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# Message from the Chairman

An unprecedented crisis emerged in 2020 as COVID-19 plagued the world. What began as sporadic outbreaks quickly became a global threat. FENC bravely took on the challenge. Under the leadership of the management team, we quickly adjusted our pace and demonstrated our corporate strength.

The global energy system is transforming rapidly, leading to the reform of the supply and demand model, which is manifested in the emergence of carbon reduction policies and green energy. Governments around the world are taking actions to mitigate effects of climate change and fulfill their pledge to the Paris Agreement. Measures put in place include carbon neutral initiatives, carbon border tax, energy transition and circular economy, all of which are not merely international trends, but what make or break corporate competitiveness. Corporations must accelerate the pace of transformation in order to seize opportunities amid the crisis.

As we embrace the new norm in the post-pandemic era, corporations must position themselves, identify directions ahead with precision, and recalibrate corporate thinking through reform, transformation and innovation in order to adapt. I offer three directions:

- Reimagine: Corporate development must be engaged with ecological and community growth in mind to reach balanced prosperity.
- Repurpose: Corporations must create positive values by measuring business performance with new indicators, thus maximizing values for the shareholders as well as stakeholders.
- Reinvent: Corporations must build green production and supply chain by exploring new materials, process and supply chain with research, development and application of green materials.

FENC has a comprehensive ESG (Environmental, Social, Governance) system in place to foster corporate sustainability, and we are on track to reach the targets through deliberate measures and implementations. While pursuing long-term and steady growth and performance, we set the bar high for governance. FENC's worldwide locations span across 6 countries in Asia and America, offering robust product structuring with agile operating model. Though the global market suffered a catastrophic blow from COVID-19 in 2020, FENC rose to the occasion as a quality supplier highly favored by international brands, demonstrating FENC's resilience.

As the largest supplier of medical-grade composite fibers (PE/PP, PE/PET), FENC joined the national team in the thick of the pandemic, ramping up its production to supply 90% to 100% of the materials needed for the inner layer of face masks. We supply the most cutting edge materials to global healthcare and medical industries, focusing on the development of anti-pandemic products. We turned waste PET bottles into face shields and PET into blood collection tubes. We also produce protective gowns of the highest medical standards.

FENC is also an innovative pioneer that leads the domestic financial industry. As of 2020, we have issued 3 sustainable financial products. In 2018, we became the first private issuer of green bond in Taiwan. In 2020, we are the first in Asia to issue sustainability-linked loan and commercial paper guarantee; the first in Taiwan to issue sustainability bond. In terms of sustainable innovations, FENC is on par with international trends.

Three decades have passed since FENC dived into circular economy. We are the leader of global rPET industry, giving new life to waste PET bottles. To amplify the benefits of circular economy, we have been developing chemical recycling for polyester materials. In 2020, we had a breakthrough, which provides the solution we have been searching for to address environmental impact caused by waste apparel and textile products. Meanwhile, FENC developed the unique ocean waste recycling and remanufacturing technology in the world to protect marine habitat. We developed a sustainable model for the polyester industry through circular economy, becoming a critical link in global green supply chain.

Talents are the fuel for corporate development. FENC has a well-established talent development system in place. The system hones staff's professional skills and creates sustainable and happy workplace. Meanwhile, the system cultivates international talents, fostering the next wave of growth for the Company.

Albert Einstein once said, "You can't use an old map to explore a new world." FENC is confident. We will continue to work closely with stakeholders, and aspire to breakthrough with action, winning over new norm.



Chairman of Far Eastern New Century Corporation

Douglas Tong Hsu  
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