

Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

4 Creating Inclusive Society

- 2020 Highlights
- Targets and Progress
- Material Topics
- 4.1 Constructing Happy Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Environmental Safety and Health Management
- 4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix



4

Creating Inclusive Society

- 4.1 Constructing Happy Workplace 76
- 4.2 Fostering Employee Career Planning 83
- 4.3 Reinforcing Environmental Safety and Health Management 87
- 4.4 Coordinating Sustainable Supply Chain Development 94

Target Readers:

- |  |   |
|--|---|
| ■ Employee/ Labor Union                  | ■ External Audit Agency/ Media                |
| □ Direct Customer                        | □ Shareholder/Investor/ Financial Institution |
| ■ Government                             | ■ Industry Association                        |
| ■ Business Partner (Supplier/Contractor) | ■ Local Resident and Organization             |



Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue
- Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



2020 Highlights

**Higher Annual Average Regular Earnings**  
Taiwan **43%**, Vietnam **23%**, U.S. **24%**

**96%** Permanent Employees with Labor Union Membership

**Taiwan FENC Sites Signing Zero Fee for Migrant Workers** Policy Statement

**COVID-19 Pandemic Period Reimbursements for Expat Employees**

**5** Consecutive Years Environmental Protection Bureau of Taipei City Government Awarding **Benchmark Unit of Private Enterprise and Organization Green Procurement Plan**

**4** Consecutive Years Environmental Protection Administration of Executive Yuan Awarding **Green Procurement Certificate**  
Green Procurement Accumulated Over NT\$ **10 billion**

**5,174** Suppliers Signing Supplier Corporate Social Responsibility Commitment Statement

International Talent Program and Far Eastern Corporate University **207** Participants Obtaining Professional Certification  
Total Training Expenses NT\$ **15,997,561**

Safety and Health Training Growth in Training Hours **18%**

Winning **TCSA People Development Award** and **SGS 2020 CSR Awards Talent Development Excellence Award**

FENC Receiving **Taipei City Outstanding Healthy Workplace Award**, Honorable Mention

FENC Receiving Badge of **Accredited Healthy Workplace Second Extension**

**SHEF Task Force** Developing **Smart SHEF Platform**

FEAV Receiving Recognition from Binh Dương Provincial People's Committee in Vietnam Foreign-Invested Enterprise Protecting Corporate and **Employee Safety First Place**

**9 Million Safe Work Hours**  
23 Years of FEFC History  
Zero Disability from Occupational Injuries

Recognition of Occupational Safety and Health Kuanyin Chemical Fiber Plant Awarded by Occupational Safety and Health Administration and Taoyuan City Government

Hsinchu County Government Company and Plant **Defense Contest**  
Hsinpu Chemical Fiber Plant **First Place**  
Hukou Mill **Third Place**

Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society

- 2020 Highlights
- Targets and Progress
- Material Topics
- 4.1 Constructing Happy Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Environmental Safety and Health Management
- 4.4 Coordinating Sustainable Supply Chain Development

- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Targets and Progress

Improving Employee Satisfaction

2030 Target

Above 95%

2025 Target

90% - 95%

2021 Target

85% - 90%

2020 Target

85% - 90%

2020 Progress

84.43%  
Employee satisfaction in survey results from recent years

Action Plan

- Conduct quarterly labor relations meetings, provide multiple channels for employee feedback and implement improvement measures.
- Implement Employee Assistance Programs (EAPs) to build a family-friendly workplace; promote occupational mental health; provide immediate assistance in times of need; help employees achieve work-life balance.
- Employee satisfaction surveys are conducted once every 3 years. However, due to COVID-19, the 2020 survey is rescheduled to 2021.



Establishing International Talent Acquisition Database

Adding top performance and evaluation

Adding overseas talent data

The proposal to establish international talent pool is completed. Stage 1 is tentatively scheduled to complete in 2021.

Adding new recruit data



Design the content of talent pool and complete the preliminary list.

- Compile talent data from all business sites.
- Incorporate new recruit data with records on professional training and certification, as well as project and annual performance management.
- Apply the database toward rotating key managers and integrate it with long-term career development.



Reducing Turnover among Expatriate Staff

7%

7.5%

8%

8%

8.8%

- For the short-term, conduct informative pre-onboarding meetings. Provide assistance with language training and cultural orientation to help employees settle in.
- For the mid- to long-term, provide competitive compensation package and improve the local conditions and quality of life.
- Plan for and provide work-life balance measures for expatriate employees.



Cultivating International Talents

- Build digital transformation teams.
- Cultivate 50 professionals to promote production, marketing, human resources, finance, R&D and technology management.

- Cultivate 80 professionals in international operation.
- Cultivate 80 professionals in promoting organization transformation.

- Establish talent evaluation system.
- Cultivate 150 professionals with international professional expertise.
- Cultivate 60 professionals with international management skills.

- 34 employees enrolling in online courses from international universities
- 61 employees enrolling in English Program



- English proficiency management: Online courses from international universities: 38 participants
- Language training: English course: 61 participants, Spanish course: 8 participants, Japanese course: 15 participants

- Introduce Office for Human Research Protections (OHRP) system.
- Schedule online LinkedIn courses for staff.
- Provide online courses from international universities.





Content

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

4 Creating Inclusive Society

- 2020 Highlights
- Targets and Progress
- Material Topics
- 4.1 Constructing Happy Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Environmental Safety and Health Management
- 4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix





Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 **Creating Inclusive Society**
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
    - 4.1 Constructing Happy Workplace
    - 4.2 Fostering Employee Career Planning
    - 4.3 Reinforcing Environmental Safety and Health Management
    - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Material Topics



Construct Happy Workplace

Significance and Purpose of Management for FENC

FENC is dedicated to promoting human rights. We defend our employees with actions and maintain corporate competitiveness. When implementing human resources policies at all FENC sites, labor rights take precedence. During the COVID-19 pandemic, we help employees from our global locations understand future directions, and share the reward of corporate performance with them. We take care of employees' physical and mental wellbeing, implement local employment and provide transparent promotion track.

Management Approaches and Effectiveness Evaluation Mechanisms

- Conduct regular payroll study to ensure competitive wage and salary.
- Examine cause for turnover among key staff and shorten staff transition period.
- Review employee satisfaction and reinforce shortcomings.
- Ensure 100% implementation of human rights education.

Authority

- Human resources department at each Business
- Highest ranking manager at each SBU

Foster Employee Career Planning

Significance and Purpose of Management for FENC

In the spirit of sustainable development, we value talent development and provide comprehensive training to foster professional competency at all stages.

Management Approaches and Effectiveness Evaluation Mechanisms

- Adopt project-specific management approaches and evaluate the results with the Kirkpatrick Model.
- Level 1 - Reaction: Assess satisfaction towards training programs with in-class evaluation and after-class satisfaction survey.
- Level 2 - Learning: Validate training effectiveness with tests, work application reports, summary reports, etc.
- Level 3 - Behavior: Review the application of acquired knowledge and skills through action plan, follow up survey from supervisors, individual development plan (IDP), etc.
- Level 4 - Results: Examine the effects of behavioral changes on performance through individual or organizational performance review.

Authority

- Human Resources Development Center
- Human resources unit at business sites

Reinforce Environmental Safety and Health Management

Significance and Purpose of Management for FENC

We strive for reducing workplace risks to protect the health and safety of staff and contractors. Our goals are to achieve zero occupational injury and incident, minimizing the impacts of business operations on local communities and preventing any accidents caused by inadequate management.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish Occupational Safety and Health Committee
- Identify, evaluate and control risks at workplace or in operational procedure.
- Enhance the management of machinery, equipment and facilities.
- Provide personal protective equipment.
- Adopt effective management measures regarding the procurement, use and storage of chemicals.
- Arrange regular health checkups for workers and conduct health promotion and management projects.
- Conduct investigation, statistical analysis and measures regarding occupational injuries.
- Require that suppliers comply with FENC safety and health standards and provide applicable training.

Authority

- Labor Safety and Health Department
- Safety and health units at all business sites

Coordinate Sustainable Supply Chain Development

Significance and Purpose of Management for FENC

FENC forms partnerships with the supply chain to ensure that products and services provided by suppliers meet quality, environmental and labor rights requirements. With collaborative efforts, we achieve sustainable supply chain development as a response to customers' sustainability goals.

Management Approaches and Effectiveness Evaluation Mechanisms

- Request the signing of Supplier CSR Commitment Statement from suppliers.
- Monitor and supervise supplier conducts and conditions through open communication and regular meetings.
- Procurement units evaluate environmental, labor, human rights and social impacts from suppliers and may provide assistance or terminate contracts depending on the severity.

Authority

- FEG Purchasing Department
- Procurement departments at business sites
- Bulk raw material purchasing units

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

◆ Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2020 Highlights

Targets and Progress

Material Topics

4.1 Constructing Happy Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Environmental Safety and Health Management

4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix



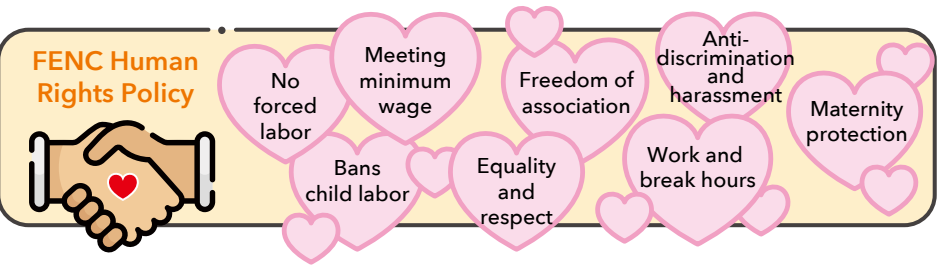
4.1 Constructing Happy Workplace

4.1.1 Human Rights

At FENC, labor rights take precedence in policy considerations for human resources. We acknowledge and comply with the principles and spirit set forth by International Labor Organization and in UN Universal Declaration of Human Rights. The Company has well-established complaint channels. In cases of any human rights violation, employees may file such claims through the human resources units of all FENC sites.

1. 2018

The Company established FENC Human Rights Policy, which is founded on the respect for local culture and customs at each FENC sites.



2. 2019

Managers in charge of human rights promotion at all FENC sites have been fully informed of FENC Human Rights Policy, which has been signed and enacted. Meanwhile, the Company ensures employees' understanding of this policy and awareness of their own rights through all means possible.

3. 2020

FENC conducted human rights due diligence (HRDD) at all Company sites. Based on FENC Human Rights Policy, the risk assessment is further divided into 8 categories of human rights risks. HRDD focuses on "the likelihood of risks" and "the degree of impact on the Company". A survey was administered to identify human rights risks, followed by investigation to determine their impacts on the Company. All FENC employees are covered in HRDD, and improvement measures have been implemented by human resources supervisors at all sites based on the HRDD report to protect employees' human rights.

Human Rights Policy, Stakeholders and Authority

FENC is devoted to complying with all labor standards and putting them into practice. The Company participates in seminars and advocacy groups that address labor standards related to children, gender, forced labor, discrimination, women's protection, poverty as well as occupational safety and health. We keep abreast of the latest labor standards and updates from international labor organizations to ensure compliance and the protection of employees and their families.

In 2020, there were no human rights violations, nor grievance claims at all production sites from all stakeholders. The production sites also passed customers' review over human rights protection, child labor and labor conditions.



Signing "Zero Fee for Migrant Workers Policy Statement" in 2020



Protecting employees' human rights is paramount to FENC. We abide by all applicable regulations and standards set forth by International Labor Organization , International Organization for Migration, international conventions as well as Labor Standards Act in Taiwan. To protect the rights of migrant workers, FENC has prepared policy proposals that would waive all fees incurred during the recruitment process to improve migrant workers' lives.



All FENC sites in Taiwan have signed Zero Fee for Migrant Workers Policy Statement by the end of 2020. Beginning in 2021, all Company sites will proceed to policy implementation. This policy grants waivers for all fees associated with the recruitment, hiring, onboarding and contract renewal of migrant workers as well as their return trip to home. The Company also scrutinizes international and domestic recruitment services to ensure ethical practice. We fulfill corporate social responsibilities and protect the lives, safety and human rights of migrant workers. Once fully implemented, migrant workers' will no longer be responsible for paying recruitment related fees, including medical, training and brokerage expenses. FENC is also committed to giving due respect to the migrant workers during recruitment and hiring. Upon full implementation, the policy will greatly increase the retention of migrant workers and stabilize corporate workforce.

Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development

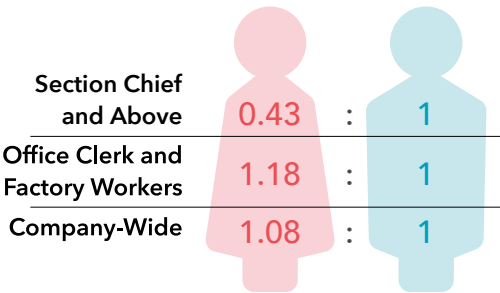
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Gender Equality

FENC values gender equality. We are keen on creating gender-friendly workplace and system. While the conglomerate spans across industries from the upstream to downstream, the up- and midstream industries rely more on chemical related expertise where a higher concentration of the work force is male. The downstream, which consists mainly of the textile industry, is composed of a higher percentage of female employees. Overall, the ratio between female and male supervisors are 2:5, which is consistent with the industry chain distribution. Corporate expansion also expanded the number of supervisors by 52% in the recent decade. Among them, the number of female supervisors grew by 64%. The statistics reflect the Company's acknowledgement of and fair treatment to the hard work put in by female supervisors with the reward they deserve. The Company is also determined to incorporate gender equality as part of its corporate system and culture.

Gender Comparison by Position



Note: The percentage is derived by dividing number of female permanent employees by number of male permanent employees for the same rank of job.

In 2020, 92% of the employees who took maternity leave returned to their posts, marking a noticeable increase of 12% comparing to 2019. The main contributor is the family-friendly workplace that the Company has provided, including a robust family care leave and deputy system. We promote work-life balance, giving employees the ability and willingness to take care of their work and families.

Gender equality and applicable regulatory mandates are respected at all FENC business sites. We are consistent with the spirit of Act of Gender Equality in Employment in Taiwan as well as Regulations Concerning the Labor Protection of Female Staff and Workers in China. We protect the rights of female employees, offering parental leave and breastfeeding room at our facilities. We also limit overtime and prohibit tasks that may potentially harm mothers and their

Application of Parental Leave and Returning Statistics in Taiwan

		2018	2019	2020
Number Applied	Male	3	4	2
	Female	22	22	48
	Total	25	26	50
Number Should Returned	Male	3	1	0
	Female	24	19	41
	Total	27	20	41
Return Rate	Male	100%	0%	-
	Female	71%	100%	85%
	Total	74%	95%	85%
Retention Rate	Male	0%	33%	-
	Female	90%	88%	92%
	Total	69%	80%	92%

Note:  
1. Return Rate = Number Returned / Number Should Return  
2. Retention Rate = Returned over One Year / Number Returned Last Year

babies. Employees returning after maternity leave receive equal pay for equal work. We provide workplace environment ideal for pregnant employees, such as avoiding tasks that might affect their health and using specially designed chairs to reduce discomfort at work. Female employees who are 7-month pregnant may reduce working time by 1 hour per day while receiving full pay. They are also entitled to 5 days off for prenatal checkups and 6-month maternity leave. The factories also designate lactation rooms as well as areas for storing breastmilk.

FENC has established measures to prevent, control and reprimand sexual harassment and provides channels for filing grievances. Employees may file such grievance claims through departmental supervisors or Human Resources Department. The unit receiving the claim shall establish a team within 5 days of receiving the claim with over 50% female members to initiate the investigation. The investigation shall conclude within 2 months and all information shall be kept confidential. The individual against which the claim is filed shall have the opportunity for rebuttal. We also conduct regular training for the entire staff to prevent any occurrence of sexual harassment.

4.1.2 Recruitment

FENC is dedicated to creating a friendly workplace to attract top talents. The recruitment policies set forth in the Company do not discriminate based on any personal attributes, and regular meetings are held to ensure compliance with all applicable regulations. An international talent pool is in the pipeline to foster talent acquisition and professional development. The database is meant to be shared among all production sites, which will benefit tremendously as skilled professionals can be strategically deployed among FENC's international subsidiaries. Stage 1 of the international talent pool is tentatively scheduled to complete in 2021. We will also be implementing aptitude tests tailored to the Far Eastern corporate culture as well as local policies and practices to establish internal talent acquisition database that better assesses the personality profile of local talents.

Recruitment Approach

	Taiwan	104 Job Bank; 1111 Job Bank; LinkedIn; Campus Job Fair.
	China	Governmental Collaboration; WeChat; Twitter; Staff Referral; Campus Job Fair.
	Vietnam	Zalo and Facebook; Staffing Agency; Radio Stations; Flyers.
	Japan	Staff referral; Myanavi; Hello Work (governmental employment service); LinkedIn; Company Website.
	U.S.	Staff Referral; Indeed; Internship.



Content

- About This Report
- Message from the Chairman
- Sustainability Strategy Blueprint
- FENC's Contribution to UN SDGs
- Identification of Stakeholders and Material Topics
- Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Industry-Academia Internship

FENC offers industry-academia internship. In 2012, the Company launched the Talent Pool Program, providing field opportunities for top-performing students from Yuan Ze University and Oriental Institute of Technology with the corporate internship program. In 2020, the program offered 32 internship positions and recruited 20 students. The practical training helps students grow into exceptional corporate talents. The overseas internship programs, however, have been thrown off course by the COVID-19 pandemic, and therefore temporarily suspended. In Taiwan, where the pandemic has been kept under control, the local internship programs take advantage of corporate synergy and continue to recruit students. The programs provide them with learning opportunities and aims to foster future pillars of the Company.

4 QUALITY EDUCATION

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

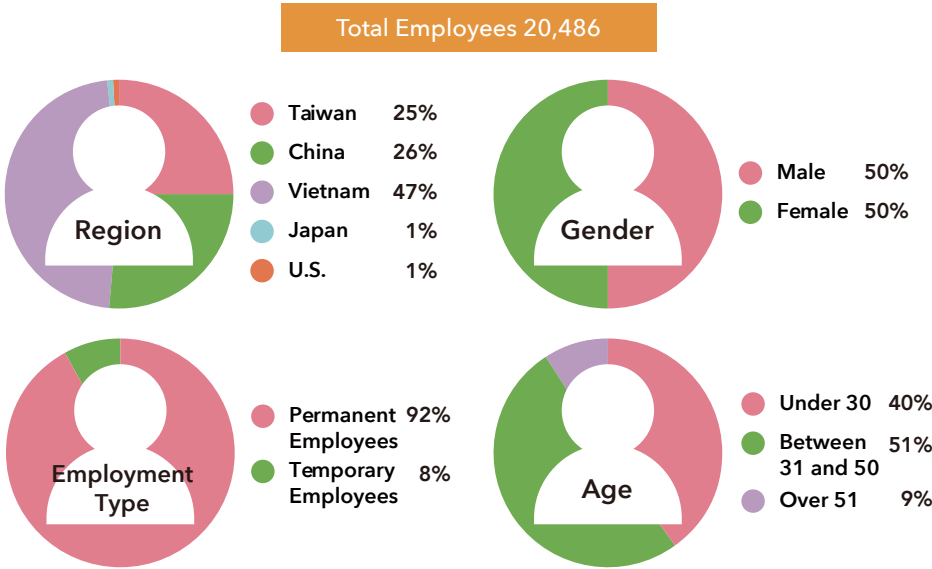
2020 Smart Machinery Industry-Academia Program - Lean Smart Manager Training Program

Following the 2019 Smart Machinery Talent Program, FEFC extended the collaboration with the Department of Industrial Engineering and Management of Yuan Ze University and launched Lean Smart Manager Training Program. Fourteen male and 16 female students joined the program, and 13 academic and industry experts are among the faculty members. The students were evaluated based on attendance, special project, project performance and individual performance. A total of NT\$148,000 was awarded to participating students. Students worked on the development of AIoT system with lean management as the goal. After gaining exposure to corporate operation and existing technologies, students will seek ways of integration in order to apply the acquired knowledge in the workplace.

Human Resources Overview

When it comes to human resources, FENC has always believed in finding the right person for the right position and giving employees the opportunity to develop their full potential. The Company puts such conviction to practice with a comprehensive organizational structure and human resources system. Permanent employees hold 92% of the key positions, and the Company offers internal training, job rotation and internal promotion track for top performers, which demonstrate the comprehensive and diverse opportunities for career advancement at FENC.

Human Resources Overview in 2020



Twenty-five percent of the employees who left the Company in 2020 are retired employees. The overall turnover rate is lower than the average of 15.5% in the manufacturing industry. Bases in China continue to enhance employee retention with a focus on the internal referral system and improving work value. In 2020, the number of employee turnover decreased by over 800 comparing to the previous year, marking a 7% downturn. In Vietnam, the Company has been strong in recruitment performance, meeting labor demand with higher wages and benefits; internal and external recruitment; enhanced work environment. Among the new recruits, 71% are under the age of 30, demonstrating the Company's efforts in introducing new blood into its work force.

The 2020 turnover rates in Japan and U.S. sites are 5% and 4%, respectively, which are relatively low. By providing comprehensive compensation package, employees are able to attain work-life balance, build team spirit and in turn deliver high performance and output, which is a win-win for both the employer and employee.

In October 2018, FENC grabbed 149<sup>th</sup> on Forbes' list of World's Best Employers. In November 2019, FENC was voted as the recipient of 2019 Happiness Enterprise Award on the recruitment platform, 1111 Job Bank. These recognitions reflect the employee-friendly nature at FENC, making it a top choice for job seekers.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

4 Creating Inclusive Society

- 2020 Highlights
- Targets and Progress
- Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development

- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Human Resources Profile

		Taiwan			China			Vietnam			Japan			U.S.			Total		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Permanent Employees	Male	73%	73%	73%	52%	51%	54%	31%	34%	33%	80%	80%	84%	84%	86%	82%	47%	47%	48%
	Female	27%	27%	27%	48%	49%	46%	69%	66%	67%	20%	20%	16%	16%	14%	18%	53%	53%	52%
	Number	4,393	4,371	4,162	5,934	5,795	4,808	9,910	11,748	9,482	85	104	142	141	158	163	20,463	22,176	18,757
Temporary Employees	Male	86%	88%	88%	62%	57%	59%	28%	36%	38%	0%	80%	87%	83%	50%	100%	71%	75%	72%
	Female	14%	12%	12%	38%	43%	41%	72%	64%	62%	100%	20%	13%	17%	50%	0%	29%	25%	28%
	Number	1,143	1,108	950	817	543	600	247	136	162	1	5	15	6	4	2	2,214	1,796	1,729
Total	Male	75%	76%	76%	53%	52%	54%	31%	34%	33%	79%	80%	84%	84%	85%	82%	49%	49%	50%
	Female	25%	24%	24%	47%	48%	46%	69%	66%	67%	21%	20%	16%	16%	15%	18%	51%	51%	50%
	Number	5,536	5,479	5,112	6,751	6,338	5,408	10,157	11,884	9,644	86	109	157	147	162	165	22,677	23,972	20,486

Note:

1. "Non-permanent employees" refers to foreign workers in Taiwan; contract workers or contractors in China; employees under probation in Vietnam; outsourced workers in Japan; temp workers in the U.S.

2. The age cohort does not include non-permanent employees.

3. No part-time workers are employed at any production and business sites.

Number and Percentage of New Employees in 2020

		Taiwan		China		Vietnam		Japan		U.S.		Total	
		Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Under 30	Male	78	20%	475	76%	1,013	52%	20	59%	3	17%	1,589	53%
	Female	38	28%	168	38%	1,823	48%	2	33%	1	100%	2,032	46%
	Subtotal	116	22%	643	61%	2,836	49%	22	55%	4	21%	3,621	49%
Between 31 and 50	Male	78	5%	310	17%	284	26%	18	24%	2	4%	692	15%
	Female	25	4%	197	11%	842	33%	1	7%	0	0%	1,065	22%
	Subtotal	103	4%	507	14%	1,126	31%	19	21%	2	3%	1,757	18%
Over 51	Male	7	1%	9	5%	7	13%	0	0%	1	2%	24	2%
	Female	0	0%	0	0%	3	13%	0	0%	0	0%	3	1%
	Subtotal	7	1%	9	5%	10	13%	0	0%	1	1%	27	2%
Total		226	5%	1,159	24%	3,972	42%	41	29%	7	4%	5,405	29%

Note:

1. The number of new employees indicates the number of new permanent employees in an area.

2. The percentage is derived by dividing the number of the new employees of an age group by the total number of employees of the same age group.

Statistics of the Last Three Years

Number of Employees Who Left the Company and Turnover Rate in 2020

		Taiwan		China		Vietnam		Japan		U.S.		Total	
		Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio	Number	Ratio
Under 30	Male	66	17%	572	92%	1,832	94%	2	6%	1	6%	2,473	82%
	Female	32	24%	345	78%	2,956	77%	2	33%	0	0%	3,335	76%
	Subtotal	98	19%	917	86%	4,788	83%	4	10%	1	5%	5,808	78%
Between 31 and 50	Male	105	6%	523	29%	593	54%	3	4%	1	2%	1,225	26%
	Female	57	9%	568	32%	1,439	57%	0	0%	0	0%	2,064	42%
	Subtotal	162	7%	1,091	31%	2,032	56%	3	3%	1	2%	3,289	34%
Over 51	Male	119	12%	23	12%	17	31%	0	0%	4	6%	163	13%
	Female	45	14%	18	257%	20	83%	0	0%	0	0%	83	22%
	Subtotal	164	12%	41	21%	37	47%	0	0%	4	5%	246	15%
Total		424	10%	2,049	43%	6,857	72%	7	5%	6	4%	9,343	50%

Note:

1. The number of new employees indicates the number of new permanent employees in an area.

2. The percentage is derived by dividing the number of the new employees of an age group by the total number of employees of the same age group.

Statistics of the Last Three Years

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



4.1.3 Compensation Package

From employees' perspective, safety, friendly environment and high quality facilities are critical support for their undivided devotion to work, but more importantly, the Company must provide comprehensive payroll and benefit policy.

2020 Workplace Revamp at OPTC

Since production at Plant 2 of OPTC began in July 2018, the plant has been maintaining its new facilities, and offer comfort and safety. To support governmental measures on green energy, the plant installed a solar-powered shade at the entrance of the employee parking area and 6 charging stations that offer free charging for electric vehicles. The reception area in the new office building is installed with smart touch screens that are connect to the entire plant. Employees and visitors may use them to learn about corporate sustainability goals as they related to raw materials, production, products and local relations as well as the Far Eastern spirit. The plant is also in the process of transforming its production line to become an Industry 4.0 demonstration plant. Digital dashboard is used for the transport and delivery of all large-scale petrochemical equipment, which perfects the smart production system.

Additionally, the staff canteen, which is located at the basement level, is redecorated with an industrial flair, including the use of minimalistic tables and chairs. The yellow lighting softens the masculine feel typical of petrochemical plants, and brings warmth to employees.

The inauguration of Plant 2 of OPTC is a testament to the transformative journey of a traditional petrochemical plant. By incorporating smart technology, it also marks a new milestone in the petrochemical industry, and will continue to innovate in the Far Eastern spirit!



Four Years of Increasing Satisfaction at the Canteen;  
A Continuing Mission for Healthy and Environmental Food Culture



The staff canteen at FENC has long been operating on the belief of providing food in a "safe, healthy, affordable, tasty and convenient" manner. Each month, approximately 12,000 employees utilize the food service. Among them, 9,000 (75%) order the lunchbox and 3,000 (25%) dine in. Employees have the options of choosing the days and locations where they would like to enjoy their meals.

Being a service in high demanded, the canteen puts quality above all considerations. Therefore, annual satisfaction survey is conducted to gather feedbacks from employees for continuing improvements.

In 2018, the canteen replaced all eating utensils with stainless ware to protect the environment, support governmental policy, enhance corporate image and promote employee health. The canteen also prepared customized thermal insulated bags to keep the lunchbox warm. To provide healthy and delicious meals to all employees during the COVID-19 outbreaks in 2020, a stricter set of rules are put in place, including social distancing seating arrangement, lower maximum occupancy, and personal protective equipment for staff during meal preparation. The Company also established a food committee at all units with online chat groups to facilitate real-time communication and expedite troubleshooting when issues arise.

Employees have rated such performance with high scores. Employee satisfaction climbs for 4 years in a row, going from 73.9 in 2017 to 91.8 in 2020. This certifies the Company's efforts in creating a healthy and environmental food culture for employees.

Compensation

FENC established a variable payroll system that rewards long-term individual and team performance. For the performance evaluation for employees and senior executives, please refer to [4.1.5 Performance Review](#). The Articles of Incorporations stipulates that 2%-3.5% of the Company's net profit shall be dedicated toward employee compensation.

We do not issue stock options, nor do we have company policy for deferred or vested share options. An option is employee stock ownership trust (ESOT / ESOP) with partial contribution from the Company. The trust offers high-level executives the option of purchasing Company shares through systematic investment plan. The trustee manages the shares and calculates the trust property equity. Upon termination of employment, employees may redeem the investment in the form of stocks or cash. ESOT offers long-term reward and investment that will prosper with long-term corporate development to high-level executives. The Company does not offer signing bonus or recruitment incentives for recruiting high-level executives.



Content

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC’s Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development

- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Compensation for executive levels above executive vice president is based on corporate performance and market average. In addition, the compensation is adjusted based on performance review and factors in future operational risks. Considerations for the compensation of other employees include overall corporate as well as departmental performance; pay rate among listed companies; market survey provided by professional consulting firms; overall financial and management risks.

Regarding the remuneration for Board members and managers, the Remuneration Committee, which is convened by the independent Board members, determines the remuneration policy and presents discussions for Board approval. Please refer to [1.2.2 Board Structure and Remuneration for details](#).

There is a gender difference among different industries within FENC’s industry chain. However, gender strengths are also reflected in the salary level, which is a reflection of the Company’s fairness in internal training and performance review.

FENC sites in Taiwan, China, Japan and the U.S. are mostly midstream and upstream industries with high reliance on chemistry, a field where male employees tend to outshine female staff, and therefore better paid. In contrast, Company sites in Vietnam see a higher concentration on the downstream garment industry, in which female employees tend to excel, hence receiving higher salary than their male counterparts.

Average and Median Annual Salary for Non-Managerial Positions

		2018	2019	2020
Average Annual Salary for Non-Managerial Positions	A	916,594	921,334	919,034
	B	1,049,689	1,062,430	1,046,562
Median Annual Salary for Non-Managerial Positions	A	803,835	817,361	807,948
	B	911,907	912,955	907,452
Number of Employees in Non-Managerial Positions	A	4,649	4,788	4,423
	B	3,678	3,732	3,503

Note:

1. Statistics in row “A” exclude senior vice president and positions that are higher; statistics in row “B” excludes senior vice present, positions that are higher, and positions held by foreign employees.

2. FENC is considered a stand-alone entity for the statistics in the above table.

Salary Comparison by Gender

		Taiwan			China			Vietnam			Japan			U.S.		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Section Chief and Aabove	Female: Male	0.90:1	0.89:1	0.94:1	0.94:1	0.91:1	0.88:1	1.38:1	1.28:1	1.35:1	0.92:1	1.02:1	0.99:1	0.96:1	0.96:1	0.98:1
Office Clerk	Female: Male	1.01:1	1.01:1	1.01:1	0.82:1	0.83:1	0.78:1	1.05:1	1.01:1	1.04:1	0.91:1	0.95:1	0.68:1	0.99:1	0.93:1	1:1
Factory Worker	Female: Male	1.20:1	1.24:1	1.21:1	0.95:1	0.93:1	0.92:1	0.98:1	0.93:1	0.96:1	0.97:1	0.81:1	0.84:1	1:1	1:1	0.97:1

Note: The percentage is derived by dividing average female salary by average male salary for the same rank of job.

Salary Comparison to Market Rate

	Taiwan			China			Vietnam			Japan			U.S.		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Average Annual Regular Earnings Over Market Rate	47%	41%	43%	8%	6%	8%	43%	46%	23%	-8%	1%	1%	33%	25%	24%
Entry Level Salary Over Minimum Wage	25%	27%	25%	102%	126%	127%	13%	11%	12%	111%	105%	140%	143%	143%	143%

Note: Sources of market pay rates are: average salary in the manufacturing sector and minimum wage released by Directorate-General of Budget, Accounting and Statistics in Taiwan; average salary and minimum wage released by Shanghai and Suzhou Municipal Government in China; average salary and minimum wage of District 1 released by the General Statistics Office of Vietnam; Bureau of Labor, Ibaraki prefecture in Japan; United States Census Bureau in the U.S. All numbers are compared with the data of the current year.

Ratio of Salary Between the Highest Salary and Median Salary in 2020

	Taiwan	China	Vietnam	Japan	U.S.
Ratio Between the Highest Individual Salary and Median Salary of Other Employees	6.60 :1	4.44 :1	8.19 :1	5.60 :1	2.20 :1

Ratio of Salary Increase Between the Highest Salary and Median Salary in 2020

	Company-Wide
Ratio of Salary Increase Between the Highest Individual Salary and Median Salary of Other Employees	0.28 :1

Note: Calculation is based on the average of FENC sites that underwent salary adjustment.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Employee Benefits

Healthful habits and stress relief help staff improve efficiency and achieve work-life balance. We provide comprehensive care that covers all facets of employees' lives, including company trip, family day, annual physical and birthday celebrations. While doing so, we monitor turnouts to continuously fine tune the program to advance corporate management performance.

In the spirit of United Nations' Convention on the Rights of the Child, FENC provides support to the children of its employees to help them develop learning potential and prepare for adulthood. Aside from family-friendly benefits such as maternity and family leaves, the Company also offers contracted daycare services to provide proper childcare for employees. Scholarship is also available as encouragement to ensure these children receive proper education.



Reimbursements for Expat Employees During COVID-19 Pandemic



COVID-19 prompted countries around the world to tighten border restrictions and set quarantine measures to prevent its spread. FENC's business and production sites are located worldwide. The risks of and time spent on international travels can be costly. As a result, these expatriates cannot make regular trips home to spend time with families. The Company has implemented special policies to compensate them during this trying period.

First, the Company helped prepare a quick reference guide on border restrictions and pandemic warnings around the world; hospitals providing COVID-19 screening and application process; regulations governing home quarantine and isolation. It is our responsibility to ensure employees' health and ease their mind.

Additionally, when employees go on international business trips during the pandemic, costs incurred from the quarantine along with other associated causes are paid for by the Company. Half of the days spent in quarantine due to non-business travels may be eligible for paid leave. The Company also pays for a major portion of the costs for quarantine hotels to alleviate staff's burden. Employees may apply for full reimbursement for COVID-19 screening and quarantine taxi. Lastly, to express our deepest gratitude to these expatriate employees, who have stood by their posts during the pandemic, the Company presented gift certificates to thank them and their family members for the understanding and kindness. We persevered through 2020. Though the COVID-19 pandemic still looms over the world, we will stand by each other and continue to grow and prosper with the Company.

Care for Migrant Workers

FENC's staff in Taiwan is made up of 18% of foreign employees, and their salary is determined in accordance with regulatory requirements. Dialogues are ongoing to make sure they are well adjusted to life in Taiwan. We hold recreational programs such as annual trips, group activities and basketball tournaments. We also conduct dormitory inspection to provide them with comfortable living environment. In addition, many of FENC's migrant workers are from the Philippines, which is a Catholic country. Therefore, the Company holds Christmas Mass and year end appreciation banquet each year, hoping to make Taiwan their home away from home.

4.1.4 Communication Channel

The Company keeps ongoing dialogues with staff through multiple channels to build consensus and optimize employee performance. From time to time, we conduct employee satisfaction survey and gain insights into trends in the labor market and employees' needs with the help of outside consultants.

Pursuant to FENC Human Rights Policy, the Company holds regular labor relation meetings each year with minutes made public. Major policy decisions are made after thorough discussions are conducted between departmental managers and the labor union to ensure labor rights. Staff may express their opinions to the management through internal channels, including comment box and executive meetings. We are adamant about developing rapport with employees and avoid labor disputes. During the reporting period, there were no violations of freedom of assembly or collective bargaining agreement.



FENC has established 15 formal labor unions at the production sites. Other than U.S. locations, union membership is extended to all permanent employees except for executives who make policy decisions for the employers. For production and business sites in the U.S., all employees must join the labor union at the end of the probation period, and hiring of non-union members is prohibited. There are 4 production and business sites do not have formal labor unions, but the relationship between labor and management is harmonious. Labor and management meetings are convened quarterly and meeting minutes are published.



Agreements reached during labor relation meetings offer umbrella protection over 100% of the permanent employees who are union members. At FENC sites without official union representation, the agreements protect all permanent employees. Please refer to the Company website for details on labor unions for each Company site.

4.1.5 Performance Review

To help employees enhance professional capability and performance while developing growth and potential. FENC has clearly delineated the protocol for performance review. Benchmarks are established based on employees' positions as well as performance in corporate sustainability. Indicators considered include energy reduction, promotion of green business, R&D on green products, corporate governance and optimization of human resources. The review also serves as a key reference for salary adjustment, bonus, promotion and dismissal.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

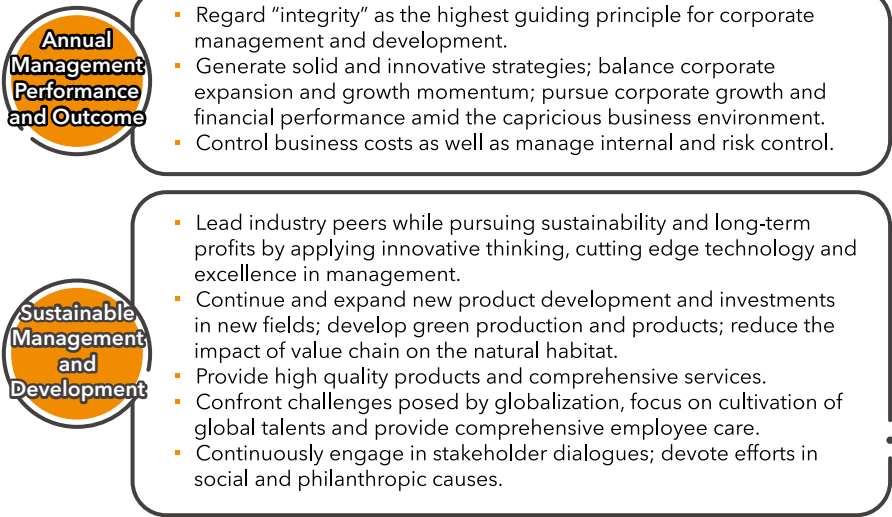
- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Annual Performance Review System



Performance Review for Senior Executives



Performance review for migrant workers in Taiwan are determined by their supervisors based on monthly attendance and production of Grade A products. Bonus is awarded based on the results. With the exception of interns, employees onboard for less than one year, and those who have resigned or under leave of absence for over a year, the performance review system applies to all permanent employees. In 2020, 99.6% of all employees have completed the performance review process.

4.1.6 Retirement Planning

We support employees' pursuit for a new life after retirement. Therefore, prior to retiring, we assist them with proper financial, social and recreational transition. FENC follows all regulatory requirements in terms of establishing the retirement system and ensures full pension coverage for all employees. Please refer to 23. Retirement Benefit Plan in "Financial Report" for annual funds appropriated for the retirement pension.

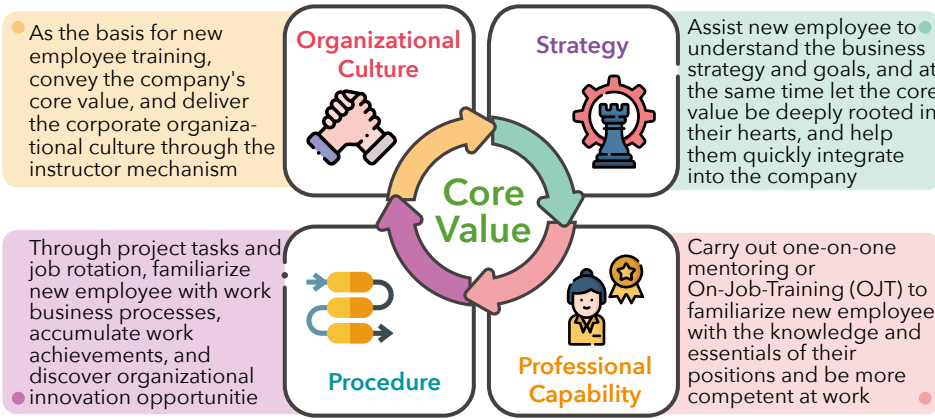


4.2 Foster Employee Career Planning

Talents play a pivotal role in giving the Company its leading edge. It is our firm belief that corporations should foster mutual growth with corporate talents. Hence, the Company has robust training programs in place, and incorporates its core business philosophy and organizational strategies in the blueprint for training. In the spirit of non-stop pursuit of excellence, we continue to optimize training and provide diverse learning channels. In 2020, most in-class trainings were cancelled due to COVID-19. Though the training hours decreased for employees overall, management-level training increased. We improved training formats with agility by promoting online training and remote learning with live stream. Such arrangement provides training for employees who have to work on alternate days or in alternate locations. The Company is recognized multiple times, including Silver Medal from Talent Quality-management System (TTQS); a third People Development Award from TCSA; SGS 2020 CSR Awards – Talent Development Award. These recognitions demonstrate the quality and performance of the training we provide.

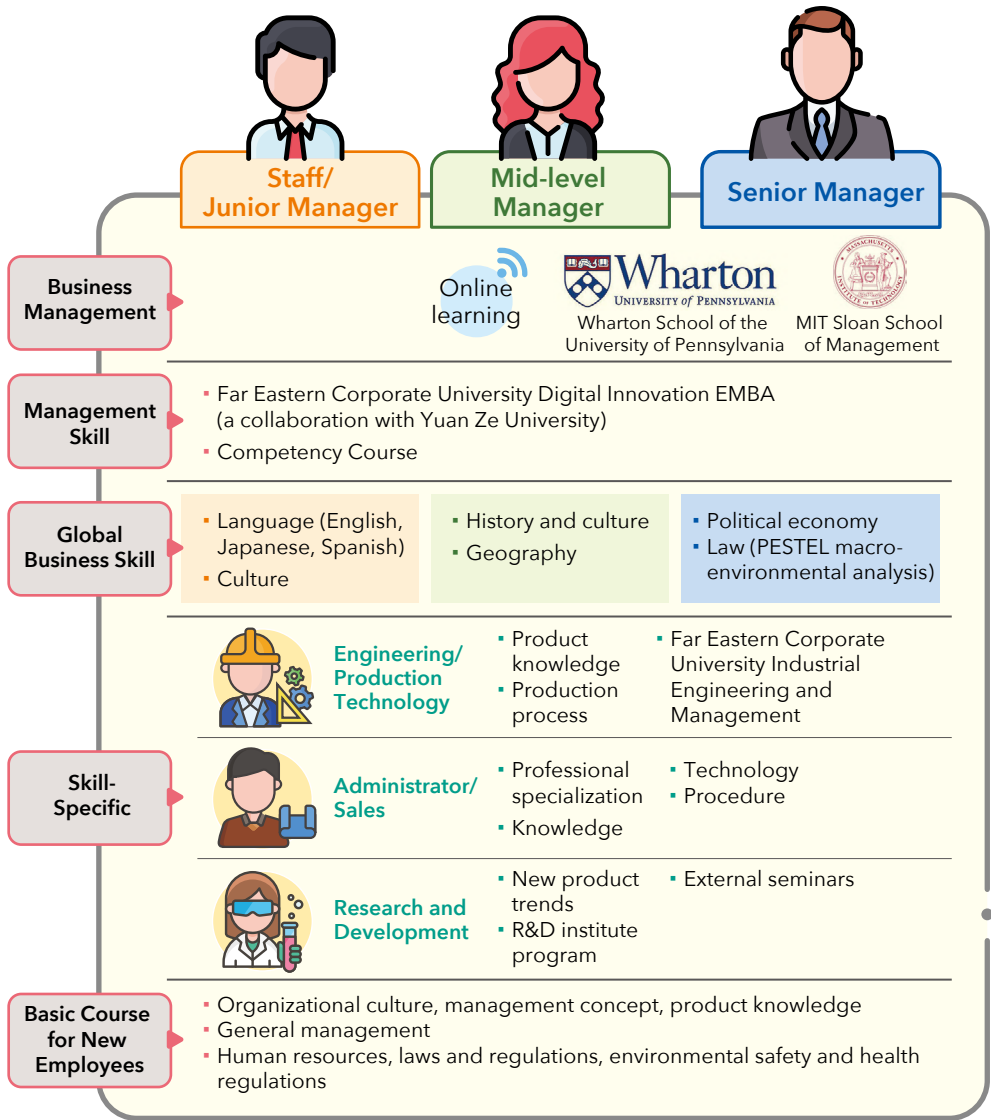
The principles behind new employee orientation are founded on FENC's business philosophy – Sincerity, Diligence, Thrift, Prudence and Innovation. This training helps new employees understand FENC's organizational culture and development strategies in order to be in tune with the goals of each Business. The Company also provides on-job training, which helps employees build professional skills required for their specializations and internalize the workflow in each department, which will give them the ability to handle special projects, assist workflow improvement and innovation, as well as carry on the organizational culture.

Circular Training Guideline for New Employees

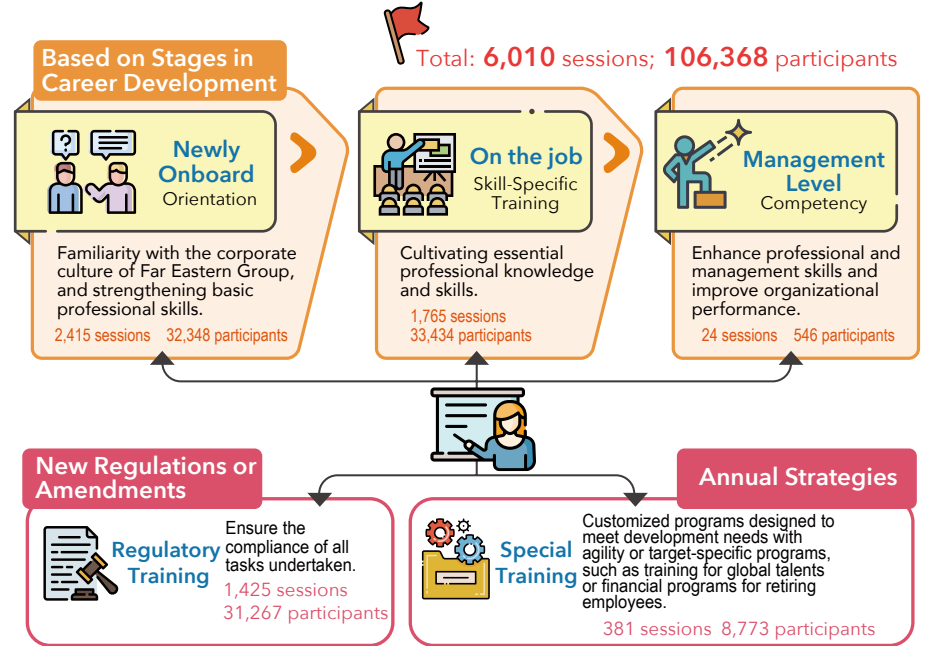




Target-specific Training in 2020



Number of Class Held for Each Training and Participants in 2020



Average Number of Training Hours

		2018	2019	2020
Section Chief and Above	Male	31.73	34.57	36.86
	Female	32.70	31.16	28.74
	Subtotal	32.00	33.54	34.54
Office Clerk	Male	26.59	29.55	23.76
	Female	21.87	21.27	15.06
	Subtotal	24.85	26.34	20.41
Factory Workers	Male	25.73	30.33	23.53
	Female	16.47	19.45	19.83
	Subtotal	19.80	23.42	21.33
Total Employees	Male	26.72	30.43	24.84
	Female	18.23	20.34	18.62
	Subtotal	22.21	25.07	21.80

Number of Class Held for Each Training and Participants for the Past Three Years

Training Statistics by Region for the Past Three Years

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Winning the Future with Technical Skills

Guo-Qiang Li from OTIZ Shares a Heartfelt Experience Regarding Occupational Training



*In 2020, I entered the Forklift Contest held at the plant, which was hosted by Senior Manager Jun-Qin Chen at Factory Affairs Department. This year's contest features the theme, "Skill Demonstration, Exchange and Elevation". The aim is to improve employee skills with technological exchange, and create the work culture of "matching, learning, competing and optimizing", as well as the spirit of "safety first". OTIZ aspires to establish a quality warehousing and shipping team that is skilled, safe, efficient and in harmony.*

*To be prudent, OTIZ invited professional technicians from Mitsubishi & Linde to train us. President M.J. Wu also visited. I focused attentively and carefully took notes. After all, the information is essential for safety.*

*The new knowledge and skills acquired during training are now put to use. The race track is quite narrow, which is a test for our ability to control the forklift with steadiness and precision. I went through our usual warm up routine and was ready to go. The commander, supervisor, judges, score keeper and contestants watched me as I got onto the forklift. I took a deep breath, and turned the key, released the hand break, sounded the horn and ready to accelerate. I rehearsed these moves in my mind thousands of times and finished them in one shot. After hearing the applause, I exhaled and realized palms were covered in sweat.*

*Other contestants were also superbly skillful. Be it driving, parking, lifting, they performed these maneuvers with poise, precision and safety. The crowd was cheering for them.*

*This contest is competitive and yet entertaining. However, it is more than a visually exciting contest. It is also a stage for staff to demonstrate skills, which is an important link in cultivating talents, and I believe it will also be an important driving force in OTIZ's sustainable development!*

Winning the Future with Technical Skills

Accelerating Digital Transformation, Cultivating Next Generation Managers

As the wave of digital revolution sweeps the world, corporate management models continue to be challenged. Next generation managers must keep up with the times and develop new management skills. Far Eastern Corporate University, a collaboration between FENC and Yuan Ze University, offers two degree programs – Digital Innovation EMBA as well as Master's in Industrial Engineering and Management. It is anticipated that within 2 years, this industry-academia collaboration will advance staff's ability to utilize digital technology and create innovation.

The Digital Innovation EMBA program offers 8 customized curriculums, which cover all facets of management. The program approaches management through diverse perspectives and incorporates digital thinking and technological applications into the curriculum design. Lecturers including experts from the industry and academia train participants to acquire digital thinking and the ability to apply digital technology.

The Master's in Industrial Engineering and Management is more closely tailored to the production needs. This program offers 10 curriculums. In addition to reconstructing the fundamentals of plant management and methodological troubleshooting approach, the program goes one step beyond and applies emerging digital tools on par with the latest technology and industry trends to accelerate smart production and operation.

Far Eastern Corporate University continues to develop and offer new curriculums. So far, 101 individuals have completed credit courses from the program. Upon completing the required credit hours and student thesis, students will receive the Master's degree from Far Eastern Corporate University. Seeing great turnouts in program enrollment, the University started to offer remote learning to staff from China and Vietnam for the second class modules in two special classes.

The class experience increases opportunities for students to learn from each other, and leads them towards innovation and breakthrough. Many innovative ideas were generated during the class. With action and support from the management, the ideas are transformed into reality that will help the Company transform.



Digital Innovation EMBA - Opening ceremony for a new school year



Industrial Engineering and MBA – Massive Data Analysis Class

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Suzhou Innovation, Agility and Reformation Project

COVID-19 forced nations around the world to place strict restrictions on international travel. To continue with corporate innovation and development amid the distancing requirements, the 2020 Far Eastern Convention is held simultaneously in Suzhou through teleconferencing. Suzhou Human Resources Department was in charge of the training program during the convention. The theme for 2020 is "Breakthrough with Action, Winning over New Norm", and the training exercise focused on building agility and making breakthroughs. The program received high remarks with 97% satisfaction from 120 participants.

This exercise was led by 4 consultants from the century-old Carnegie Corporation and 7 senior executives, who also served on of the judging panel. Staff is divided into 4 teams to compete on their plans to boost agility, innovation, reform and transformation. The judges selected the first and second place winners who received trophies and prize money as encouragement for their helping all attending managers ride the wave of transformation and breakthrough with new norm. The managers were asked to bring the fruit of their labor back to the units, and to follow up with action plans that will lead Far Eastern into a new era.



Global Talent Deployment with International Training Program

As FENC strategizes for global deployment and expands its international base, there is a pressing need on cultivating global talents. However, what constitutes a global talent is not merely the language skill, but also multi-cultural competence and demonstration of leadership and management skills in a multi-cultural setting. Thus, with language skills as the core, we construct the International Talent Program to cultivate multi-cultural competence and creating a talent pool in line with international trends.

1. Courses on Second Languages

Participants who are selected by each unit take TOEIC to evaluate their English proficiency. The course content is then customized accordingly based on proficiency level and business needs. Sixty-one participants from Taiwan and 32 from China attended the 1-year business English program, which is designed to focus on common office scenarios, such as international social etiquette, business writing as well as conference and presentation techniques. Participants may apply the course content in real-life scenario. A 16-hour workshop is held quarterly for participants to practice with one another. In addition, 15 participants attended the Japanese program and 8 enrolled in the Spanish program. By providing multiple learning resources, the Company's training program is improving staff's language skills and eliminating language barriers.



International social etiquette during second language course

2. Online Courses from International Universities

To cultivate elite leaders who can thrive in a global environment and facilitate effective communication with international counterparts, the Company selected 38 top-performing managers and staff to attend online management courses offered by prestigious international universities. The courses are conducted in English, and the two-year curriculum started in 2020. The courses are divided into 6 modules featuring MIT Sloan School of Management and Wharton School of the University of Pennsylvania. The aim is to help participants become "digital transformation leaders". From a global perspective, the courses offer domain knowledge in leadership, strategy, procedure, organization and human capital, which is in alignment with international trends on business management, and will foster global management and leadership skills.



Remote learning with prestigious university faculty members; bridging the distance with digital learning

To make the learning experience more effective, a group study session is planned on Fridays for participants to work together and stay on par with their weekly progress. Faculty members from Yuan Ze University are also present to lead the interaction and discussion, inspiring them to apply classroom knowledge towards work. Three modules have been completed in 2020, and a total of 106 participants have received program certification. Participants may also utilize the online platform, GetSmarter, to interact with professionals around the world and broaden international perspective. The programs are incubators essential talents that will assist the Company with its global deployment.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



4.3 Reinforcing Environmental Safety and Health Management

4.3.1 Implementation of Occupational Safety and Health Management

Policy and Objective

Occupational Safety and Health Policies (Chinese)

To establish a safe and healthy workplace with comfort while consistently lowering the rate of workplace accidents and disasters, FENC established Occupational Safety and Health Policy as the highest guiding principle governing the management of safety and health of the Company. With "risk control" and "continuous improvement" as the management principle, operational safety is our utmost concern. The Company takes an active stand toward improving the work environment, manufacturing equipment and operational approaches to ensure the safety and health of the workers and stakeholders.

Continuous Operation of Occupational Safety and Health Management

As of the end of 2020, 16 of FENC's production and business sites have been certified with occupational safety and health systems such as OHSAS 18001:2007 and ISO 45001, ensuring the safety and health of 86% of the entire staff. Among them, 12 received the latest ISO 45001 certification. Kuanyin Chemical Fiber Plant even received the prestigious honor of Performance Recognition of the Occupational Safety and Health Management System for 3 years from the Ministry of Labor.

Risk Identification, Assessment and Control

Risk control policies at all FENC production bases target operations associated with raw materials, products, activities and services. The policies involve identification of risks that pose potential harm to staff or equipment. The degree of risk and resource distribution are evaluated to determine improvement goals. Hardware improvement takes the priority, followed by control measures such as administrative management with special plans or operational guidelines. Implementation of the control measures are strictly monitored to minimize risk. Operation of control mechanisms are based on Regulations Governing Risk Identification, Assessment and Control set forth at each plant. The production sites also arranged risk control training for employees. In 2020, 29 training sessions were held with a total of 2,216 attendees and 4,226 training hours.

Building Workplace Safety and Health with Labor-Management Participation

FENC establishes Occupational Safety and Health Committee at production sites, serving as the highest authority at each organization on the review and discussion of safety and health management. The Committee convenes quarterly to determine the formulation, coordination and supervision of safety and health related issues at each plant to ensure full implementation. Please refer to the Company website for details on the Occupational Safety and Health Committee for each business site.

The Occupational Safety and Health Committee

Reinforce Safety and Health Awareness Through Training

FENC provides regular training to make sure that every employee is familiar with occupational safety and health regulations as well as the management mechanism. In 2020, the total training hours provided by the Company reached 215,598, an increase of 18% from 2019.



In September 2020, Labor Safety and Health Department at the Headquarters developed training courses that are tailored to the need of all plants under FENC on the audit of safety and health management practices. The safety and health auditing staff from all plants are required to attend. The training entails safety and health regulations, key auditing aspects, safety and health auditing practices and content of ISO 45001. Former officials from Occupational Safety and Health Administration and field experts are invited to conduct the training. A total of 90 internal safety and health auditing staff from all plants completed the training and passed the evaluation.

Training for Safety and Health Personnel in 2020

	Number of Classes	Number of Trainees	Training Hours
On-the-job Training on Safety and Health	699	17,488	131,095
Health Management Training	179	7,011	14,153
Hazardous Chemical Training	152	4,293	17,199
Radial Protection Personnel Training	15	184	416
Emergency Response and Personal Protective Equipment Training	268	12,148	45,316
Internal Safety and Health Auditor Training	26	377	3,193
Risk Control Training	29	2,216	4,226
Total	1,368	43,717	215,598

Chemical Safety Management

Recurring chemical-related accidents in recent years have caused major losses and damages to corporations and the environment. They have also caught public and media attention. Meanwhile, repeated amendments to chemical control provisions under Occupational Safety and Health Act since the enactment also make chemical management an increasingly complex operation. Chemical management is clearly a priority in terms of labor inspection to the government.

All production sites of FENC have established chemical management regulations and list of chemicals based on Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Chemical management at all production sites places an emphasis on source management. When procuring hazardous chemicals, the manufacturer, importer or supplier must provide the hazardous label and Safety Data Sheets (SDS). The same information is required when changes are made to existing data. When the chemicals arrive at the plant, on-site staff or the end-user must conduct examination based on the label, SDS and applicable regulations prior to acceptance. The Company utilizes Chemical Control Branding (CCB) to evaluate the likelihood of exposure (usage and the degree of spread) and takes corresponding or control measures to mitigate risks. When changes occur to the types of chemicals as well as operational or production procedure, exposure assessment must be conducted again within 3 months before or after the changes occur.

Strengthening Emergency Response, Self-Defense and Firefighting with Safety Drills

The drills cover reporting and initial response when fire breaks out; mobilization of self-defense and firefighting teams; firefighting and rescue; guided emergency evacuation; emergency medical aid and treatment. The 2020 drills are expanded to include international migrant workers.

SHEF Task Force

In 2018, Safety, Health, Environmental and Firefighting Task Force (SHEF Task Force) was established to bolster the management of safety, health and environment in production sites in China. Leadership meetings are held quarterly to monitor regulatory changes and promote safety and health awareness. In 2020, the SHEF Task Force continues to improve safety and health at production sites in China with the following priorities:

- 1. SHEF Task Force participates in the investigation of Lost Time Injury (LTI), conducts statistical analysis on occupational accidents within the plant and proposes recommendations. The statistical analyses are compiled and shared with all plants.
- 2. SHEF Task Force encourages all plants to assume jurisdictional responsibility. The task force helps OTIZ to bring Permit to Work System (PTWs) online, and implements potential risk inspection system at FEAZ to improve on-site operation safety management.
- 3. Every January, SHEF Task Force compiles SHEF training needs from all plants and establishes annual training programs accordingly. The training resources are shared among all plants. The task force also identifies potential trainers from all plants to conduct training.
- 4. SHEF Task Force publishes SHEF magazine to promote the safety culture and share management experience. In 2020, the task force continues to issue the quarterly magazine. The content is provided by all plants, which underscores the credibility and professional expertise, including exemplary management, details on occupational safety and health programs, reflections from work and content from external sources.

Smart Occupational Safety and Health Management

**1. Safety and Health Situation Room**  
FEFC introduced safety and health visualization dashboard (Situation Room). The collected data is consolidated to extract information on safety and health operation. The data visualization tool is then used to screen and process the data to generate safety and health management KPI (safety hours and indicators). The use of data visualization dashboard for real-time data management marks a major step on smart occupational safety and health management.

**2. Smart SHEF Platform**  
Smart SHEF Platform is a collaboration with Shanghai Far Eastern IT Corp., an affiliate of Far Eastern Group, on system development. The system replaces paperwork with electronic processing and collects production data for tabulation and analysis. SHEF Smart Platform covers all aspects of SHEF management within plant operation. Currently, the framework has been completed. The next step will be the subsystems, include training; accidents; emergency response; patrol and inspection; staff/vehicle position; contractor management; goal management; file system management; risk management; change management; facility and equipment management. Optimization of Smart SHEF Platform is ongoing, and the system will be introduced to all plants in phases.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2020 Highlights

Targets and Progress

Material Topics

4.1 Constructing Happy Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Environmental Safety and Health Management

4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix



Hsinpu Chemical Plant Occupational Safety Enhancement and Innovation Project

Since 2020, Hsinpu Chemical Fiber Plant has been carrying out a project on elevating its occupational safety and health management. The scope of the project ranges from the modification of occupational safety and health organization to inspection, penalty and reward, and ultimately cultivating occupational safety and health culture.

1. Optimize Organization of Occupational Safety and Health

Safety and health personnel at Hsinpu Chemical Fiber Plant originally stationed at the plant. Beginning in June 2020, each Business and division is to designate its own safety and health supervising personnel to be in charge of occupational safety and health under its jurisdiction. The aim is for facilitate self-management, and clearly define the responsibilities of all safety and health personnel.

Main Plant Safety and Health Business	Formulate, plan, supervise and implement safety and health management and provide guidance on implementation for all departments.
Division Safety and Health Supervisor	Provide assistance to division managers to lead and supervise subordinates to implement safety and health management, including tracking and inspecting units under its supervision; assisting Business and division managers to monitor overall progress.
Plant Safety and Health Supervisor	Assist plant managers to lead and supervise subordinates to implement safety and health management, including the supervision, confirmation and review of progress and performance at each section within the plant.
Section Safety and Health Supervisor	Assist section managers to lead and supervise subordinates to implement safety and health management, including delegating subordinates with implementation tasks based on on-site environment and work conditions.

2. Bolster Occupational Safety Capability, Focus and Strength

Occupational safety and health inspection is recalibrated. Between June and August 2020, the Company made on-site inspection at 14 units, checking 17 contractors and 51 construction assignments. The inspection targets high-risk operations involving fire, electricity, elevation, lift operation, confined space and civil construction.

3. Contractor Construction Management System

- (1) Occupational safety and health training for workers hired by contractors is now expanded to cover the individual in charge, supervisors and on-site workers.
- (2) Construction equipment and machinery must be inspected prior to construction activities and in compliance with occupational safety regulations.

- (3) Inspection of construction safety must be reinforced, such as personal protective equipment for workers and compliance with safety behaviors.

4. Reexamine the Reward and Penalty System Related to Occupational Safety Violations. High Reward and Heavy Penalty Should be in Place and Violations should be Factored into Annual Performance Review

Penalty: Hsinpu Chemical Fiber Plant established rules governing occupational safety and health reward and penalty in 2018. The rules are amended to issue heavier penalty. In addition to fines, additional reprimands are included, such as additional training hours or deduction on performance review

Reward: As an incentive for occupational safety and health, rewards are issued based on the zero lost hours due to occupational disasters accrued by each unit based on the characteristics and number of staff at each unit. In 2020, Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant issued a total of NT\$1.15 million as rewards for the efforts on occupational safety and health from all units.

5. Enhance Training for Managers (on-site supervisors) at all Levels and Establish Occupational Safety Culture

In the past, occupational safety training targets occupational safety staff only. The current practice provides comprehensive training for the on-site supervisors (at division, plant or section level). The priority is to establish proper mindset to build the culture of occupational safety.

6. Overall Project Performance

Comparing to 2019, the number of occupational disasters dropped from 46 to 25 in 2020, which is a 45% reduction. Between July and December 2020, external occupational safety center conducted 9 on-site inspections in the coaching and implementation project for high-disaster and high-risk plants. They found no deficiencies and issued no fines.





About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

4 Creating Inclusive Society

- 2020 Highlights
- Targets and Progress
- Material Topics
- 4.1 Constructing Happy Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Environmental Safety and Health Management
- 4.4 Coordinating Sustainable Supply Chain Development

- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



2020 Achievements in Occupational Safety and Health

1. Safety and Health Award

In 2017, Kuanyin Chemical Fiber Plant established Kuansin E Family to help staff identify occupational safety and health issues and make improvements. In 2020, the program has provided 77 recommendations, and 70 of which (90.9%) have been implemented. The Department of Labor of Taoyuan City Government invited Kuanyin Chemical Fiber Plant to take part in Observation of Core Members in Safety and Health Family and the 10 year celebration. During the event, representatives shared the plant's role in ensuring safety and health as well as how to interact with the government and external agencies. Hung-Guo Wu, the director-general of the Department of Labor, Taoyuan City Government presented Safety and Health Contribution Award to Kuanyin Chemical Fiber Plant as a token of appreciation for our contribution to safety and health management.



2. FENC Selected as Key Official of TOSHMS Association Northern Branch by Safety and Health Administration

Since 2013, FENC has been serving as a key official of the northern branch of TOSHMS under Occupational Safety and Health Administration for four consecutive terms. In 2020, FENC was chosen as a committee member for the Technology Promotion Team to help Occupational Safety and Health Administration edit safety and health technical manuals and promotional materials and provide references for the industry peers.

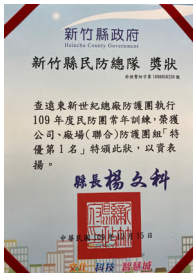


3. Zero Lost Hours Due to Occupational Disasters

In terms of occupational safety and health, FENC aims for "zero occupational disasters". We value the safety and health of each and every employee, and enhance it by raising their awareness and knowledge. We conduct risk assessment and identification; prepare promotional campaigns and public notice; hold pre-construction and toolbox meetings; designate safety and health month and programs and activities. FEFC inaugurated in April 1997. In the following 23 years, FEFC maintained zero lost days due to disabilities caused by occupational injuries. This record is verified with certification issued by Taiwan Occupational Safety and Health Association. As of November 2020, FENC has accumulated 9 million safe work hours. FENC also participated in the Zero Accident campaign held by Industrial Safety and Health Association of the R.O.C. and was certified for this impressive.

4. Civil Defense Training

The civil defense system provides an effective way to help private citizens to defend and safeguard their lives and properties. In 2020, Hsinpu Chemical Fiber Plant received First Place in the Distinction for Company and Plant Defense from Hsinchu County Government; Hukou Mill received Third Place.



5. FEAV Winning First Place Recognition for Protecting Corporate and Employee Safety as a Foreign-Invested Enterprise for the Third Consecutive Years

FEAV formed Pioneering Workers Team with 60 selected members. The mission of this team is to improve workplace safety, ensure employee safety and health, as well as building a happy workplace. The first project is to improve work environment. This project allows employees to voice their suggestions for improvements to this team directly as a way for employees to contribute to corporate development while enhancing professionalism. The team also conducts various labor relations activities as well as safety training and promotion to increase employee awareness and satisfaction, which will strengthen the team spirit and work efficiency.

In 2020, FEAV won the first place recognition for the third consecutive time, which is awarded by Binh D ng Provincial People's Committee. FEAV has established itself as a reputable enterprise in Vietnam and will attract more talents to join this big happy family.





About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2020 Highlights

Targets and Progress

Material Topics

4.1 Constructing Happy Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Environmental Safety and Health Management

4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

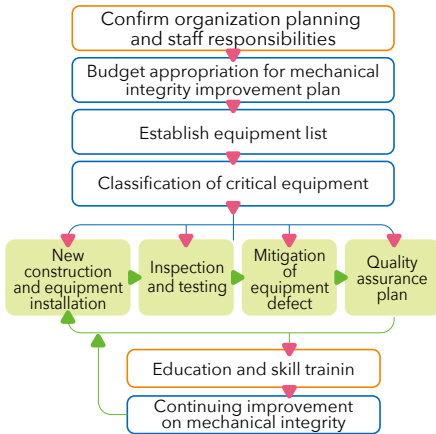
6 Advocating Balanced Coexistence

7 Appendix

Mechanical Integrity Project

Mechanical Integrity (MI) is an effective approach for preventing accidents and maintaining productivity in the industrial field. The method involves ensuring the integrity of the functionality and technical data of mechanical and auxiliary equipment to maintain normal operation during all stages, including construction, assembly, inspection and testing, as well as maintenance and repair to prevent occupational disasters caused by irregularity or malfunctioning. The implementation of a robust MI management system is effective for improving corporate safety. In November 2020, Hsinpu Chemical Fiber Plant launched the MI Project and established MI Committee. The Thermal Oil System Optimization Team was first established to implement plant-wide risk identification and assessment associated with the thermal oil system; conduct testing and inspection; mitigate equipment defects. This project is also implemented in FEIS concurrently.

MI SOP



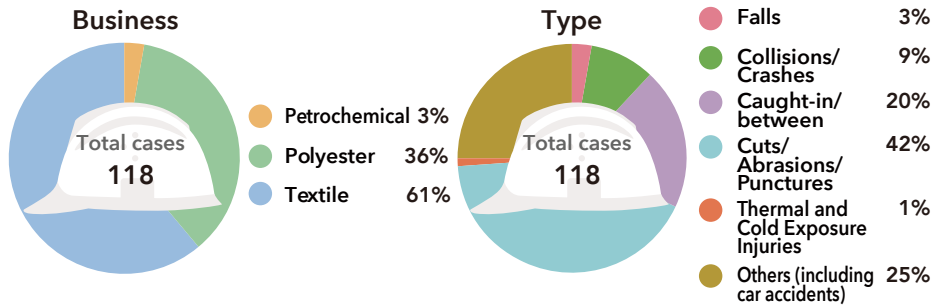
4.3.2 Occupational Injuries

Statistical analysis on the causes and conditions of occupational disasters at all FENC bases indicates that the highest occurrence is found in the Textile Business, which has the highest number of employees (73%).

Among the occupational injuries, the number of cuts/abrasions/punctures rank the highest with 50 cases (42%). Major causes of the occupational injuries include machine operation, repair and inspection, not following SOP nor health and safety training.

To prevent and reduce the occurrence of occupational disasters, FENC proposed preventive strategies based on the disaster types. For instance, the Company will strengthen health and safety training; conduct dynamic health and safety checkup; implement advanced warning system; incorporate AI or promote electronic health and safety management; implement a sponsor system for the main machinery, equipment and tools; conduct self health and safety management.

Statistics on Occupational Injury in 2020



A major occupational disaster occurred at Hsinpu Chemical Fiber Plant on April 2nd, 2020. A worker got under the crane in use for PET resin recycling. The lifting lug broke, causing the bag to fall off and hit the worker in the face. After being hospitalized, the worker returned home to recover. However, he passed away on April 29th, 2020. The incident is determined as occupational death, and the following is a list of causes and responses regarding this incident:

Causes

- Unsafe behavior - The worker poked his head under the bag used for packaging PET resin.
- The bags are recycled and have been in storage for approximately 1 year. The materials are worn.
- The feeding method is not mentioned in the SOP for this operation. Although work safety analysis indicates that workers are not allowed to enter areas protected by guardrails, it cannot stop workers' unsafe behaviors.
- Workers were not properly educated and trained.

Response

- Re-identify and re-assess the dangers involving high-risk operation and workplace.
- Review and modify the SOP for lifting operations involving the recycling of PET resins; closely monitor the bags used for packing the resins.
- No entry signs are posted near feeding operation to remind workers not to get under lifted objects.
- Reinforcement is needed on health and safety training for staff.
- Shift supervisors are required to observe worker behaviors and ensure compliance for all operations. The Section managers must enhance dynamic checkup.

Content

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2020 Highlights

Targets and Progress

Material Topics

4.1 Constructing Happy Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Environmental Safety and Health Management

4.4 Coordinating Sustainable Supply Chain Development

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix



Statistics on Occupational Injury

		Petrochemical			Polyester			Textile			Total		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Number of Occupational Injury Cases	Male	9	6	4	15	22	35	34	87	37	58	115	76
	Female	0	0	0	3	2	7	18	45	35	21	47	42
	Total	9	6	4	18	24	42	52	132	72	79	162	118
Injury Rate (IR)	Male	0.34	0.26	0.16	0.26	0.40	0.62	0.25	0.45	0.16	0.26	0.43	0.24
	Female	0.00	0.00	0.00	0.05	0.04	0.12	0.13	0.24	0.15	0.10	0.17	0.13
	Total	0.34	0.26	0.16	0.31	0.44	0.74	0.38	0.69	0.31	0.36	0.60	0.37
Absentee Rate % (AR%)	Male	0.29	0.08	0.08	0.26	0.22	0.11	0.08	0.13	0.16	0.15	0.14	0.14
	Female	0.18	0.01	0.01	0.06	0.12	0.03	0.10	0.20	0.30	0.10	0.17	0.23
	Total	0.47	0.09	0.09	0.32	0.34	0.14	0.18	0.33	0.46	0.25	0.31	0.37
Lost Day Rate (LDR)	Male	1.03	0.61	0.00	5.73	6.97	16.17	8.56	7.43	2.99	6.92	6.75	5.10
	Female	0.00	0.00	0.00	0.47	0.63	2.03	0.73	5.27	3.21	0.57	3.87	2.75
	Total	1.03	0.61	0.00	6.20	7.60	18.20	9.29	12.70	6.20	7.49	10.62	7.85
Number of Work-Related Deaths	Male	0	0	0	0	0	1	0	0	0	0	0	1
	Female	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	1	0	0	0	0	0	1
Rate of Work-Related Deaths	Male	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.0031
	Female	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.0031

Note:

1. IR = Number of Occupational Injury Cases ÷ Total Work Hours × 200,000

2. AR(%) = Days of Absence ÷ Total Work Days × 100%

3. LDR = Lost Days ÷ Total Work Hours × 200,000; Lost days do not include the day of injury and the day of work resumption.

4. Rate of Work-related Deaths = Number of Work-related Deaths ÷ Total Work Hours × 200,000

5. IR, LDR and Rate of Work-related Deaths indicate the percentage of every 100 workers with 40 work hours a week, 50 weeks a year.

6. Occupational injuries include death, permanent total disability, permanent partial disability, temporary total disability, minor occupational injuries that result in no more than one lost day, and exclude traffic accidents that happen during employees' commute to and from work.

7. There were no instances of occupational diseases between 2018 and 2020.

8. Data collection at the textile plant of FEPV began in 2019.

Contractor's Occupational Injury at Production Sites

		Petrochemical			Polyester			Textile			The Company		
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Number of Occupational Injury Cases	Male	0	0	0	0	1	1	0	0	0	0	1	1
	Female	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	1	1	0	0	0	0	1	1
Number of Work-Related	Male	0	0	0	0	1	3	0	0	0	0	1	3
	Female	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	1	3	0	0	0	0	1	3

In 2020, workers hired by the contractor were installing a tower crane at the textile plant of FEPV. Gusty wind caused the crane to collapse and resulted in 3 deaths.

Prevention Measures Proposed by FEPV

- Contractors must install warning devise and wind speed testing equipment within the construction area. When the wind gust exceeds the limit, construction must stop.
- Prior to installing tower cranes, contractors must request the construction inspection authority to conduct pre-construction inspection, including staff qualification, crane safety and review of construction proposal. During installation, the entire process must be supervised.

FENC is committed to the management of safety and health. We grieve the loss of lives due to workplace disasters. Therefore, we establish SOPs for all operations and require staff compliance. This is a priority for safety and health management in 2021 to prevent such tragedy from ever happening again.

4.3.3 Occupational Health - Employee Health and Care

Employees are FENC's most treasured assets. Hence, the Company never hesitates to devote resources for employees. When it comes to promoting occupational health, FENC always goes beyond regulatory requirements and never ceases to create a safe, comfortable and friendly workplace for our employees.

FENC Headquarters, Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant launched their own health management systems to promote healthy workplace. Employees may review past health reports at any time to monitor health conditions, and register online for health promotion programs. The health management system also provides medical knowledge for employees to manage and improve health.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix

Aside from the comprehensive safety and health plan, which covers maternal healthcare, prevention of work-induced cardiovascular disease and ergonomic risk evaluation, the Company also offers health management system that reviews the year-to-year details of annual health checkup for analysis. Based on the type and degree of anomaly, the system conducts effective, systematic and continuous management and control, including triage, tracking and consultation. The entire process is monitored by health professionals, including doctors and nurses to provide complete care and risk assessment, giving staff the best healthcare they deserve.



In light of the need to minimize contact during the COVID-19 pandemic in 2020, all production and business sites provided flu shots on-site to employees during the 4th quarter, minimizing their commute to hospitals as well as exposure to virus. Polyester Business collaborates with local hospitals and public health centers to provide flu shots to employees under the age of 50, who are not eligible for the free flu shots from the government. After tallying the number of employees willing to be vaccinated, local hospitals and public health centers administered the vaccines at the plant. A total of 1,107 employees took advantage of this service, which account for 40%. In addition to providing the service again this year to Taiwanese employees, international migrant workers will also be able to enjoy this service.



OPSC and FEIS reached 100% in completed occupational health check for employees, fitness for work assessment and on-site industrial health check at the job sites, which demonstrates the Company's determination to ensure employee health.



2020 Recognitions for Health Management and Promotion



Honorable Mention for Healthy Workplace Award by Taipei City Government



Extension of Badge of Accredited Healthy Workplace from Health Promotion Administration, Ministry of Health

Believe - Unwavering Conviction at a Moment of Life and Death

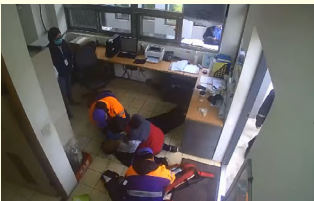
OPTC  
Yun-Jie Zeng



Around 9:30am on April 23rd, 2020, occupational health nurse, Yun-Jie Zeng at Plant 2 of OPTC was notified of a medical emergency. A security staff (the patient) had fainted at the security room at Gate 2. The Division Chief dialed 119 immediately, and sent for first responders at the main control room to deliver automated external defibrillator (AED). Zeng arrived at Gate 2 and conducted a preliminary examination. At that time, the patient's face had darkened with upward deviation of the eyes. He was throwing up undigested food, unresponsive, unconscious and without vital signs. It was extremely urgent. Zeng immediately administered chest compression and CPR. She used the AED to resuscitate the patient 3 times while continuing the chest compression until the ambulance arrived. When the patient was ushered to the emergency room, the diagnosis was acute myocardial infarction, a heart attack. After resting for half a month following the surgery, the patient finally fully recovered and returned to work.

The staff that accompanied the patient to the hospital relayed the emergency doctor's compliment on the timeliness of the emergency treatment, which saved the patient's life. After he returned to work, he visited Zeng in person to thanked her.

Zeng's composure and making the right call saved the patient's life. Her action, which is exemplary, won praise from the emergency doctor. She was also publicly recognized with an Honorable Mention for the Initiative category of the Far Eastern Spirit Award. In addition, Zeng also dedicates herself to conducting first aid training and health promotion activities. The most notable are the CPR and AED trainings. Staff who completed the training went on to win the second place in CPR and AED contests for OPTC in the 2020 Supplier Firefighting Competition in Guanyin Industrial Park.



Surveillance footage of the emergency treatment



OPTC staff observing CPR and AED at Guanyin Industrial Park

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future

- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development

- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



4.4 Coordinating Sustainable Supply Chain Development

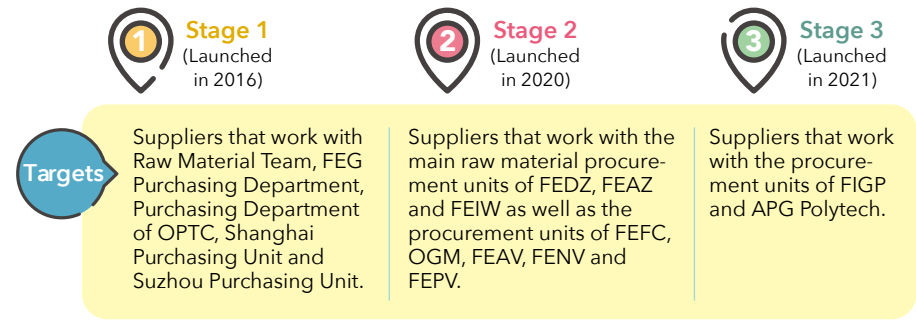
FENC is a conglomerate that spans from the upstream to downstream of petrochemical, polyester and textile industries. The production process relies on a myriad of raw materials. The procurement of these materials as well as supplier evaluation, selection and management are the responsibility of the procurement units.

Supplier Management

FENC establishes supplier management rules that respect local regulations and production needs at each Company site. The management is guided by the principles listed below:

1. Supplier Corporate Social Responsibility Statement

To collaborate with suppliers on our mission to accomplish sustainability development goals, first, FENC requests that suppliers sign Supplier Corporate Social Responsibility Statement. The mandate is implemented in stages:



The Number and Percentage of Suppliers Signing "Supplier Corporate Social Responsibility Commitment Statement"

2018			Stage 1 2019			2020		
Number of Suppliers	Percentage of Total Suppliers	Percentage of Purchase Amount	Number of Suppliers	Percentage of Total Suppliers	Percentage of Purchase Amount	Number of Suppliers	Percentage of Total Suppliers	Percentage of Purchase Amount
2,035	46%	56%	2,860	65%	67%	3,452	85%	76%
Stage 2 2020			Stage 1&2 2020					
Number of Suppliers	Percentage of Total Suppliers	Percentage of Purchase Amount	Number of Suppliers	Percentage of Total Suppliers	Percentage of Purchase Amount			
1,722	65%	63%	5,174	77%	73%			

Note:

1. The percentage of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" = the number of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" ÷ total number of suppliers x100%.

2. The total number of suppliers varies from year to year.

3. The number of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" of OPTC is 68%.

2. Procurement Regulations and Regulations Governing Supplier Evaluation

Additional criteria are established for different types of procurement projects, and all applicable clauses are stated in the contract to ensure compliance.

Procurement units conduct written or on-site evaluation on new suppliers, and classify them based on selection criteria. Each year, the procurement units evaluate the major suppliers with end-users. The results serve as references for contract renewal in the coming year.

There are 1,231 new suppliers in 2020, and 1,105 (90%) of which have been evaluated.

The following table is a compilation of supplier evaluation by the procurement units. Evaluated categories include environment, labor, human rights and society. When the evaluation indicates major impacts were made, the Company may provide suppliers with assistance for improvements or terminate the contract depending on the severity. There were no instances of suppliers with negative impacts in 2020.

Supplier Assessment Aspects and Number of Suppliers in 2020

	Environment	Labor Practice	Human Rights	Society
Total Number of Selected Suppliers	4,506	4,306	4,643	4,882
Number of Suppliers that have or May have Negative Impact	0	0	0	0
Number of Suppliers that have Made Improvement	0	0	0	0
Number of Supplier that We have Stopped Working With	0	0	0	0

Note: Environmental evaluation includes pollution prevention, waste treatment as well as energy and resource consumption; labor practice evaluation includes occupational safety, equality and training; human rights evaluation includes child labor, forced labor and rights of the indigenous people; social evaluation includes corruption, monopoly and fraud.

Recognition for Green Procurement

To promote "green living", Environmental Protection Administration of the Executive Yuan initiated the Green Mark system in 1992. The government took the lead in green procurement in 2002. In 2007, the government went further and introduced Benchmark Unit of Private Enterprise and Organization Green Procurement Plan. Business entities may report the procurement of products with Green Mark. As the leader of circular economy, FENC is second to none in its efforts on green procurement.

Since 2016, FENC has been reporting actual figures on green procurement from the previous year, and the Company has accumulated over NT\$10 billion as of the end of 2019, putting it in the top 2 among corporations in Taiwan. We are awarded Green Procurement Certificate by the Environmental Protection Administration for 5 consecutive years, and receiving the title, Benchmark Unit of Private Enterprise and Organization Green Procurement Plan, from the Environmental Protection Bureau of Taipei City Government for 4 years in a row since 2017. We will continue to encourage green procurement, and continue to march toward energy saving and environmental protection.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC’s Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
    - 4.1 Constructing Happy Workplace
    - 4.2 Fostering Employee Career Planning
    - 4.3 Reinforcing Environmental Safety and Health Management
    - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



3. Priority Status for Local Suppliers

FENC gives priority consideration to local suppliers when it comes to procurement. Such policy promotes local economic development and allows the Company to provide better after sales service.

Procurement from Local Suppliers in 2020

	Percentage of Procurement from Local Suppliers			Percentage of Procurement from Local Suppliers after Deducting Main Raw Material		
	2018	2019	2020	2018	2019	2020
Taiwan	47%	47%	51%	83%	90%	75%
China	49%	56%	64%	78%	86%	81%
Vietnam	45%	31%	23%	50%	77%	56%
Japan	94%	78%	96%	77%	71%	90%
U.S.	97%	97%	97%	93%	93%	93%
Total	53%	56%	60%	80%	85%	77%

Notes:

1. "Local supplier" is defined as a supplier located within the same country as the business/operation site. In Taiwan, China and Vietnam, local suppliers are unable to provide certain main raw materials.

2. Percentage of purchase from local suppliers = Purchase amount from local suppliers ÷ total purchase amount x 100%.

3. Comparing to the 2019 CSR, the scope of 2020 FENC Sustainability Report incorporates 10 additional procurement units. Among them, data on FEFC, OGM, FENV, FIGP, APG Polytech, as well as the procurement of main raw materials at FEDZ, FEAZ and FEIW are retrospective to 2018; FEPV retrospective to 2019; FEAV includes 2020 only.

4. In 2020, the percentage of local procurement, which excludes main raw materials, decreased in Taiwan. The main contributing factor is a 20% decrease in local procurement from FEG Purchasing Department.

5. The polyester plant of FEPV began production in January 2019. PTA and MEG are the two main raw materials at this plant. However, both cannot be locally supplied, thus causing the percentage of local procurement to go down since 2019. In 2020, FEPV purchased large equipment from overseas; most of the materials for FEAV are imported, causing a drop in local procurement of non-main raw materials.

6. FIGP purchased large equipment from overseas in 2019, thus dropping the percentage of local procurement for said year.

Procurement and Management of Bulk Raw Materials

Procurement of main raw materials at FENC can be divided into general main raw materials and bulk materials. Bulk materials constitute the largest cost category at the Company and a key factor in ensuring product quality.

As a response to stakeholders' concerns on the possible environmental impact of bulk materials, FENC has set standards that are above the industry norm. We adhere to internal procurement management procedure and regulations, choosing bulk material suppliers that comply with government regulations and ESG guidelines. Company audits are conducted by third-party audit firms.

- 1. PX, PTA and MEG: Compliance with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and Halal Certification are required.
- 2. Cotton: Cotton trade is conducted in accordance with the International Cotton Association (ICA) regulation and regular practice. Procurement of certified cotton is preferred.

We support the use of renewable and environmental-friendly materials. Meanwhile, we are developing and using renewable and plastic materials that, such as Bio-MEG, Bio-PTA, 100% Bio-PET and PLA.

Procurement of Bulk Raw Materials

Unit: 1,000 metric tons

	Sources	2018	2019	2020
PX	Japan, Korea, China, Singapore, Saudi Arabia, Kuwait, Oman	1,520	1,690	1,555
PTA	Taiwan, China, Japan	1,301	1,393	1,512
MEG and Bio-MEG	Saudi Arabia, Taiwan, India, China	512	534	585
Cotton (Including Organic Cotton and Recycled Cotton)	China, U.S., Brazil, Burkina Faso, Ivory Coast, Mali, South Africa	65	62	39

Note:

1. PTA procurement includes external procurement and internal transfer.

2. Due to COVID-19, demand for FENC's textile products declined in 2020, resulting in lower cotton procurement.

3. Since the publication of the 2019 CSR, the textile plant of FEPV has been added to the scope of data collection, and is included in the 2020 FENC Sustainability Report. The plant began production in January 2019. Bulk raw materials procured include PTA and MEG and the data is retrospective to 2019.

Procurement of Bulk Raw Materials

Risk	Strategy
Stockout	The Company selects reputable suppliers of a certain scale with a mix of different manufacturing methods to incorporate diversity in the selection process.
Quality	For the procurement of cotton, the Company targets areas that have incorporated a high degree of smart farming. The use of advanced technology keeps the quality consistent while conserving natural resources, which increases efficiency and reduces the use of chemicals in the process. FENC is seeking suppliers capable of processing scraps and providing quality recycled cotton.
Price Risk	The Company makes price forecast and responds to market changes with agility. We choose procurement timing and utilize both futures and spot price. We also control the stockpile of raw materials based on changes in market price to reduce the impacts of fluctuating price.
Credit Risk	The Company chooses reputable suppliers that are members of ICA and comply with international standards to ensure that the raw materials provided satisfy Company standards as stipulated in the procurement contract.
Transportation Risk	Raw materials are fully insured during the shipping process. We require the provision of detailed shipping information for tracking purposes and to guarantee the safety of raw materials as well as the carriers.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Special Report

- 1 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
  - 2020 Highlights
  - Targets and Progress
  - Material Topics
  - 4.1 Constructing Happy Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Environmental Safety and Health Management
  - 4.4 Coordinating Sustainable Supply Chain Development
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



Stabilizing Production and Sales with Response to Global Container Shortage in 2020



The COVID-19 pandemic turned the world upside down in 2020. Global trade came to a sudden halt in the first half of the year. In the maritime transport industry, it was a race for survival. During the second half of the year, however, a wave of pent-up demand emerged due to lockdowns, home economy, working from home and frantic stockpiling attempts, causing global shortage in freight containers. FENC was on the benefitted end of this wave of pent up demands and saw a gradual increase in customer orders. However, such recovery was cut short by the container shortage. The Shipping Department, which oversees the shipping of Company products reduces the cost increase and mitigates the impact of such shortage with the following proposals:

- 1. Obtain priority status in slot-chartering by building rapport with container carriers and charter the slots 1 month in advance.
- 2. Locate bulk carriers and switch to reefer containers as supplement.
- 3. Work with local carriers at the destination and utilize multiple transportation modes.
- 4. Monitor the freight market dynamic and costs for maritime/air shipping on a weekly basis to reflect the latest fluctuation in costs.
- 5. Engage in price negotiation with carriers to ensure fair price and competitive edge.
- 6. Collaborate with various industry associations in Taiwan, seek government initiative to form International Maritime Transport Stability Working Group, and requests assistance from carriers, such as higher supply in empty cargos, slots, carrier shifts.

Deepwater Wharf, a Collaboration Between FEPV and Port Container Terminal to Reduce Shipping Costs



The chemical port terminal adjacent to FEPV is too shallow, therefore inadequate to accommodate larger chemical tankers for MEG and resulting in higher shipping costs. Since 2015, internal teams have been scouting adjacent areas for a suitable wharf location. After persuading local port container companies, a collaboration began in 2018 for the construction of a deepwater wharf.

MEG is the raw material for FEPV's food-grade PET resin. The slightest contamination would impact product quality. To avoid contamination during shipping after it arrives at the port, FEPV also leased 2 carbon steel tanks and built 16 tank trucks, keeping MEG free from contamination during shipping and maintaining adequate stockpile all year round.

The new wharf was completed in April 2020, and the first container ship arrived in June. Comparing to the existing shallow water wharf, the new wharf accommodates chemical tankers that are 3 times in size. The MEG shipment was verified by SGS Vietnam. With higher than 99.97% in purity, the quality is guaranteed. The new wharf translates into an annual saving of over NT\$100 million in raw material procurement, planning and shipping while reducing GHG emissions during the shipping process.

Supplier Engagement

FENC engages in dialogues with suppliers through various channels in order to monitor supplier operation.

- 1. The Company provides a mailbox for supplier feedback on its website.
- 2. The Company monitors the suppliers and contractors monthly and conducts dialogue meetings.
- 3. The Company holds quarterly supplier meetings to conduct exchange and recognize suppliers for their excellence.
- 4. The Company holds ad hoc technology exchange meetings with suppliers.

Support for Sustainable Supply Chain and Supplier Management at Suzhou Purchasing Unit



Suzhou Purchasing Unit introduced a multitude of projects to connect with the global digital trend. The unit established Supplier Management Task Force in 2018 and supplier evaluation forms in 2019. In 2020, the COVID-19 pandemic is factored in and the unit developed supplier on-site evaluation forms. The unit conducted on-site inspection on 18 suppliers, which delivered a remarkable performance by averaging 83 points in overall evaluation.

The unit also launched Supplier Management System and Supplier Incoming Quality Control System in 2020. Both systems help Suzhou Purchasing Unit to analyze quality as well as monitor and manage suppliers more easily and effectively. The Supplier Management System facilitates precision and efficiency in the management of supplier data; the Supplier Incoming Quality Control System ensures the quality of auxiliary raw materials and packaging materials.

In addition, Suzhou Procurement Unit gives priority status to suppliers with certification from environmental management systems such as ISO 14000, and occupational health and safety assessment systems such as OHSAS 18001 and ISO 45001. The unit also requests that suppliers sign Supplier Corporate Social Responsibility Commitment Statement help the Company establish a sustainable supply chain.