



## *CREATING EMPLOYEE PASSION*

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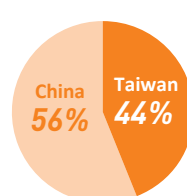
# CREATING EMPLOYEE PASSION

## 4.1 Recruiting

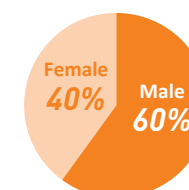
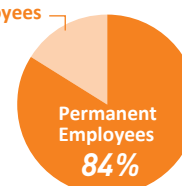
### 4.1.1 Structure of Human Resources

At Far Eastern New Century, we understand that high quality human capital is one of the important keys for a successful enterprise. Strategic goals can be reached through team cooperation and execution. Our recruiting principle is "right position for the right person" and "make the best possible use of one's talent". We try our best to allow employees to do what they are capable of under a reasonable and equitable human resources system. We regularly check upon the regulations and rules of all our operation sites to make sure they are in line with updated local regulations, execution of which is done quarterly to our employees. Besides, we are dedicated to a friendly working environment and planning a comprehensive training system. We encourage employees' self-development and strengthening of professional skills for the purpose of cultivating talents and laying a solid foundation for advancement of Far Eastern New Century.

2015 Employees **13,203**



Temporary Employees  
**16%**



#### ► Gender Ration

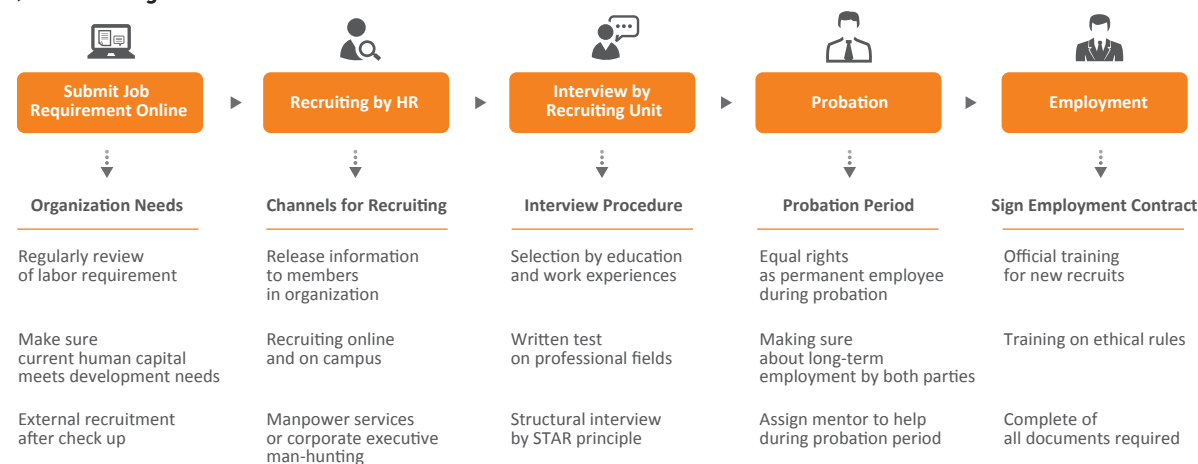
		Taiwan			China			Grand Total		
		2013	2014	2015	2013	2014	2015	2013	2014	2015
Total	Male(%)	72%	73%	72%	48%	49%	52%	58%	59%	60%
	Female(%)	28%	27%	28%	52%	51%	48%	42%	41%	40%
	Total	5,395	5,634	5,754	8,314	7,983	7,449	13,709	13,617	13,203
Permanent Employees	Male(%)	70%	71%	71%	47%	48%	51%	56%	57%	59%
	Female(%)	30%	29%	29%	53%	52%	49%	44%	43%	41%
	Total	4,484	4,564	4,655	6,838	6,629	6,475	11,322	11,193	11,130
Temporary Employees	Male(%)	82%	82%	76%	56%	53%	57%	66%	66%	67%
	Female(%)	18%	18%	24%	44%	47%	43%	34%	34%	33%
	Total	911	1,070	1,099	1,476	1,354	974	2,387	2,424	2,073

Note : Temporary employees in Taiwan are labors from foreign countries; Temporary employees in China are dispatched workers or outsourced workers.

### 4.1.2 Recruiting Policy

Far Eastern New Century observes equal employment opportunity in recruiting, distribution, appraisal, promotion, salary, retirement, severance, resignation, education training, welfare and so on. No one is discriminated because of his/her race, rank, language, faith, religion, political party, birth place, gender, sexual orientation, age, marital status, appearance, mental or physical impairment, or being member of work union. There has been no discrimination issue during this report period.

#### ► Recruiting Procedure



Far Eastern New Century recruited 498 permanent employees in 2015, with 288, or 58% under 30 years old. It also recruited experienced workers for the Vietnam investment project which was launched in 2015. The management team is acquired mainly internally, providing a good promotion opportunity for employees.

400 permanent employees left the company in 2015, including retirement. The average rate of employment turnover is 8.6%, much lower than the average 22.87% among the manufacturing industry in Taiwan. This figure indicates the stability of employment in Taiwan. It also shows that we could do long-term and stable planning in human capital development.

Far Eastern New Century had 4,375 new recruits in China in 2015, whereas 4,897 left their jobs, among them, 3,649 were permanent and 1,248 temporary employees. This is as a result of optimization of corporate organization to elevate production efficiency by lean manpower growth. Among those who quit, 25% are temporary workers under one year of employment. Most of our companies in China belong to labor-intensive industry with high turnover rate. All of the above has contributed to the high dismission rate. However, through adjustment of salary and compensation over the years and increase of cross strait contacts, the personnel turnover rate in 2015 is lower than the previous year.

#### ► Number of Recruit and Percentage in Taiwan

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	201	4.5%	201	4.4%	215	4.6%
	Female	65	1.4%	73	1.6%	73	1.6%
	<b>Subtotal</b>	<b>266</b>	<b>5.9%</b>	<b>274</b>	<b>6.0%</b>	<b>288</b>	<b>6.2%</b>
30-50	Male	85	1.9%	146	3.2%	148	3.2%
	Female	41	0.9%	47	1.0%	57	1.2%
	<b>Subtotal</b>	<b>126</b>	<b>2.8%</b>	<b>193</b>	<b>4.2%</b>	<b>205</b>	<b>4.4%</b>
Above 50	Male	5	0.1%	8	0.2%	3	0.1%
	Female	1	0.0%	2	0.0%	2	0.0%
	<b>Subtotal</b>	<b>6</b>	<b>0.1%</b>	<b>10</b>	<b>0.2%</b>	<b>5</b>	<b>0.1%</b>
<b>Total</b>		<b>398</b>	<b>8.9%</b>	<b>477</b>	<b>10.5%</b>	<b>498</b>	<b>10.7%</b>

Note : Total new recruits are total permanent employees in Taiwan.

#### ► Number of Turnover and Percentage in Taiwan

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	72	1.6%	82	1.8%	88	1.9%
	Female	31	0.7%	36	0.8%	40	0.9%
	<b>Subtotal</b>	<b>103</b>	<b>2.3%</b>	<b>118</b>	<b>2.6%</b>	<b>128</b>	<b>2.7%</b>
30-50	Male	118	2.6%	133	2.9%	133	2.9%
	Female	117	2.6%	49	1.1%	67	1.4%
	<b>Subtotal</b>	<b>235</b>	<b>5.2%</b>	<b>182</b>	<b>4.0%</b>	<b>200</b>	<b>4.3%</b>
Above 50	Male	101	2.3%	68	1.5%	54	1.2%
	Female	53	1.2%	16	0.4%	18	0.4%
	<b>Subtotal</b>	<b>154</b>	<b>3.4%</b>	<b>84</b>	<b>1.8%</b>	<b>72</b>	<b>1.5%</b>
<b>Total</b>		<b>492</b>	<b>11.0%</b>	<b>384</b>	<b>8.4%</b>	<b>400</b>	<b>8.6%</b>

Note : Total who quit are those permanent employees who quit in Taiwan.

## ► Number of Recruit and Percentage in China

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	2,527	30.4%	2,338	29.3%	1,976	26.5%
	Female	2,279	27.4%	2,039	25.5%	1,425	19.1%
	<b>Subtotal</b>	<b>4,806</b>	<b>57.8%</b>	<b>4,377</b>	<b>54.8%</b>	<b>3,401</b>	<b>45.7%</b>
30-50	Male	448	5.4%	556	7.0%	499	6.7%
	Female	711	8.6%	743	9.3%	468	6.3%
	<b>Subtotal</b>	<b>1,159</b>	<b>13.9%</b>	<b>1,299</b>	<b>16.3%</b>	<b>967</b>	<b>13.0%</b>
Above 50	Male	19	0.2%	17	0.2%	5	0.1%
	Female	3	0.0%	0	0.0%	2	0.0%
	<b>Subtotal</b>	<b>22</b>	<b>0.3%</b>	<b>17</b>	<b>0.2%</b>	<b>7</b>	<b>0.1%</b>
<b>Total</b>		<b>5,987</b>	<b>72.0%</b>	<b>5,693</b>	<b>71.3%</b>	<b>4,375</b>	<b>58.7%</b>

Note : New recruits are all new members in all companies in China.

## ► Number of Turnover and Percentage in China

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	2,626	31.6%	2,588	32.4%	1,943	26.1%
	Female	2,521	30.3%	2,339	29.3%	1,596	21.4%
	<b>Subtotal</b>	<b>5,147</b>	<b>61.9%</b>	<b>4,927</b>	<b>61.7%</b>	<b>3,539</b>	<b>47.5%</b>
30-50	Male	589	7.1%	623	7.8%	549	7.4%
	Female	930	11.2%	867	10.9%	773	10.4%
	<b>Subtotal</b>	<b>1,519</b>	<b>18.3%</b>	<b>1,490</b>	<b>18.7%</b>	<b>1,322</b>	<b>17.7%</b>
Above 50	Male	25	0.3%	19	0.2%	25	0.3%
	Female	6	0.1%	7	0.1%	11	0.1%
	<b>Subtotal</b>	<b>31</b>	<b>0.4%</b>	<b>26</b>	<b>0.3%</b>	<b>36</b>	<b>0.5%</b>
<b>Total</b>		<b>6,697</b>	<b>80.6%</b>	<b>6,443</b>	<b>80.7%</b>	<b>4,897</b>	<b>65.7%</b>

Note : Total dismissal is the total of all companies in China.

## 4.1.3 Salary and Compensation

Stable and skillful human capital is important resource for business development and existence. In order to maintain leadership status in industry, we have proactively recruited professional new bloods and adjust compensation package according to market information to attract and attain excellent talents. At FENC, besides guaranteed fixed salary, employees enjoy performance-based variable bonus for individuals and organizations. The company statutes state that certain percentage of net profit will be distributed as employees' payment. We don't offer stock option, there is no policy for deferred shares or vested shares. There is no reward for recruiting for high ranking executives. Severance pay for all employees is under the same regulation, regardless of their ranks. There is no pay reclaim mechanism as well. Regardless of job position, all employees in the same company are under the same retirement compensation plan.

Various companies have their " compensation and year-end bonus management guidelines " according to their respective circumstances, which was approved by HR Review committee. For new recruits' salary compensation, FENC will take general price level, professional major, job relevance and degree of difficulty into consideration. Salary will be adjusted for those with related work experiences or possess professional certificates.

FENC's operation units in Taiwan regularly consult salary investigation held by Towers Watson to understand salary fluctuation in related industry. Salary compensation will be regularly reviewed to retain the existing talents. Operation units in China will also adjust employees' salary according to the adjusted amount and percentage release by local government. To cope with future expatriate needs, operation units in both Taiwan and China have adjusted salary for specific key talents in 2015. Operation units in Taiwan have adjusted meal allowance for permanent employees in response to government's pay-raise policy.

FENC's major manufacturing business specialized in chemistry and textile. The majority of its employees are male chemistry major whose salary is usually higher than that of females. However, in 2015, salary of female mid-level heads in China is higher than that of their male counterparts, which demonstrates the fair and equal opportunity granted to all capable workers.

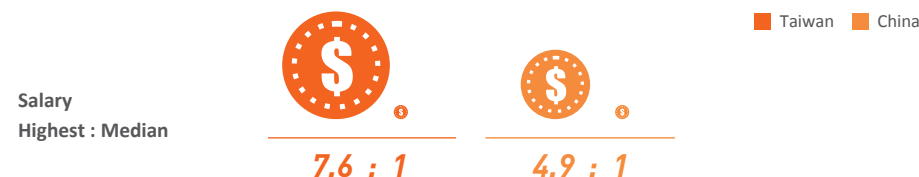
## ► Salary by Gender

	Taiwan			China		
	2013	2014	2015	2013	2014	2015
Director/Section Chief and above	89%	88%	87%	82%	93%	103%
Office Clerk	99%	100%	100%	85%	87%	85%
Factory Workers	119%	104%	95%	95%	96%	95%

Note : Percentage is calculated from average female salary divided by average male salary.



### Ratio of the Highest Salary versus Median Salary in Organization in 2015



### The Highest Individual Salary Adjustment versus Median Salary Adjustment in Organization in 2015



Note : The numbers in China are the average of the respective operation post.

### Organization Entry Level Employee Salary versus Local Minimum Wage in 2015



### Organization Average Full Year Salary versus Market Average in 2015



Note : Salary information for Taiwan market is from the average salary for manufacture industry and minimum wage for manufacture industry released by Directorate-General of Budget, Accounting and Statistics; Salary information for China is from the average and minimum wage released by Shanghai and Suzhou government.



FENC BOD approved to establish the Salary and Compensation Committee on August 19, 2011. The 3rd Committee which is currently in operation is led by FENC's independent Director together with members from the industry that enjoy good reputation and are without vested interests. Important issues such as employee compensation system, BOD payment, bonus for management and BOD members, long term compensation for management team, year-end bonus, annual pay adjustment, performance appraisal etc. are discussed at the Committee. The Salary and Compensation Committee exercises its job with duty of care and loyalty to strengthen corporate governance and its compensation system.

FENC conducts employee performance annually on job goal and personal performance as the basis for salary adjustment. (please refer to 4.4.1 Performance Evaluation) There is special compensation for excellent performance besides promotion channel without obstruction. All promotion is talent-based and reasonable so that all employees can concentrate on contribution to the company in a trustworthy and reciprocal spirit.

## 4.2 Taking Care of Employees

### 4.2.1 Preserve Human Rights

FENC has rules and procedures which conform to related regulation in preserving employee human rights. The system applies to all employees. We also require our suppliers to conform to related regulation to preserve their employee human rights. Our promises in this aspect are as follows :

#### Voluntary Employment

There is to be no use of forced labor, which includes (but is not limited to): involuntary overtime, imprisoned labor, and indentured/bonded labor.

#### No Child Labor

Employees are to be over the age for completion of compulsory education or the minimum age for employment under the local law, whichever is greater. Employees under the age of 18 shall not perform work that is likely to jeopardize their health or safety.

#### Wages and Benefits

Wages shall not be lower than the minimum wages regulated under the local law. Special pay rates and benefits shall be provided to employees in accordance with the applicable local laws.

#### Working Hours and Overtime

Working hours shall be in accordance with local laws, including those relating to annual leave and statutory holidays. All overtime must be voluntary and employees shall be compensated accordingly with pay and breaks.

#### Leave and Recess

Make sure employees have 24 hours recess for every 7 days' duty; observe holiday provision of local government.

#### Freedom of Association and Collective Bargaining

Employees are to have the right to choose, form, belong to or refuse to join a union, or any other type of employees' organization, and take part in related activities.

#### Harassment, Abuse and Disciplinary Action

The workplace is to be free from sexual, psychological, physical, and verbal harassment, abuse, or intimidation. Every employee is to be treated with respect and dignity.

#### Respect and Non-discrimination

Employees are not to be subjected to any discrimination in employment, including hiring, assignment, wages, advancement, access to training, termination or retirement, on the basis of gender, sexual orientation, race, religion, age, disability, illness, marital status, pregnancy, nationality, political opinion, social or ethnic origin, or other protected status.

#### Protection of Female Employees

Appropriate and reasonable facilities and maternity leave for women employees during pregnancy, childbirth and nursing are to be provided. Suppliers shall comply with any working hour limits or other work restrictions for pregnant employees required by local law and take other reasonable measures to protect pregnant women from hazardous work.

To implement human right protection, FENC provides at least 4 hours on human right and labor related regulations in new recruit training program. Training on employee rules and corporate values are conducted regularly for all employees.

We persistently pay attention to management of human right at all operation units. For example, we review overtime and worktime reports monthly, irregularities will be examined by headquarters. Besides, there is evaluation on regulation observation on all operation units quarterly to ensure observation of all human right regulation. Any violation will be investigated and followed up on correction.

As to child labor issue, we conduct confirmation of minimum age regulation when hiring and double check age information when new recruits check in to make sure all operation units meets related regulations.

All our operation units report no violation of promised employee rights and there is no worker appeal either in 2015. All manufacturing posts have passed examination on human rights, child labor and labor conditions by our clients.

## 4.2.2 Employee Welfare

FENC has Employee Welfare committee. Welfare expenses in all affiliated companies are set aside according to regulation : employee salary 0.5%, revenue 0.05% and 20% of sale of manufacturing waste. The fund will be used in all kinds of welfare activities. The expenses for branch committees are decided by unions and employees in manufacturing bases. The fund can be used in regular sightseeing or traveling events, hiking, clubs, physical checkup, scholarship, gift voucher, insurance and so on.



### Encouragement to Participate in Clubs



FENC encourages club participation so that employees could form stronger bonds and engage in proper activities after work. Sports clubs such as softball, basketball, badminton, bowling, table tennis hold friendly contests with FEG affiliated companies besides weekly sessions. This serves the purpose of both exercising and social opportunity for employees. There are also yoga, folk dance and ballroom dance clubs to help release pressure and maintain body and soul balance. They are so popular that sign up numbers often exceeds class capacity. FENC has club for volunteering work. They help tree planting, weeding, and picking out pestiferous snails in local community to boost mutual relationship. They also collect used book for disadvantaged aboriginal communities to show their care for the society.

Besides, to ensure family of employees will not suffer from sudden lost when employee is seriously hurt or encounters sudden death, we establish consolation compensation measure; all domestic and foreign employees are covered with life insurance and accident insurance for class 2-11 disability. We also offer special rates for cancer and illness insurances which are optional for all employees.

Benefit expense of manufacturing bases in China is paid by unions. All permanent employees are eligible for benefits such as monetary gifts (for birthday, wedding, childbirth, hospitalization and funerals), holiday benefits (cash and gift vouchers), and medical benefits (health checkups, gynecological examinations and medical service for only child) and transportation, food, accommodation and travel compensation etc.

As some manufacturing bases are located in rural industrial areas and employees are on rotating shifts, special care and attention are needed for their daily life. FENC takes care of employee needs and feelings both on and off duty. We upgrade facilities at working place and dormitory to boost coziness. Dormitory and cafeteria are reviewed annually to better fit in with employee needs.

## Respect of Female Employees

FENC is dedicated to construct a friendly working environment and system for its female employees. We have breast feeding rooms for female employees during their pregnancy and breast feeding time. This facility abides by the Act of Gender Equality in Employment and Establishment and Management Standard of Breast Feeding Room at Public Spaces. In China, we follow Regulations Concerning the Labor Protection of Female Staff and Workers to ensure complete protection for female staff during their pregnancy and breast feeding periods.

We also honor gender equality at work. There are sexual harassment prevention measures for appeal and punishment. Complain can be done through either oral or written form to their section chief or HR Department at each manufacturing bases, or by telephone complaint followed by written document in 3 days. The complaint will be filed and under investigation within 3 to 5 days by investigation team which is composed of 3 members from each of the following departments : HR, Audit, Legal and other section which the complainant is not from. There should be no less than half female members in the investigation team. Verdict can be given only when two thirds of presence and half of which reach consensus. The process has to finish within 2 months since the complaint is filed. We also have education training on sexual harassment prevention for employees of all levels to prevent sexual harassment at work.

In Taiwan, employees enjoy parental leave which is mandated by Labor Standards Law. 20% of eligible female employees applied for parental leave in 2015. The system is running well as there is high returning percentage after parental leave and all have stayed in their posts for over one year after returning. There has been no parental leave regulation in China yet.

## ► Application of Parental Leave and Returning Statistics in Taiwan



Category	Gender	2013	2014	2015
Entitled to Parental Leave	Male	160	185	256
	Female	107	118	106
	<b>Total</b>	<b>267</b>	<b>303</b>	<b>362</b>
Number Applied	Male	2	1	3
	Female	9	13	21
	<b>Total</b>	<b>11</b>	<b>14</b>	<b>24</b>
Number Returned	Male	1	1	2
	Female	6	7	13
	<b>Total</b>	<b>7</b>	<b>8</b>	<b>15</b>
Returned over One Year	Male	1	1	0
	Female	6	6	7
	<b>Total</b>	<b>7</b>	<b>7</b>	<b>7</b>
Return Rate* <sup>1</sup>	Male	100%	100%	67%
	Female	86%	88%	87%
	<b>Total</b>	<b>88%</b>	<b>89%</b>	<b>83%</b>
Retention Rate* <sup>2</sup>	Male	100%	100%	0%
	Female	100%	100%	100%
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>88%</b>

Note : • Return Rate = Number Returned/ Number Should Return

• Retention Rate = Returned over One Year/Number Returned Last Year



## Motherhood Protection Plan

FENC set "Motherhood Protection Plan" in 2015 which will evaluate, control and manage those jobs which threaten motherhood health. For pregnant or giving birth less than one year females, job switching or adjustment is available by medical appraisal. 37 employees finished interview and review by Motherhood Protection Plan in 2015.

## Care for Foreign Employees

FENC currently employs over 1,000 foreign workers whose base salary conforms to relevant laws and regulations. We host various activities and communication meetings with foreign workers to ensure that they can work comfortably in foreign countries.



Ball games are often ways to release work pressure after work whereas fun games boost bond among employees. There are basketball seasons annually at Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Neili Texturizing Plant, Kuanyin Dyeing and Finishing Plant. 84 competition games with trophies and cash prizes were held in 2015. Besides, there were 4 football games at Kuanyin Chemical Fiber Plant, 31 billiards games at Kuanyin Dyeing and Finishing Plant and table tennis, softball, baseball game at Hukou Mill. All aimed to boost benign relationship among colleagues.



We host tours for foreign labor workers so that they can understand local culture better and at the same time have chance to relax. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant hosted tours to Leofoo Village, Lihpao Land and Formosa Fun Coast in 2015. Neili Texturizing Plant had tours to Jiufen and Sun Moon Lake. Kuanyin Dyeing and Finishing Plant had tours to Formosa Fun Coast and Window on China.



All manufacturing bases host festive activities on important holidays to help foreign employees blend in with local culture. Hukou Mill held hiking and fishing activities on Labor Day holiday. These activities are well received as they make them feel the warmth at home on important holidays.



At Hsinpu Chemical Fiber Plant, foreign employees are encouraged to participate in triathlon and marathon by certificates and cash prizes to remain healthy and fit. By active participation in these sport activities, foreign workers not only cultivate a habit to exercise, their body fat also decreased 2% by average. Kuanyin Dyeing and Finishing Plant held a dormitory decoration contest which offer cash prizes to encourage decoration on living environment so that foreign workers who stay at dormitory can have a comfortable environment for resting.

FENC also encourages foreign workers to participate in competition held by local government. Foreign workers at Neili Texturizing Plant won first prize at a singing contest held by Taoyuan city government. The activity allows for exhibition of talent, increase working satisfaction and help foreign workers to blend in with local culture.



### 4.2.3 Retirement Plan

FENC understands the importance of coherence among workers. Besides efforts to maintain employees' pleasant sentiment, a retirement plan is also offered. We handle retirement issue according to related laws and regulations. In Taiwan, FENC established Employee Retirement Fund Committee in 1980 and allocate fund for retirement pension. We opened account for employee retirement fund at Central Trust in 1984 and established Supervisory Committee of Employees' Retirement Fund. The Committee which employees exceed half of its members meets quarterly. It supervises whether each company has abided by regulation to handle retirement issue and whether there is enough money in the fund. Tower Watson is in charge of retirement pension actuary and allocation, the percentage of which falls between 2 to 6 %. The Ministry of Labor launched new system for retirement pension in July 2005. FENC consulted all employees on transition of retirement system. For new recruits and those chose the new scheme, 6% of full salary will be allocated into employee's individual retirement pension account. For those opted old scheme, they will receive pension accumulated from years of working in the company at retirement. The retirement scheme covers 100% of permanent employees. Besides, FENC also ensures that their employees are covered with labor insurance and healthcare insurance.

Subsidiary companies in China handled social insurance in accordance with Social Insurance Law. It regulates pension, medical insurance, unemployment, work-related injury, and maternity insurance and housing fund for employees. The pension is where employee retirement fund will be from. The average allocation rate is 20-21%. The retirement fund will be managed and paid by the State. The retirement pension system covers 100% of employees.

## 4.3 Labor-Management Communication

### 4.3.1 Labor Union

FENC abides by regulations of International Labor Organization and local relevant regulations, all employees can freely organize or join labor unions. These unions can engage in collective negotiation. FENC does not intervene the establishment, operations, or management of labor unions or collective negotiation systems in any way. No violations of the right of freedom of association and collective bargaining occurred during the report period.

Corporate unions have been established in most of FENC plants to enable employees to exercise their rights of freedom of association and collective negotiation; Union members have signed collective agreement with union organizations. Regular meetings between labor and management are held with meeting minutes made public. The negotiation channels between the manufacturing plants and unions are transparent and open. We firmly believe that unions represent the views of our employees on labor-related issues. Mutual relations can be effectively enhanced through labor-management communication initiated by unions, which in turns allows the creation of a work environment that meets workers' expectations. Section managers also attend regular union meetings to listen to feedback of workers and convey or handle it appropriately. During regularly organized labor-management meetings, employees can express their opinions and suggestions to labor representatives who can then initiate negotiations with management in labor-management meetings.

### ► Update on FENC Labor Unions

Location	Production Sites	Established Year	Number of Members	Employee Participation Ratio
Taiwan	Hsinpu & Kuanyin Chemical Fiber Plant	1978	1,682	92%
	Kuanyin Dyeing & Finishing Plant	1956	292	72%
	Neili Texturizing Plant	1977	257	93%
	Hukou Mill	1989	471	97%
	Oriental Petrochemical (Taiwan)	1997	246	71%
China	Far Eastern Industries (Shanghai)	2004	1,454	99%
	Wuhan Far Eastern New Material Ltd.	2014	175	100%
	Oriental Industries (Suzhou)	2007	1,454	100%
	Far Eastern Industries (Suzhou)	2007	185	100%
	Far Eastern Industries (Wuxi)	2007	372	47%
	Far Eastern Dyeing & Finishing (Suzhou)	2008	1,011	100%
	Far Eastern Apparel (Suzhou)	2004	2,072	99%
	Oriental Petrochemical (Shanghai)	2009	227	100%

Note : No union has been established at Far Eastern Fibertech. However, labor-management relationship is harmonious with quarterly meetings between two parties. Meeting minutes are all made public.

### 4.3.2 Communication Channels

We highly value and carefully pay attention to the voice of our employees while we promote labor-management communication through various mechanisms. We care about implementation of corporate culture. Our group motto of "Sincerity, diligence, thrift, prudence and innovation" are popularly implanted in our manufacturing bases all over the world. We also reinforce the ideas of anti-corruption, human rights and equity with the hope that no matter where they are based, employees can feel proud to be a member of Far Eastern Group.



## Far Eastern Culture Implanted in my Mind



50 members of section chiefs and above from the management team at Far Eastern Industries (Shanghai) are invited to a "Far Eastern Culture

Implanted in my Mind" 2-day activity to internalize Far Eastern culture. Sense of belonging and honor are built, the ups and downs in the decades-long history of FEG is learned. Major events at FEG from 1937 to 2015, including hardships, transferring to Taiwan, diligence at early stage and so on, are arranged in chronicle order. Attendees gained in-depth understanding of the founding motto of "Sincerity, diligence, thrift, prudence and innovation". Sense of unison and bond are also reinforced so that better working atmosphere and outcome can be expected.

We care about employee participation, In addition to regular labor-management meetings in all plants, we also utilize performance management meetings to explain and discuss the status of company operations and relevant targets to employees and employee representatives. Briefing materials will be provided by individual units with review by section supervisors. Risk management and control at various levels is reached through regular meetings in which relevant workers prepare document, followed by questions by section supervisors.

In case of major operational changes, employees and employee representatives are informed of the major resolutions of regular board meetings, the operational review committee, performance review meetings, and the HR Policy Committee. Then in regular plant meetings. Prior to implementation of major operational changes that have a potential impact on employee rights, we issue appropriate notifications in accordance with the collective agreement and relevant laws and regulations. The shortest notification period is discussed in the collective agreement and union meetings, and recorded in meeting minutes. No major operational changes seriously affecting employee rights occurred during the report period.

## Regulations on Advance Notice Period for Layoffs



### Taiwan

According to the regulations in the "Labor Standards Act" and the "Act for Worker Protection of Mass Redundancy," the minimum notice period prior to the termination of labor contracts is determined by duration in service: For worker who have continuously worked for more than three months but less than one year, the notice shall be given 10 days in advance, for more than one year but less than three years, the notice shall be given 20 days in advance, for three years and above, the notice shall be given 30 days in advance. Relevant regulations are listed in internal management document.



### China

According to the regulations in China's "Labor Law of PRC," employees must be notified in writing 30 days prior to being laid off. Relevant regulations have already been incorporated into internal management documents of subsidiaries.

We have established diversified communication channels to enable employees to voice their opinions and grievances about human rights and labor practices in a prompt and smooth manner. Employees can learn about these channels through orientation training for new employees and the formulation and announcement of internal guidelines and procedures. (For channels for grievance and result of grievance cases in 2015, please refer to 1.5.3 Stakeholder Engagement)

## 4.4 Career Development

### 4.4.1 Performance Evaluation

The categories of employee evaluation at FENC include: probation evaluation, normal evaluation, project evaluation, and annual performance evaluation. Employees who have joined the company for more than one year must undergo the evaluation. Annual performance evaluation consists of leadership, self-improvement, work abilities, performance, attendance records and participation in educational training. Salary adjustment and promotion assessment will be based on the overall evaluation. In general, performance evaluations are conducted on an annual basis. Employees are requested to self-assess their work performance, and then an interview with their supervisors will follow. Work performance and annual performance bonuses are linked to overall salary adjustment ratios while performance evaluations also serve as a main reference for promotion or dismissal.

## ► FENC Annual Performance Evaluation System



### Personal Development /Performance Coaching Plan

Through in-depth interviews, supervisors assist employees in plotting learning and training plans for the enhancement of their work ability performance.

The annual performance evaluation of FENC is based on the same spirit and framework. However, minor differences exist in assessment items and the corresponding percentage. For instance, behavioral indicator accounts for 30% of annual performance evaluation at Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai), while work goals set at the beginning of the year make up 70%. The subsidiaries in Suzhou and Wuxi have formulated their own Employee Performance Evaluation Management Guidelines, in which evaluations are conducted annually. This includes assessment interviews and communication between supervisors and employees about work assessment conditions, goal development plans, and training and development demands.

In Taiwan, all who have been employed over one year are required to undergo annual performance evaluations except for part-time and foreign workers. In China, annual performance evaluations are conducted for all permanent employees, with no gender discrepancy in salary adjustment after the evaluation. Annual performance evaluations were completed for all eligible employees in Taiwan and China during the report period except for employees who have resigned or are on maternity leave.

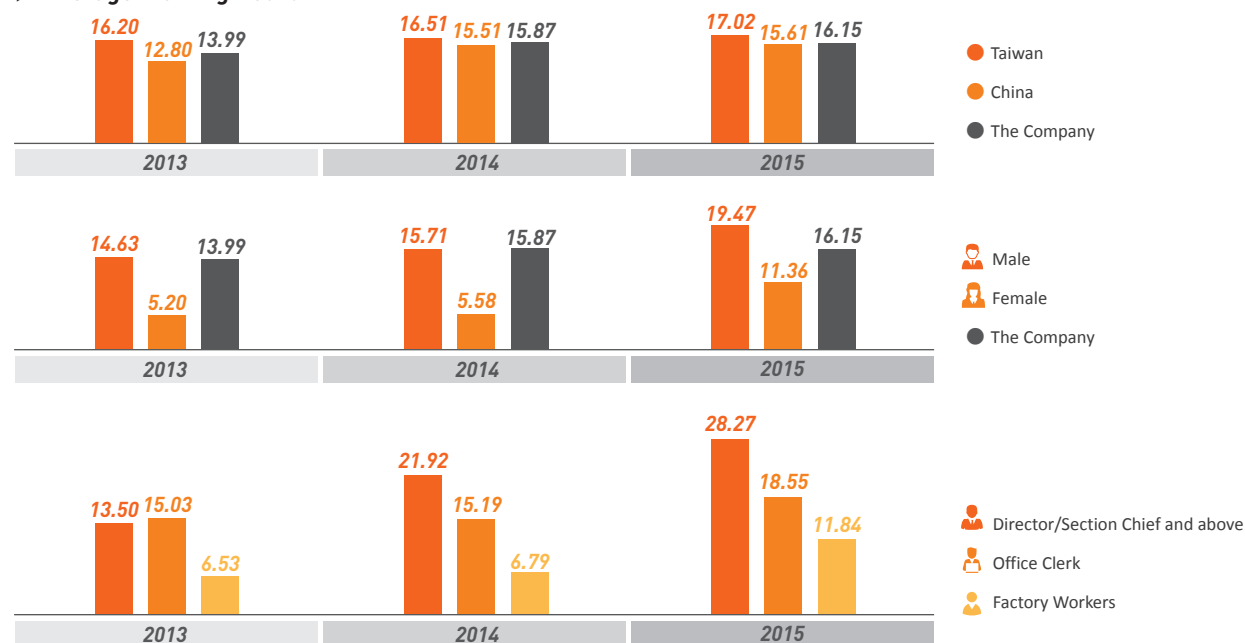
## 4.4.2 Education Training

We firmly believe that employees are the most important assets for corporates. Through training of outstanding employees, our long term competitiveness will be upgraded. Therefore, we are fully committed to talent cultivation and to strengthening the skills required at workplace. Multiple education training courses were offered ever since establishment of the company. Prior to the enactment of the Occupational Training Act in 1973, FENC had already established an Occupational Training Center, which was officially renamed as the Human Resources Development Center in February of 2008.

The establishment of the Human Resources Development Center demonstrates our dedication to talent cultivation. Besides business and factory administration related management skills, in response to the rapid expansion of the petrochemical, polyester, and textile business, we proactively organized professional technological courses to train professionals in all required fields. Facing a turbulent global economy, the Human Resources Development Center will dedicate to constructing a learning organization with the goal of creating a win-win situation for growth of both the enterprise and its employees.

In order to provide education training that caters to organization's strategic needs, Human Resources Development Center gets hold of the operation status in respective business sections through annual meetings. Furthermore, to cater to individual training needs, IDP (Individual Development Plan) is launched, along with Mentor system to increase training outcome. IDP and Mentor system have been implemented to all FENC's manufacturing and operational bases in Taiwan.

### ► Average Training Hours

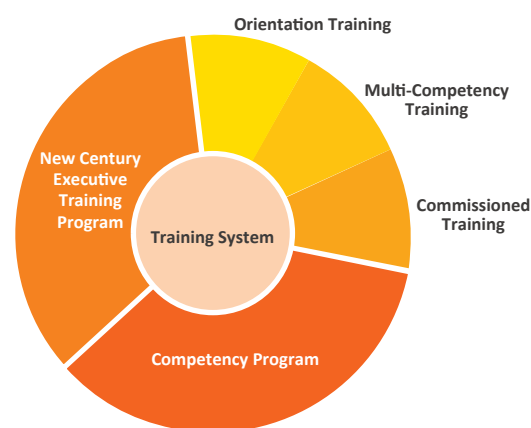
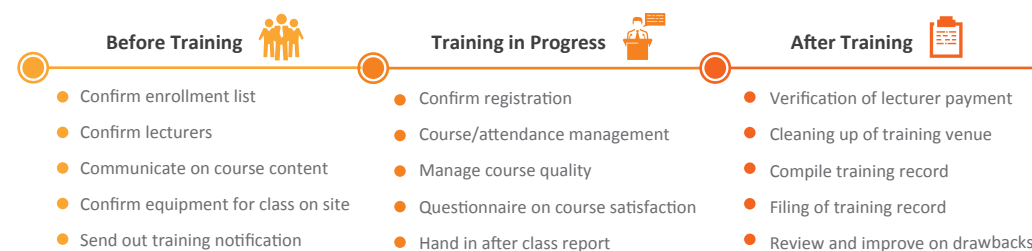


Note : Suzhou Headquarters does not have 2013-2014 training hours by gender, they are added up to the total.

FENC provides diversified training channels and training programs such as computer and language for employees to choose to upgrade their professional competency. Lectures on various topics such as asset management and health care are also offered from time to time. These programs are offered with the goal for employees to develop potential talent, improve life quality, maintain healthy and to enrich career planning through continued learning.

To cater to respective units' training needs, Human Resources Development Center offers programs such as job safety and IFRs. There is internal training as well as outsourced training to elevate employees' competency and balance life and work by diversified training programs. Besides comprehensive training, we are also dedicated to quality of training program. Some courses require plans of action item after the class to reinforce practice of knowledge learned. The Human Resources Development Center files training records for employees for future reference as well as important grounds for performance evaluation.

### ► Work Items in Education Training



Training programs by course nature :

#### Orientation Training

To help new recruits understand and adapt to corporate culture, value and goal, and to know the organization, HR regulations and products from various departments and get hold of the working environment and to assimilate into the new organization, ultimate goal is to increase employee retention rate. 15 rounds of training were conducted in 2015 with 488 attendances.

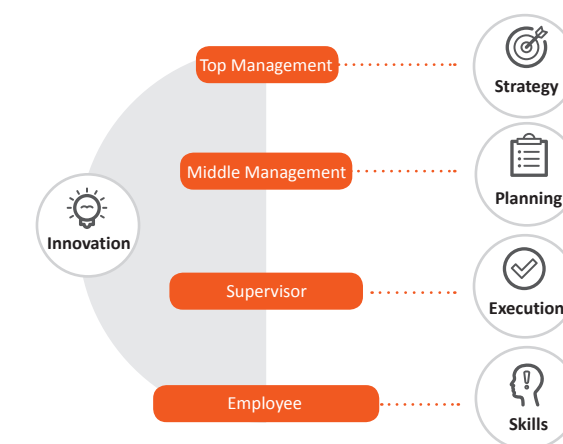
#### Multi-Competency Training

To provide diversified programs by outstanding lecturers on different professional competency, with equal emphasis on theory and practice. 77 rounds of training were conducted in 2015 with 1,203 attendances.

#### Commissioned Training

Project based, cater to special training needs as requested by various departments. Trainings are conducted by appropriate lecturers selected through evaluation. 8 rounds of training were conducted in 2015 with 38 attendances.

#### Competency Program



FENC revised its performance evaluation system in 2013. Competencies required for different level have been formulated through analysis of the key ability with emphasis on relevance between ability and behavior. Concise behavior index in accordance with competency are mapped out, which has become the core training for each level.

The Human Resources Development Center and Yuan Ze University have jointly developed 23 competency training courses targeting at 13 competencies. Training programs for different levels have been conducted with outcome evaluation system to optimize competency training system so that employee will have common thinking and communication ability on professional knowledge and techniques to qualify for their current work. 39 rounds of training were conducted in 2015 with 1,200 attendances.









### New Century Executive Training Program

FENC Values a great deal on cultivation of employee potential and aims to ensure rapid growth of employees with great potential and exceptional performance through comprehensive educational training, which consists of theoretical instruction, passing on of experiences, and analysis of practical cases. For sustainable operation of the corporate, our future leaders must possess the following 4 abilities : " vision leading, growth driven, customer first, and mission delivery " as well as the 4 operational foci : " humanistic care, change and innovation, catering to customer and outstanding operation ". The Human Resources Development Center therefore mapped out New Century Executive Training Program which commenced on July 11, 2014.

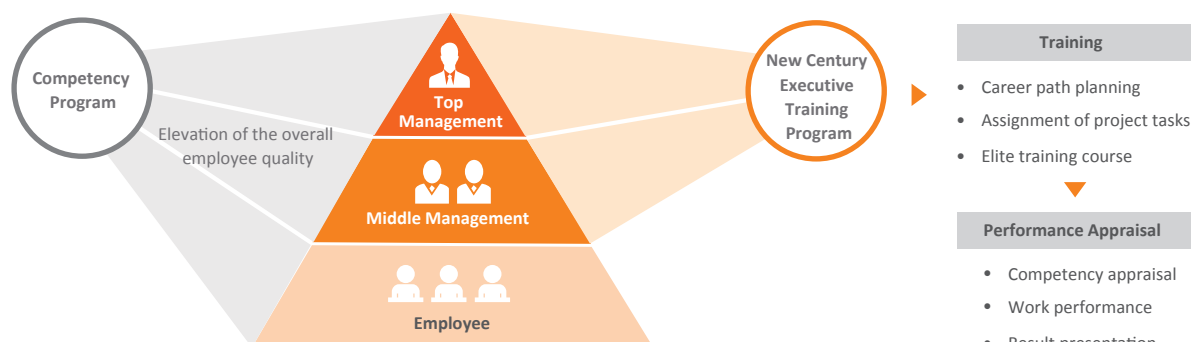
New Century Executive Training Program consists of 4 modules, 16 courses, with 3 months for each course and it takes two and a half years to complete. The courses are designed to meet the competency and experiences for senior vice president and above level. Renowned professors are hired to teach fundamental theory and application through case study, coupled with sharing of experiences by professionals from industry. Attendees can strengthen their abilities in decision making, problem solving and logic thinking. The talent pool to meet the future organization growth can be constructed through the process.

Besides, to review effectiveness of training, Kirkpatrick's 4 layers review models are applied.

-  **Reaction Review** ▶ Course satisfaction surveys are conducted to appraise training goal.
-  **Learning Review** ▶ Learning assessment are designed along with after class assignments to help evaluate learning results.
-  **Behavior Review** ▶ Through the design of action plans to implement what's learned in daily work.
-  **Result Review** ▶ Examine learning results through reports.

Head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments of candidates for their mode of thinking, ability to work with others, and resilience potential. A list of candidates is then presented to Far Eastern Talent Selection Committee for review, after which the committee then submits the list to the Vice Chairman or Chairman for approval. The training is mainly for Taiwan employees in the beginning with condensed version available for supervisors of attendees to follow up on the training content. There have been 2 rounds of training, with 41 and 51 attendees each round. 55 courses were offered in 2015, with 2,061 attendances.

### ▶ Life-Time Learning System





The Human Resources Development Center mainly plans for FENC's training needs. However, out of synergy among the Group, we also offer multi-competency training for our affiliated companies. The Human Resources Development Center also conducts various competency training in China every year, hoping that employees at both sides of the Strait can share common way of thinking. Besides elevating job competency, communication between the two sides can be smoother. Training programs at various bases are also offered, as shown below :

### ► Training Programs System in China



### " 2030 YZ Hsu Innovation Forum " Attended by Top Management of FENC



In response to the new business opportunity and new business model brought upon by IoT and Industry 4.0, Far EasternY. Z.Hsu Science & Technology Memorial Foundation held " 2030 YZ Hsu Innovation Forum " on October 2, 2015 with the theme of " Overturn of New Vision in IoT Era " which invited experts in the fields to share insights on future development of IoT and Industry 4.0. The forum was attended by 316 top management members of FEG's affiliated companies, among them 100 were from FENC.

Chia-Wei Li of National Tsing Hua University and also editor-in-chief of Scientific American Magazine was moderator of the forum, the two invited speakers are You-ren Cheng, professor of National Chung-Cheng University and Yu-chi Tseng, professor of Chia-tung University, and both are also YZ Hsu Scientific Award winners.

Before the forum, a questionnaire was distributed to executives and project managers from our public listed companies on IoT and Industry 4.0. The collected 101 questionnaire was provided to speakers so that they can prepare speech content relevant to our corporate needs.

The forum has enabled our staff to interact with experts in science. The participants could not only enrich professional knowledge, inspire thinking ability and strengthen project implementation potential through insights on future trend provided by the experts.

## 4.5 Management of Labor Safety

### 4.5.1 Implementation of Labor Safety at Work

Respect for life is the universal value of mankind. Safety at work is the top priority for FENC. For a safe, healthy and comfortable working environment, FENC has been dedicated to optimized its manufacturing process and protection equipment, push for prevention for pollution and occupational hazards.

#### ► Safety and Health Committee at Various Operation and Manufacturing Bases

Operation Sites	Number of Committee Members	Percentage of Staff
Headquarters	9	33%
Hsinpu Chemical Fiber Plant	29	34%
Kuanyin Chemical Fiber Plant	31	52%
Kuanyin Dyeing and Finishing Plant	29	45%
Neili Texturizing Plant	19	42%
Hukou Mill	12	33%
Oriental Petrochemical (Taiwan) Co., Ltd.	18	33%
Far Eastern Fibertech Co., Ltd.	12	33%
Oriental Petrochemical (Shanghai) Corp.	22	82%
Far Eastern Industries (Shanghai) Ltd.	32	25%
Wuhan Far Eastern New Material Ltd.	14	36%
Oriental Industries (Suzhou) Ltd.	29	52%
Far Eastern Industries (Suzhou) Ltd.	29	48%
Far Eastern Industries (Wuxi) Ltd.	20	65%
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	35	91%
Far Eastern Apparel (Suzhou) Co., Ltd.	25	72%

#### Establishment of Safety and Health Committee

To ensure management of safety and health at work, FENC's BOD approved for the establishment of " Safety and health Committee " in 2015 which is led by Vice President of Corporate Management Department and is the highest organization for review and deliberation on safety and health management. The Committee members include business unit supervisors, supervising and commanding personnel, technical engineer in safety and health related field, medics of labor health services and representatives of staff.

There is Safety and health Committee in all of FENC's manufacturing bases which hold meetings quarterly. The Committee is in charge of the elaborating, coordinating and supervising of the working environment, safety, and health related matters in the plants.

#### Formulate and Enact Safety and Health Policy

FENC enacted " Safety and Health Policy at Work " in August 2015, promised to abide by the regulations, to improve continuously, to involve all employees, to manage risk and to make relevant information public. It vows to construct a solid safety and health nature and form a corporate culture which cares about safety and health.

#### Value Safety and Health Related Issues

Safety and health related issues are one of the important concerns in FENC's labor communication. In the collective agreements signed with staff and also discussion in the labor-management meetings (including meetings of Safety and Health Committee) below listed agreements are all included.

- Provide personal protection equipment
- Establish health management and safety committee
- Labor representatives participate in health and safety review, examination and accident investigation
- Provide job related training education
- Labor grievance mechanism
- Right to refuse unsafe work
- Provide regular health check
- Abide by international labor organization regulations
- Map out procedures or system to solve safety and health related problems
- Map out goal for safety and health and how to achieve the goal

#### Implemented Measures and Outcomes in 2015

##### 1 · Acquired verification on job safety and health management system

Through operation and support of Safety and Health Committee, Houkou Mill, Neili Texturizing Plant and Kuanyin Dyeing and Finishing Plant acquired verifications of job safety and health management system (OHSAS 18001 : 2007) and Taiwan job safety and health management system (CNS15506). The implementation of job safety and health management system can protect suppliers, contractors and other stakeholders. Up to end of 2015, a total of 11 manufacturing bases have acquired the above stated verification.



## 2 • Help government promote safety and health



## • Provide guidance to small and medium enterprises (SMEs)

In coordination with Occupational Safety and Health Administration, MOL's "SMEs Job Safety and Health Service Station and Mentor Group" scheme, which serves as mentor for enterprises with 100 or less employees and its long term contractors to abide by regulations related to safety and health. FENC has helped 14 enterprises understand and abide by regulations related to safety and health, the job is done by staff in their off hours.

## • Share experiences in safety and health practices

FENC has served as deputy section chief of "Education Training section" for Occupational Safety and Health Administration, MOL since 2013. It was engaged as member in "Skills promotion section" in 2015, helping map out training plan and serve as lecturer and share its experiences in implementing safety and health issues. It provides professional information to be incorporated into safety and health skills brochure and at the same time learn from other enterprises in this field through the operation of Occupational Safety and Health Administration, MOL.

## 3 • Education training



## • Staff training in occupation safety and health

In order for employees to be familiar with safety and health related regulations and rules and to enhance their ability to prevent accidents and disaster, FENC employees attend training and programs regularly. Those in 2015 include safety, environment protection, vocational health, disaster prevention and distinction, and a forum on "Building culture in work safety, heading toward a new milestone". The Safety and Health staff in Taiwan also participated in a TOSHMS forum held by Occupational Safety and Health Administration. Oriental Petrochemical (Taiwan) Co., Ltd. planned a full year of training program, internal and commissioned, for their SHE staff in the beginning of the year. Internal programs include discussions, on-site operation and online courses; commissioned programs are lectures by professionals from renowned organizations. Junior workers are included in the training.

Furthermore, FENC provides training on first aid regularly to reinforce ability to cope with the unexpected and reduce harm in accident. 692 from all manufacturing bases participated in first aid related training in 2015.



## AED Program for Installation of Automated External Defibrillator



FENC started installation program of AED (Automated External Defibrillator) at headquarters in 2015, with each floor one AED, 12 in total to grasp the critical 3 minutes in first aid. The installation amount exceeds that of required by the law.

Besides, to familiarize employees with operation of AED, there will be 2 CPR/AED trainings each year. 3 rounds of training were conducted in June, October and November respectively in 2015, with the November one exclusively for security guards.

## • Exercises for disaster

Multiple exercises on various scenarios were conducted every year in manufacturing bases to enhance ability to handle the unexpected situations and to familiarize staff with procedures and equipment. By enhancing awareness in alert, prevention, coordination and ability to handle emergency through these exercises, it is hoped that staff in the plants and in the neighborhood can be better protected, property loss and casualty reduced.

Oriental Petrochemical (Taiwan) Co., Ltd. conducted 11 emergency exercises in 2015, mostly on chemical spill and fire alarm handling, there are also exercises without notification at night. Oriental Petrochemical (Shanghai) Corp. finished more than 20 emergency exercises in 2015. There was a joint exercise with EPA of Fengxian District along with Spark Development Zone in June which was focused on fire caused by methanol storage tank spill. Oriental Industries (Suzhou) Ltd. arranged lessons on firefighting and Q&A and debate to raise employees' safety awareness. Kuanyin Chemical Fiber Plant held fire exercises at foreign labors' dormitory, asking foreign labors to correctly operate equipment, 123 persons were trained. Far Eastern Industries (Suzhou) Ltd. held a firefighting safety month event. There were also joint exercises with community and fire brigade and exercises for entry level staff, in order to implement concept on safety to every level. Far Eastern Industries (Wuxi) Ltd. conducts firefighting exercise quarterly, new recruits have to finish skills on firefighting and passed examination before officially start the job.

#### 4 • Employee health management

##### • Acquiring Certificate of Healthy Working Environment

Besides improvement in job safety, FENC takes good care of employee health, too. It provides regular health checkup which is required by law, there are also surveillance and improvement on working environment. It also proactively dedicates itself in various activities to promote employee health. Through the Safety and Health Committees in Taiwan's manufacturing bases, in 2015, FENC headquarters, Hukou Mill and Kuanyin Chemical Fiber Plant all acquired Certificate of Healthy Working Environment which is reviewed by Health Promotion Administration, Ministry of Health and Welfare. It shows how much FENC cares about employee health.

##### • Comprehensive care of employee health



Maintaining employees' health in both body and mind is our basic care for employees. All manufacturing bases conduct regular health checkup for employees as it is regulated by law. Besides, as stipulated in article 6.2 in Taiwan's Occupational Safety and Health Act, questionnaire along with analysis of annual checkup and implementation of various policies on health management, employee health can be further promoted. Safety and Health Department arranges on-site health services, providing physical fitness check and lectures on health care. After health checkup, doctor visits to the plants were arranged to offer consultation and instructions on abnormality found to enable early treatment. There is Far Eastern Clinic at Hsinpu Chemical Fiber Plant for the convenience of employees. It also arranges local Health Center to come to the plant to conduct screening for 4 cancers, aiming at early diagnosis and early treatment. Both Kuanyin Chemical fiber Plant and Hukou Mill are dedicated in smoke-free working environment. 13 employees have successfully quit smoking or reduced smoking through the quit courses. Overseas plants maintain complete vocational health file. Employees will be transferred to ensure safety when Occupational contraindication is found through physical checkup. Wuhan Far Eastern New Material Ltd. offers nutritional instruction on working meals for better health management. Far Eastern Industries (Suzhou) Ltd. holds road running event to promote exercising habit and enhance health.

##### • Safety management at all time

FENC takes care of employee safety both at work and after work. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant (68 participated) arranged lessons at the plants on traffic safety and defensive driving by traffic safety education center and traffic police in 2015. Besides, there are eye-catching banners with safety alert and bumper stickers for employees, all for the purpose of reducing traffic accidents. This demonstrates FENC's care for its employees.

#### 5 • Occupational injury prevention

##### • Management of chemicals

In coordination with GHS (Globally Harmonized System of Classification and Labelling of Chemicals) and regulations of Taiwan's Occupational Safety and Health Administration, all production bases in Taiwan and China started chemical evaluation and classification in 2015. Major policies are as follows :

- ★ Inspect on chemicals and create list of hazardous chemicals and SDS (safety data sheet). Place caution labels on containers and control use and procurement of chemicals.

- ★ Distinguish chemicals which pose threat to employee health. Corresponding management policies are adopted according to degree of threat and exposure to reduce employees' exposure to hazardous condition. The management policies include installation of ventilation, monitoring of working environment, special health checkup, use of personal protection equipment and so on.
- ★ Provide education training to new recruits, current employees and personnel who handle chemicals respectively. Spill exercises are conducted regularly.
- ★ Personnel who handle special chemicals are given special health checkup to prevent harm to employee health. No abnormal condition caused by chemicals in employee health checkup record was found in 2015.

In view of the dust explosion accident in Formosa Fun Coast, Oriental Petrochemical (Taiwan) Co., Ltd. did a review and update on PTA safety data sheet in 2015, adding note on the possible danger of PTA dust. Besides, Kuanyin Dyeing and Finishing Plant enhanced suppliers' awareness on chemical disaster by implementing education training on chemical supply and management.

#### • Vocational injury prevention

FENC is dedicated to protect employees in all production bases and prevent physical damage or loss of life in work process. We proactively manage vocational risks and monitor preventable damage. Far Eastern Industries (Shanghai) Ltd. conducted vocational health evaluation on projects of new building, renovation, expansion, skill improvement and adoption and so on. These measures have passed acceptance check by China's related government organization. To implement the daily monitor system of hazardous factors for occupational disease at operational sites, annual check is done by officially certified occupational health service providers. Far Eastern Industries (Suzhou) Ltd. labels all locations with potential occupational danger. Personnel who have

to work in those locations are trained and informed beforehand; personal protection equipment is also provided. Oriental Industries (Suzhou) Ltd. conducted a comprehensive review on work safety, focusing on unfound or underestimated hazards. In "Hidden Safety Threat in winter" campaign, 156 items were identified with 142 already improved, 14 are on list of being improved. "Talk on Safety" campaign lasted 4 months and has collected 85 questionable items, 53 of them by employees. 25 of them have been improved through correction measures initiated by section chief. Hsinpu Chemical Fiber Plant launched "Analysis on occupational Safety", review the hazardous factors and safety protection measures step by step in its SOP. The measure is adopted as education training material for new recruits, transferred workers and regular OJT. Neili Texturizing Plant and Hukuo Mill adopted noise pollution prevention measure with sound attenuator installed and adjusted and maintained regularly. Environment check is conducted twice a year; hearing check is provided to employees who work in a noise area.

#### • Prevention Plan for Danger of Ergonomics

All production bases have enhanced worker education training and designed ergonomic equipment to prevent damage caused by repetitive work. To prevent occupational injury to muscles and bones by repetitive movement at work, production bases in Taiwan have drafted "Prevention Plan for Danger of Ergonomics" in coordination with the newly revised "Occupational Safety and Health Equipment Rules". It aims to promote and prevent occupational injury by analyzing procedure content and movement of various operations to identify hazardous ergonomic factors and offer improvement measures, evaluate outcome and adopt job adjustment or transfer as suggested by doctor's evaluation. Hsinpu Chemical Fiber Plant conducted propaganda on Ergonomics and sent out questionnaire on whether there are symptoms of muscles and bones. 1700 copies of questionnaire were collected with 57 employees felt possible injury and a need for interview. Initial assessment is that the sore and pain symptoms is caused by bad posture or long engagement in heavy weight carrying. The plant held 2 rounds of education programs which arranged physical therapists to the plant and shared efficient ways to prevent and release lower back pain.

#### ► Content of Prevention Plan for Danger of Ergonomics

Analysis of operation procedure, content and movement

Identify hazardous ergonomic factors

Evaluate, decide and implement on improvement method

Evaluate and improve implementation outcome



#### Accident-Free Work Hours Record

Far Eastern Fibertech Co., Ltd. implemented accident-free campaign to raise employee awareness of safety and health. The measures taken include risk evaluation, education training, safety reminder before work, enhancement of danger prevention and work attention, safety review, prompt improvement, strengthening safety responsibility of equipment unit, sharing of lesson-learned in safety and health related issues, prevention of recurrence of accident. It has successfully accumulated 6.6 million of accident-free work hours on December 11, 2015.



## Safe Production Month Campaign



In order to enhance employees' safety concept, elevate safe operation skills, cultivate safety awareness and implement safety responsibility, Oriental Petrochemical (Shanghai) Corp. and Oriental Industries (Suzhou) Ltd. launched Safe Production Month Campaign in 2015. The campaign for the former included test on related knowledge by all employees, on-site physical checkup for unknown or undetected danger and joint exercise on environmental protection. The campaign of the latter involved all employees by evaluation of all departments, essay contests on safety related topics and so on.

## 4.5.2 Contractor Safety and Health Management

As contractors are indispensable in plant production management, FENC formulated contractor safety and health related regulations in compliance with stipulation of government policy and laws to establish a management mechanism. Regular trainings and meetings on safety and health related issues are conducted. Regulations on work safety and personnel management measures and government rules are delivered and discussed to protect safety and health of contractors, suppliers and other stakeholders.

### ► Contractors Safety and Health Management Mechanism

Category	Content	Accomplishment in 2015
Personnel Management	To ensure work safety, workers from contractors have to adopt necessary safety measures and use personal protection equipment before working.	<ul style="list-style-type: none"> <li>Hsinpu Chemical Fiber Plant tested blood pressure for contractors working in the plant. For those with abnormal blood pressure, the plant will prohibit them engage in operation under control or arrange a hospital visit.</li> <li>Far Eastern Industries (Wuxi) Ltd. only allow contractors who passed training of SHE to work in the plant.</li> </ul>
Check on Construction	Safety check on contractors during construction, review of performance after construction and annual performance assessment system.	<ul style="list-style-type: none"> <li>Far Eastern Dyeing &amp; Finishing (Suzhou) Ltd. organized a patrol team to photo shoot and give penalty to violation behavior to raise workers' awareness on work safety and reduce safety related accident. Construction violation decreased significantly with zero safety related accident in 2015.</li> <li>Wuhan Far Eastern New Material Ltd. conducted one evaluation on suppliers.</li> </ul>
Education Training	To ensure workers from contractors can carry out their duty safely at the plant, necessary education training is provided to various contractors.	<ul style="list-style-type: none"> <li>There were 1,645 attendances in 2015 education training for contractors' new recruits, among them 902 attendances from Taiwan, 743 from China.</li> <li>Education trainings for contractors were participated by 129 attendances in Taiwan in 2015.</li> <li>Oriental Petrochemical (Taiwan) Co., Ltd. held 10 meetings on contractor negotiation and communication in 2015, attended by 145 contractors.</li> </ul>



### 4.5.3 Statistics on Occupational Injury

#### ► Statistics on Occupational injury

Category		Taiwan		China	
		2014	2015	2014	2015
Occupational Injury (number of cases)	Male	14	9	26	16
	Female	7	6	4	4
	<b>Total</b>	<b>21</b>	<b>15</b>	<b>30</b>	<b>20</b>
GRI Injury Rate (IR)	Male	0.23	0.12	0.27	0.32
	Female	0.12	0.06	0.04	0.03
	<b>Total</b>	<b>0.35</b>	<b>0.18</b>	<b>0.31</b>	<b>0.35</b>
GRI Absentee Rate (AR)	Male	0.19%	0.10%	0.02%	0.08%
	Female	0.15%	0.06%	0.06%	0.31%
	<b>Total</b>	<b>0.33%</b>	<b>0.15%</b>	<b>0.07%</b>	<b>0.39%</b>
GRI Lost Day Rate (LDR)	Male	9.27	7.67	3.86	1.71
	Female	2.55	1.52	0.18	2.62
	<b>Total</b>	<b>11.82</b>	<b>9.19</b>	<b>4.05</b>	<b>4.33</b>
Death		<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

Note : • IR= occupational injury total/total work hoursx200,000 • AR=days of absence/total work days x100%  
 • LDR=lost days/total work hours x200,000  
 • IR and LDR indicate percentage of every 100 employees with 40 work hours a week, 50 weeks a year.

#### ► Contractors' Occupational Injury at Operation Bases

Category		Taiwan		China	
		2014	2015	2014	2015
Occupational injury (number of cases)	Male	0	2	0	2
	Female	0	0	0	1
	<b>Total</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>3</b>
Death	Male	1	1	0	2
	Female	0	0	0	1
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>3</b>

There was no occupational related disease reported in 2015 at FENC, however, there was a death incident which happened when the keeper at the automatic storage was accidentally caught between the shelf and operation panel when handling overhead crane. After the accident, FENC installed lock equipment and a key control process and also elevated the safety fence around control panel to prevent hands and head of the operating clerk from reaching out from the fence. At the same time, education training and operation-with-partner was reinforced. FENC also reviewed safety and health risk and submitted countermeasure. Safety monitor at high risk operation sites was enhanced. By self-management, it hopes to be able to locate risk and danger at early stage.

FENC has conducted occupational safety education for contractors and abided related regulations. It will conduct more comprehensive on statistical figures of contractors' occupational injury.

There was a major contractor's occupational accident at Hsinpu Chemical Fiber Plant. When operating gaufer-fremachine, a worker was hit and killed by a fallen rack of the machine. To prevent this kind of accident, Hsinpu Chemical Fiber Plant reviewed and reinforced announcement of construction danger and management key points of joint operation. Safety and health management of contractors has become focus of 2016. There were two cases of contractor accidents at Far Eastern Industries (Shanghai) Ltd. in 2015. Two workers from contracting company who did not follow SOP at work were killed by ejected high temperature liquid when conducting regular maintenance operation. Another worker from cafeteria contractor was killed by dough kneader. Far Eastern Industries (Shanghai) Ltd. came out with following improvement measures after reviewed and examined the accidents : 1. Implement construction permission system, reinforce responsibility and supervision of engineer-in-charge, construction is allowed only when permission from all 3 parties is acquired. 2. Regulations on safety and technique before operation will be in written form. 3. All forms on risk evaluation and safety announcement have to be filled in. 4. Contractor environment safety and health management measure was added to revision of contractor management regulation. 5. To demonstrate the firm decision on prevention of accident, all forms on safety operation and environment safety will be reviewed twice a year by manufacturing units and representative form contractors. We take it seriously about contractors' safety and health. After the accidents, we have reviewed contractor management procedure, implemented improvement measures and reinforced safety management on contractors. We will implement stricter review and training on contractors and reinforce supervision to reduce accidents in the future.