Supplier Engagement - Management

CommonWealth Magazine - Excellence in Corporate Social Responsibility Award

Large Enterprises

SGS ESG Awards

Corporate Governance Award



HR Asia
Best Companies to Work for in Asia Diversity, Equity & Inclusion Awards,
Most Caring Company Awards,
Digital Transformation Awards



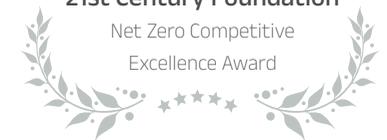
1111 Job Bank
2023 Happiest Employees Golden Award



LinkedIn
Outstanding Learning Culture Award



Ecovadis
Silver Medal



21st Century Foundation
Net Zero Competitive Excellence Award



The Asset
Triple A Country Awards for Sustainable Finance - Best Issuer for Sustainable Finance (Taiwan), Best Blue Loan Taiwan
Triple A Sustainable Capital Market Awards - Best Issuer (North Asia), Best Sustainability-Linked Bond (Manufacturing)



FinanceAsia
Asia's Best Managed Companies



Institutional Investor
Most Honored Company Best ESG (consumer discretionary sector)



Asiamoney
Asia's Outstanding Companies Poll



Adam Smith Awards Asia
Best Sustainable Treasury Solution

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KPMG Business Leader Academy Forum

FENC was invited to participate in the 2023 Business Leader Academy Forum co-organized by KPMG and the Taiwan Institute of Directors on April 13, 2023. The forum featured the theme, "Opportunities and Challenges Amid the Net Zero Rush." Humphrey Cheng, President of Corporate Management, joined the panel discussion and shared his insights with over 150 corporate executives. Speaking on "Net-Zero Solutions Through Sustainable Business Model," he explained how FENC evolved from a traditional textile factory to the trailblazer that developed green innovative materials with a business model balancing sustainability and corporate growth. With unyielding determination to decarbonize, the Company channels its R&D efforts to developing comprehensive recycling and remanufacturing technologies as well as cutting-edge solutions for polyester products. While satisfying brand customers' quest for green raw materials, FENC has co-created a sustainable value chain.



FENC's Assistance to Students of College of Management, National Taiwan University for the Hult Prize Final

In August 2023, FENC met with students of the RiiVERSE team from the Entrepreneurship and Innovation MBA and Global MBA programs of the College of Management, National Taiwan University. During the exchange, the Company provided inputs from a professional perspective regarding solutions to the textile waste dilemma, RiiVERSE's pitch as the 2023 Hult Prize finalists. FENC touched on technological bottlenecks for scaling the recycling and remanufacturing of textile waste and shared the carbon reduction benefits of the green products it produced from waste PET bottles.

FENC has a long-standing presence in developing the circular economy. Aside from recycling PET bottles, the Company has also been diving into the development of textile recycling technologies. Being well aware of the challenges and opportunities posed by this issue, FENC provided a unique insight into the 2023 Hult Prize challenge. The exchange was also an opportune moment for FENC to engage the students on the concept of circularity. The team was named one of the six global finalists and finished second at the final competition held in Paris.

Lecturer at YZU x Global Views Monthly ESG Program

On May 13, 2023, the YZU x Global Views Monthly ESG Program, a collaboration between the Global Views Monthly and Yuan Ze University (YZU), was launched. Considering FENC's leading-edge practice and benchmark status in ESG performance, the Global Views Monthly invited Humphrey Cheng, President of Corporate Management, to lead one of the sessions with a 40-minute lecture entitled "Leading Green Transition With Circular Economy." During the talk, he shed light on how FENC embraced the urgency of sustainability within the polyester industry and led the industry transformation with recycling technologies, low-carbon production and supply chain partnerships, advancing sustainable development through a robust governance framework, risk management system and sustainable financial products.

Publication of Best Practices in Sustainability

Taiwan Institute for Sustainable Energy (TAISE) is dedicated to promoting sustainable development, and each year, TAISE presents the TCSA Awards to acknowledge corporate sustainability. To make exemplary models known by more corporations, the institute collected best practices in sustainability implementation from five winners of the Top 10 Taiwanese Sustainable Manufacturing Companies Award and five of the Top 10 Taiwanese Sustainable Service Businesses Award. These exemplary practices, including FENC's experience, are published in Corporate Sustainability Model 3.0: From ESG Concept to Practice. FENC accepted an interview conducted on March 3, 2023. Led by Humphrey Cheng, President of Corporate Management, a team of managers from the Sustainability Team under Corporate Staff Office, Finance Department, Human Resources Department and the Solid State Polymer SBU under the Polyester Business shared FENC's ESG practice and performance across multiple sectors.

FENC transforms PET bottles recycled from the ocean into brand-new products. Its ocean recycled anti-bursting jersey was chosen for major international sports events such as the 2022 FIFA World Cup, 2023 UEFA Champions League and FIFA Women's World Cup. Its ability to convert marine debris into eco-friendly fashion caught the attention of the Center for General Education of National Taichung University of Science and Technology, which included FENC as a case study in its publication, Practices of SDGs From Corporations in Taiwan. This project is an echo to the UN SDG 14: Life Below Water, ensuring marine biodiversity and preventing the deterioration of marine habitat.

By sharing its experience through interviews and publications, FENC is showing stakeholders its dedication to the circular economy and low-carbon transition. Meanwhile, it is the hope to appeal for efforts from more corporate peers to co-create common prosperity.