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About This Report

Far Eastern New Century Corporation (FENC) issued its first Corporate Social Responsibility Report in July 2013, and beginning in 2015, the report became an annual publication issued in August. With the publication of the 8th issue, the report was renamed “Sustainability Report.” The current issue marks the 9th edition, which discloses corporate sustainability performance from 2021.

Significance of Report Subjects to FENC

Inventing New Century, the title of FENC Sustainability Report, underscores “innovation” as the cornerstone which propels corporate sustainability.

Global warming has fueled extreme weather patterns while the world is bracing for the threat of COVID-19. As a member of the global village, FENC pledges to devote all efforts and resources it could with concrete actions. In the spirit of “Empowering Possibilities,” the sub-title for this year’s Sustainability Report, the Company bravely assumes its corporate social responsibilities, standing alongside the public amid the challenges.

Reporting Period

This report was issued in June 2022 with the reporting period spanning from January 1, 2021 to December 31, 2021. The content encompasses specific actions and quantitative data on the sustainability performance at FENC regarding the economics, governance, society and environment. For past sustainability performances, please refer to FENC’s sustainability website.

[FENC Corporate Sustainability Website](#) 

Report Preparation Unit and Contact Information

Report preparation unit: Corporate Staff Office

Contact: Corporate Staff Office Mr. Allen Sha or Ms. Julia Chao

E-mail: csr@fenc.com 

Tel: +886-2-2733-8000 Ext.8417, 8419

Address: 36th Floor, Taipei Metro Tower, 207 Tun Hwa South Road, Sec. 2, Taipei, Taiwan, R.O.C.

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Reporting Guidelines

1. Corporate Sustainability Performance:

The reporting is in compliance with the criteria under the Comprehensive option of the Global Reporting Initiative (GRI) standards and has been assessed by third-party verification as Type I AA1000 AS v3 Assurance Standard moderate level. For details, please refer to [7.4 Assurance Statement](#). 

The reporting also referenced Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) on Chemicals, Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and ISO 26000 Guidance on Social Responsibility.

2. Corporate Financial Performance:

Financial audits were conducted by Deloitte & Touche. The unit of calculation is New Taiwan Dollar (NT\$) unless otherwise noted. The currency exchange rate is based on the average foreign exchange rate published by Bank of Taiwan in 2021.

Scope of Disclosure

FENC is a conglomerate that spans across production, land development and investment businesses. The scope of the 2021 FENC Sustainability Report encompasses 26 FENC sites, which is identical to that from the previous year. The report discloses 96% of the revenues on the 2021 consolidated statement. The scope of the disclosure for each Business is described as follows:

• Production Business:

With materiality in mind, subsidiaries of the Production Business covered within the report are those reaching NT\$2 billion in annual revenues (Note). In addition, the Company has a long-standing track record in developing a circular economy. In 2019, the Company responded to stakeholders’ feedback by acquiring 2 rPET production sites, OGM and FIGP. The combined disclosure accounts for 98% of the 2021 revenues from the Production Business.

• Land Development Business:

FERD, a subsidiary of FENC, develops and manages the Company’s real estate for investment purposes. Please refer to Advocating Balanced Coexistence for details.

• Investment Business:

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

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

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Scope of 2021 Sustainability Report

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

Corporate Sustainability Websites of Companies under Far Eastern Group

| | | | | |
|--|---|---|--|--|
|  Far Eastern New Century Corporation |  Asia Cement Corporation |  Far Eastern Department Stores Ltd. |  U-Ming Marine Transport Corporation |  Oriental Union Chemical Corporation |
|  Pacific SOGO Department Stores Co., Ltd. (Chinese Website) |  Everest Textile Co., Ltd. |  Far Eastern International Bank |  Far EasTone Telecommunications Co., Ltd. |  |

Note:

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

Information for Readers

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

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

| Chapter | Detail |
|---|--|
| Enabling Unlimited Innovation | Updates on previously disclosed data: Patent applications and approvals are updated with the actual years in which notifications were received. |
| Navigating a Green Future | <ol style="list-style-type: none"> Updates on previously disclosed data and reference factors: <ul style="list-style-type: none"> The 2020 GHG emissions were updated to reflect the data verified by external audits. The conversion factor for GHG emissions is updated to reflect the latest version. Estimates were updated to reflect the actual data. Corrections were made to errors concerning the polyester plant of FEPV. |
| Creating Inclusive Society | <p>Corrections to 2020 FENC Sustainability Report:</p> <p>Corrections were made on the comparison between salaries offered by FENC and the market average; statistics on occupational injuries among employees; statistics on occupational injuries for contractors at FENC production sites.</p> <ol style="list-style-type: none"> Modifications on the scope of disclosure: TPKC R&D Building is currently operated and managed by Far EasTone Telecommunications Co., Ltd. Starting in 2021, the sustainability performance regarding TPKC R&D Building is disclosed in the sustainability report published by Far EasTone Telecommunications Co., Ltd. Expansion of the scope of disclosure: Data on construction waste from 2 current construction projects are added to 6.1.3; data on water withdrawal, energy consumption and GHG emissions from 2 current construction projects are added to 6.2.2. Updates on previously disclosed data and reference factors: The conversion factor for GHG emissions is updated to reflect the latest version. |
| Advocating Balanced Coexistence | |

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The global business environment has seen drastic changes in recent years. Fueled by the COVID-19 pandemic, the pace of these changes is gaining velocity. On the one hand, it has propelled the development of digital technology, driving the emergence of new business models and consumer behaviors that has led to digital transformation at the corporate, industry and global levels. On the other hand, it has triggered a profound probe into climate issues as countries are doing everything they can to curb global warming.

To stop the exacerbation of climate change, 130 countries pledged to the vision of becoming carbon neutral by 2050 during the COP26 UN Climate Conference held in the U.K. in November 2021. World leaders reached the agreement to phase down the reliance on coal and fossil fuels. To reach this goal, major changes must take place at the individual and societal levels.

In 2021, I had the honor of receiving the Lifetime Achievement Award at the 19th Global Views Leaders Forum and the Management Medal from the Chinese Management Association. I would like to take this opportunity to express my utmost gratitude to all members in the Far Eastern Group, who have created values for the society through corporate means. In light of the increasingly capricious environment, I believe corporations must be equipped with 4 critical abilities:

- Agility – corporations must be able to make swift adjustments and take immediate actions when a course alteration is called for;
- Flexibility – corporations must be able to respond to unexpected changes by modifying outputs and services;
- Endurance – corporations must be able to retain their composure and orderly operation amid stress;
- Sustainability – corporations must be dedicated to creating long-term values and positive influence for customers, employees and the entire society.

FENC is an international conglomerate with locations throughout Asia and America. With the raging COVID-19 pandemic and the restrictions it brought upon the world, ensuring employee health while fulfilling all obligations to the customers. Its agility has made FENC a favored partner among customers.

It is FENC's firm conviction to develop green products. With its vertically integrated supply chain and advantages in cross-domain technological partnerships, the Company has channeled its core capabilities, giving birth to an array of innovations and recycling technologies that have been deployed in the land, ocean and air. With its recycling and remanufacturing innovations applied towards the waste PET bottles, polyester and industrial gas, FENC is chartering a new roadmap for sustainable growth.

Actions towards net-zero cannot wait, and FENC is answering the call to reach this global vision. The Company has implemented progressive measures to reduce carbon emissions, which unfold through 5 major strategies. Tackling emissions from the production, fuel, energy, raw material and transportation fronts, the Company continues its quest for new technology as it forms partnerships with the entire value chain to build green business models, reduce carbon emissions and fulfill its corporate social responsibility.

FENC has received accolades from a wide range of organizations. The Company is a constituent of multiple sustainability indexes and ratings, including CDP, MSCI ESG Leaders Indexes, FTSE4Good Emerging Index, Taiwan Sustainability Index, TWSE Corporate Governance 100 Index and Greater China Business Sustainability Index. The Company also won multiple awards from TCSA, GCSA, CommonWealth Magazine's Excellence in Corporate Social Responsibility, and Global Views Corporate Social Responsibility Awards. Currently ranking among the top 5% in Corporate Governance Evaluation, the Company has also won Best Companies to Work for in Asia by HR Asia and the Sports Enterprise Certification in 2021.

FENC is committed to the balanced and sustainable development of environmental, social and corporate governance (ESG) for the long haul. The Company values feedback from all stakeholders and responds with active engagement. Equipped with a comprehensive framework for sustainable governance and high standards for management systems, the Company is able to maintain sound sustainability performance and competitive edges amid the fast-changing environment. With the aspirations to grasp new opportunities and create new models, we will take proper actions in pursuit of sustainability, creating win-win and prosperity for the corporation, society and environment.

Chairman of Far Eastern New Century Corporation

Douglas Tong Hsu

徐旭東

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Inventing New Century

SDGs: 9 • 17

F

Fostering robust governance

Strive for honest and ethical conducts, establish management mechanism and reduce operational risks in pursuit of sustainable development.

SDGs:
5 • 10
13 • 16

E

Enabling unlimited innovation

Utilize R&D ability, transition into smart production, operation and product service to meet the needs of human development.

SDGs:
9 • 12
14 • 15

N

Navigating a green future

Strive toward clean and sustainable operation and maximize efficiency in the use of resources to minimize impact on the environment and the habitat.

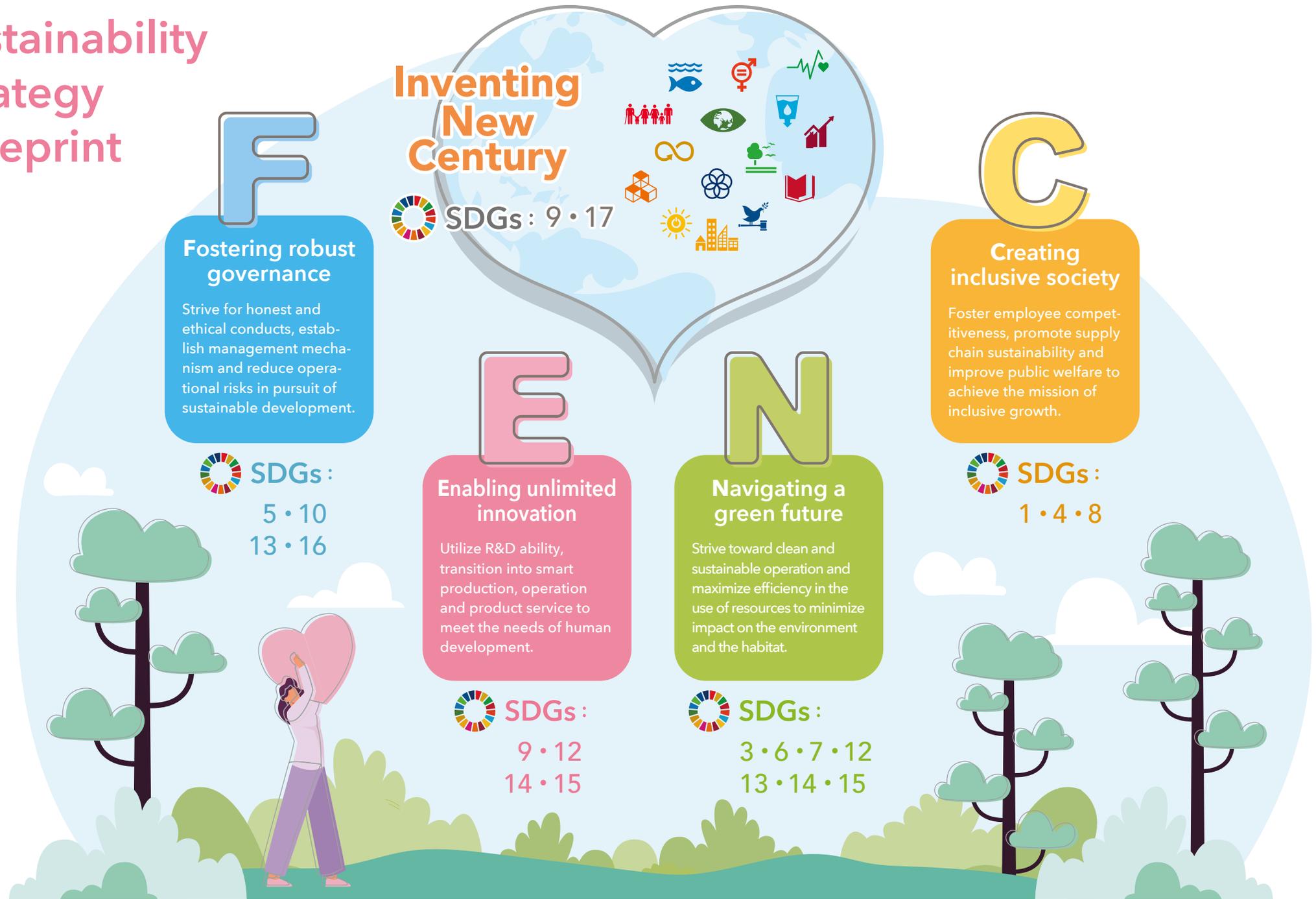
SDGs:
3 • 6 • 7 • 12
13 • 14 • 15

C

Creating inclusive society

Foster employee competitiveness, promote supply chain sustainability and improve public welfare to achieve the mission of inclusive growth.

SDGs:
1 • 4 • 8



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FENC's Contribution to UN SDGs

- 1. FENC makes regular cash donations to not-for-profit organizations and participates in outreach programs for the disadvantaged, devoting NT\$110 million in social engagement. [P.129](#)
 - 2. APG Polytech donated approximately NT\$360,000 to over 20 schools and athletic teams. [P.129](#)
 - 3. FERD hosted Christmas Charity Market, inviting 10 local not-for-profit organizations and 5 food vendors to participate, and generating an additional 48% in not-for-profit revenues compared to 2020. [P.141](#)
-
- 1. FEPV established a pandemic control team, establishing the pandemic-fighting network with strategic foresights. [P.20](#)
 - 2. Hsinpu Chemical Fiber Plant was accredited with the Taiwan iSport Corporation. [P.120](#)
 - 3. Far Eastern Memorial Hospital accepted 11% of severe COVID-19 patients nationwide between May and June 2021, the highest in the nation. [P.132](#)
 - 4. Far Eastern Memorial Foundation joined hands with Far Eastern Memorial Hospital and Asia Eastern University of Science and Technology on Family and Foreign Caregiver Competence Enhancement Program. [P.133](#)
-
- 1. FENC builds a borderless learning organization and cultivates internationalization talents to align with global trends and overseas deployment. [P.112](#)
 - 2. OPSC and School of Resources and Environmental Engineering, East China University of Science and Technology provide the cognitive apprenticeship. [P.130](#)
 - 3. The 13th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. [P.134](#)
 - 4. Y. Z. Hsu Innovation Forum generated approximately 5,000 views from the online livestream and 580,000 impressions from online coverages. [P.135](#)
-
- 1. Fulfill pay equity, the average annual regular salary of the company offered by FENC is 29% higher than the local average. Average regular earnings for female employees, especially, averaged 36% higher than the local numbers. [P.101](#)
 - 2. FENC values gender equality with a 64% increase in female managers in the past decade. [P.101](#)
-
- 1. OPTC Plant 2 established ISO 46001 water efficiency management system. [P.77](#)
 - 2. FIGP implemented water conservation at the separator, conserving approximately 2,000 kL in monthly water consumption. [P.77](#)
-
- 1. FENC implemented 86 energy conservation projects and avoided 114,048 tCO₂e in GHG emissions. [P.72](#)
 - 2. FENC added 12.4 MW in the installed capacity of solar power. [P.86](#)
 - 3. OPTC Plant 2 established the biogas power system. [P.87](#)
-
- 1. The Company has been listed on the Taiwan Stock Exchange for 54 years, with annual profits and dividends. [P.34](#)
 - 2. The talent development program in Taiwan recruited 11 interns. [P.104](#)
 - 3. Eaglet Program at FEIS prepares 16 top-performing college students to become management trainees. [P.104](#)
 - 4. Mid-level managers and above may participate in the employee stock ownership plan with a 30% contribution from the Company. [P.105](#)



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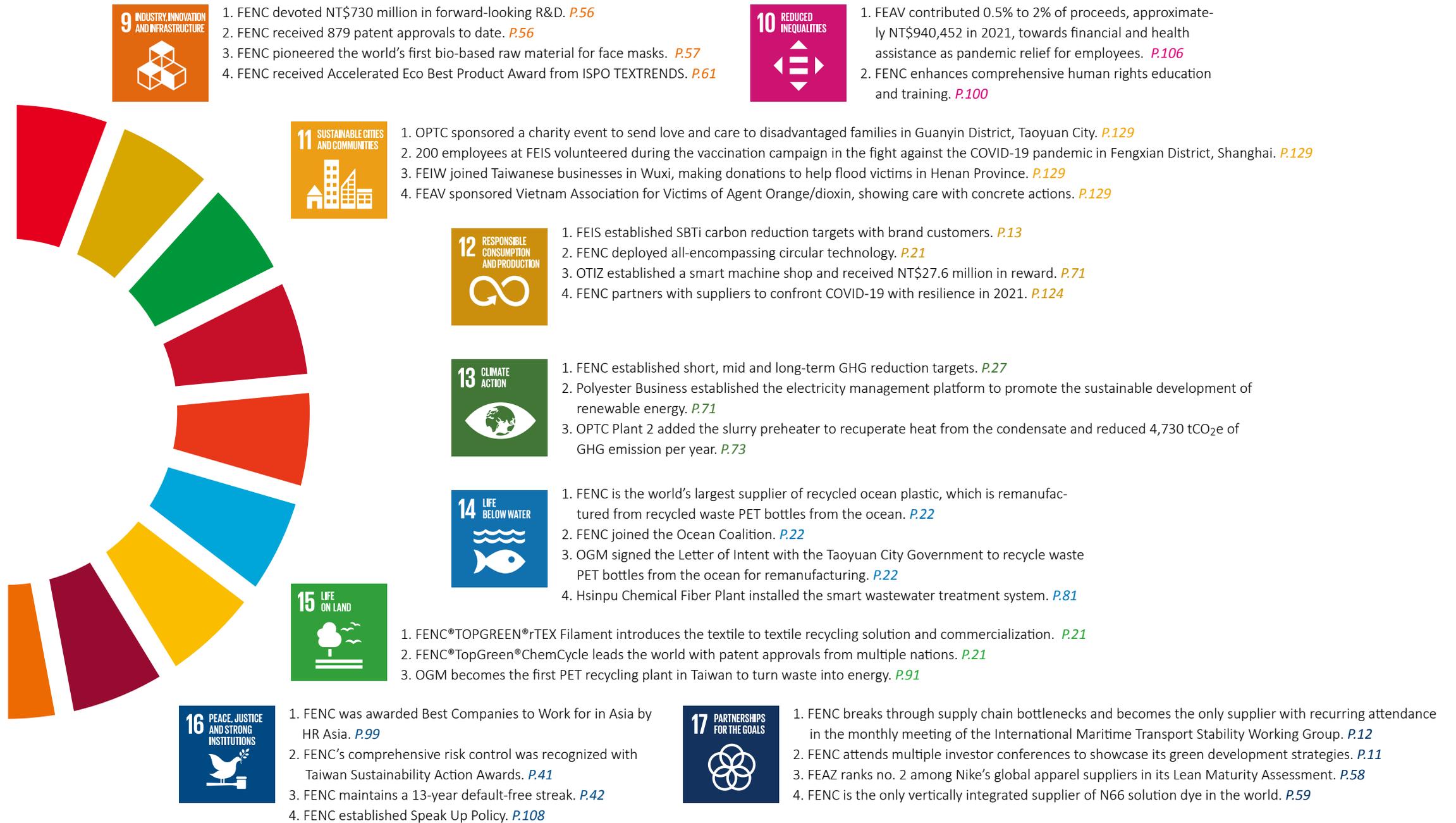
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Identification of Stakeholders and Material Topics

FENC develops the framework for material topic analysis based on the standards of stakeholder engagement in Global Reporting Initiative (GRI) standards and AA1000 Assurance Standard, as well as the principles of determination, analysis and verifiability. The Sustainability Implementation Committee identifies the stakeholders and material topics each year and administers surveys to assess external inputs every 3 to 4 years. The latest survey was conducted in 2019, with a total of 576 surveys collected. The stakeholders and material topics require executive approval to keep the course of sustainable development and Sustainability Report in line with the expectations of internal and external stakeholders.

In light of the escalating climate threats, the international community is stepping up measures to control and manage GHG emissions with net zero targets and regulatory responses. FENC is also highly concerned about the impacts of climate issues on the stakeholders, corporate operation, economy, environment and society.

In 2021, FENC examined major risks posed by climate change referencing UN SDGs, TCFD and the Global Risk Report 2021 by World Economic Forum. Considering the severity of climate-related risks, the significance of the material topic, response to climate change, is elevated with the approval of the convener of the Sustainability Implementation Committee.

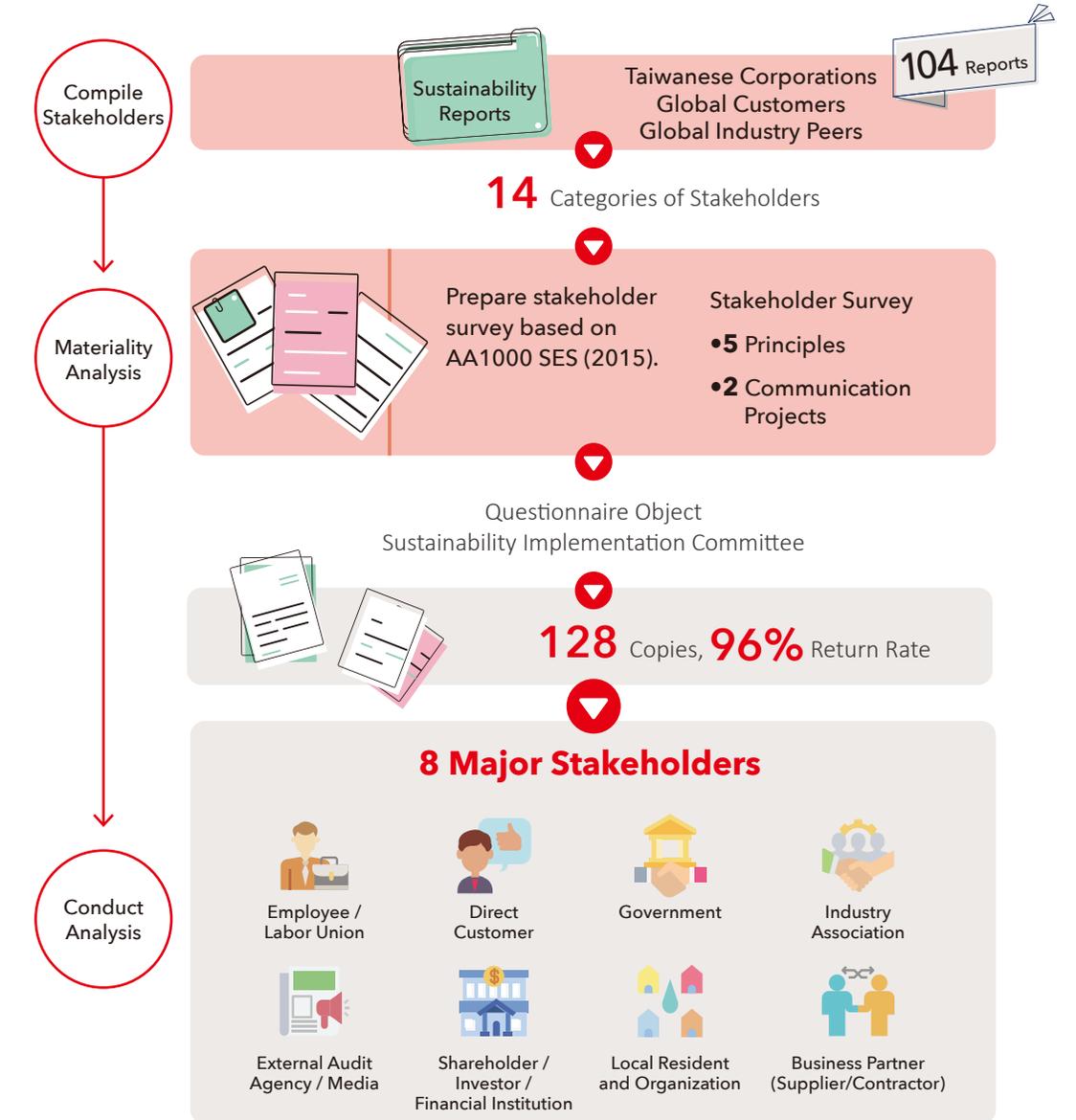


Convener of Sustainability Implementation Committee
President of Corporate Management **Humphrey Cheng**

FENC takes a holistic approach when it comes to ESG implementation. The work started in 2010 with the Sustainability Implementation Committee in charge of the ESG project implementation. The committee consists of 220 members, including Presidents and Chief Operating Officers of Petrochemical, Polyester and Textile Businesses, and managers at FENC's production sites worldwide. The efforts are coordinated by Sustainability Task Force at Corporate Staff Office.

FENC holds stakeholder feedback with high regard and pays close attention to the international development on ESG efforts. The world focused its attention on climate issues in 2021. As countries show their commitment to reaching net zero emissions by 2050 with proclamations and actions, FENC is also committing to the cause, elevating the significance of the material topic, "Response to climate change." The Company will continue to prioritize the material topics based on future development.

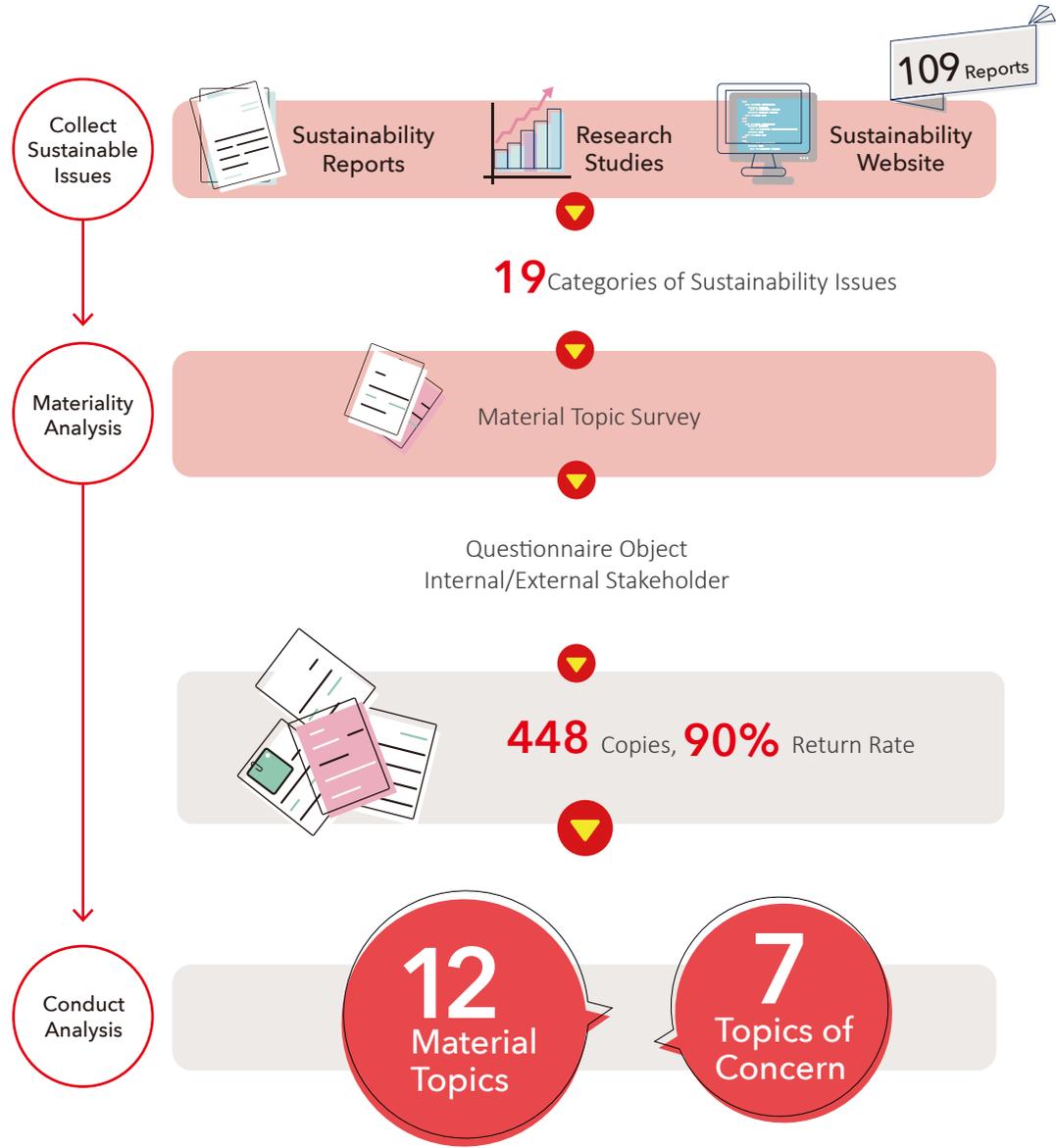
Analysis Process of Stakeholders



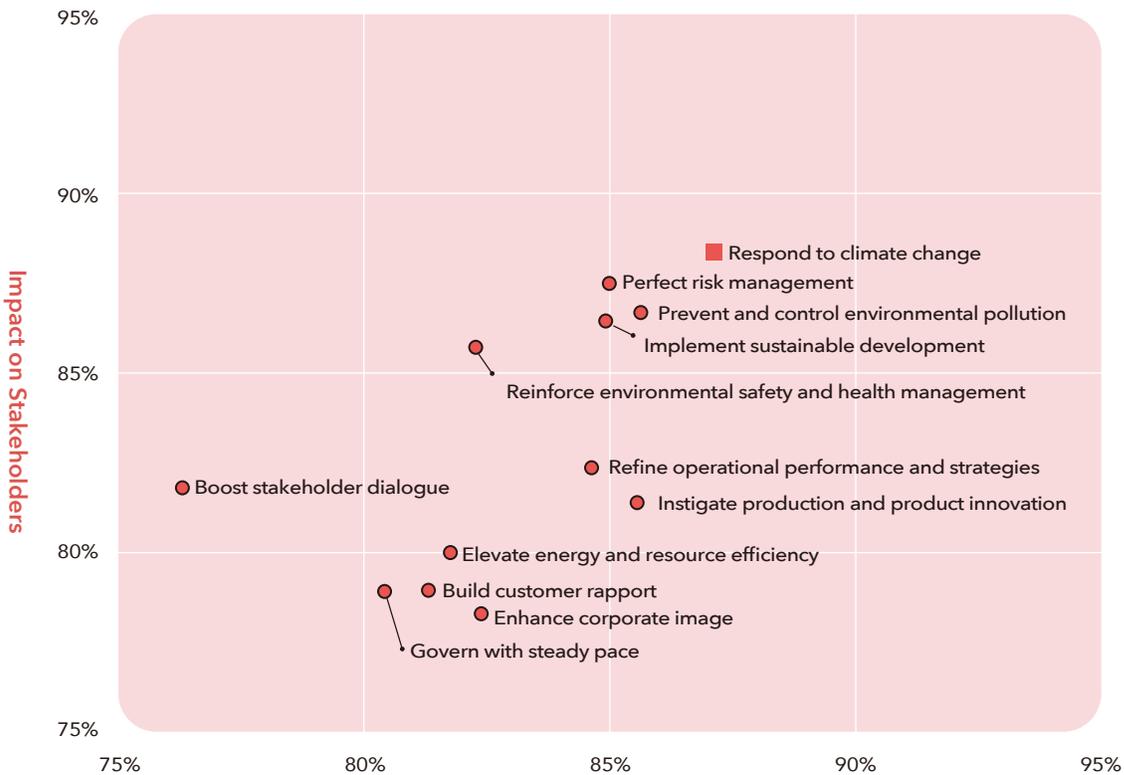
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● Analysis Process of Stakeholders



● Matrix of FENC Material Topics



Impact of Corporate Sustainability on External Economies, Environment and Society

■ 2021 Adjusted topics

Note:
 1. The significance of each material topic to FENC and management guidelines will be elaborated in each chapter. Please refer to "7.1 Sustainability Issues Corresponding Table".
 2. Seven topics of concern are also identified. They are "Construct happy workplace", "Foster employee career planning", "Promote product marketing", "Coordinate sustainable supply chain development", "Cultivate compassionate bonds", "Optimize land resources", "Build sustainable community". Please refer to the chapters in this report for details.
 3. "Optimize land resources" and "build sustainable community" apply to FERD only; "construct happy workplace", "foster employee career planning" and "reinforce environmental safety and health management" apply to production business only.

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Boosting Stakeholder Dialogue

With integrity and transparency as the guiding principles, FENC utilizes multiple channels of disclosure and stakeholder engagement to strengthen the relationships. Throughout the process, issues significant to stakeholders are documented, and Company policies are modified accordingly to respond to their expectations. The state of stakeholder engagement is reported to the Board on a regular basis. The latest presentation to the Board took place on July 12, 2021.



Communication Channel

- A External meeting
- B Internal meeting
- C Training/Trial/Drill
- D Promotional campaign
- E Visits/Exchange
- F Review/Evaluation/Audit
- G Survey/Questionnaire
- H Grievance/Comment Box
- I Company Website
- J Other

Communication Frequency

- 365** Yearly
- 90** Quarterly
- 31** Monthly
- 7** Weekly
- No regular intervals
- Other



Employees / Labor Union

8,009 times
295,699 participants

Significance to FENC

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

Issues of Concern

- Construct happy workplace
- Foster employee career planning
- Reinforce environmental safety and health management
- Prevent and control environment pollution
- Refine operational performance and strategies

Channel and Frequency

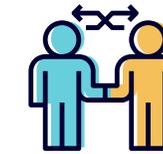


2021 Best Companies to Work for in Asia by HR Asia

Best Companies to Work for in Asia by HR Asia is an award with a symbolic status in the field of human resources in the Asia-Pacific region. In addition to reviews conducted by a panel of experts, employee feedbacks are also among the evaluation criteria.

Surpassing the industry average by over 15% across all review indicators, FENC stood out from its industry peers. Among the indicators, the score for team dynamics and employee engagement exceeds the industry average by 28%, which substantiates FENC's long-term efforts in enhancing employee relations by establishing clear communication channels, creating friendly workplace and strengthening the team spirit.

While pursuing corporate growth, FENC places equal emphasis on employee rights. The Company regularly conducts employee satisfaction surveys to build cohesion. Aside from providing transparency in the promotion track, the Company offers a gender-friendly workplace with comprehensive deputy and family care leave systems which promote work-life balance, fostering employees' ability and willingness to commit to work while taking care of their families.



Partners (Suppliers / Contractors)

10,293 times
19,758 participants

Significance to FENC

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

Issues of Concern

- Perfect risk management
- Build customer rapport
- Boost stakeholder dialogue
- Implement sustainable development
- Refine operational performance and strategies

Channel and Frequency



Contractor Safety and Health Training at Hsinpu Chemical Fiber Plant

Hsinpu Chemical Fiber Plant conducted 7 training sessions on autonomous safety management for contractors during the second quarter of 2021. The purpose is to conduct comprehensive reviews on the occupational safety checklist and improvements on deficiencies to reduce operational risks, violations and accidents. In terms of risk control for machinery and equipment, inspections must be performed on the equipment carried into the plant premise by contractors; entrance to the plant and the number of operators shall be controlled through contractors' electronic management system and facial recognition system; the operational guidelines shall be amended to include penalties for violations as well as management guidelines during regular maintenance to help contractors understand the importance of complying with occupational safety regulations.

The training participants are individuals representing the contractors as well as safety and health personnel from 45 contractors. The attendance rate reached 84%. After the training sessions concluded, violations committed by contractors in the second quarter declined dramatically by nearly 60% compared to the first quarter.

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Industry Association

216 times
919 participants

Significance to FENC

FENC conducts exchanges with industry associations to keep corporate development in line with market trends while determining development directions with industry associations and peers.

Issues of Concern

- Reinforce environmental safety and health management
- Instigate production and product innovation
- Implement sustainable development
- Prevent and control environment pollution
- Perfect risk management

Channel and Frequency



Taiwan Impact Investing Forum (TIIF) 2021 - Mobilizing Private Capital to Achieve SDGs

Taiwan Impact Investing Association (TIIA) is dedicated to attracting and mobilizing market capital in the pursuit of returns while substantiating sustainable development goals (SDGs), and aligning development efforts for a sound impact investment ecosystem in Taiwan. David Wang, FENC's President Office Chief Financial Officer, attended Taiwan Impact Investing Forum held by TIIA on November 17, 2021 as a corporate member during the panel discussion. He shared the growing trends among emerging financing mechanisms stressing the integration of corporate and sustainable issues in the post-pandemic era. He referenced FENC as an example of expanding green investment options incorporating energy conservation, carbon reduction and polyester recycling. By issuing innovative sustainable investment products from Taiwan and abroad, and linking the capital with FENC's SDGs, the Company has created a virtuous cycle that energized sustainable financing, channeling financial resources into corporate sustainability that will ultimately lead to social prosperity.

FENC continues to serve as the industry leader in instigating financial innovations while building sustainable business models. The Company aspires to entice more corporate involvement through the participation in investor conferences and believes that its sustainable journey will generate more positive impacts and changes in Taiwan.



Shareholders / Investors / Financial Institutions

512 times
20,631 participants

Significance to FENC

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

Issues of Concern

- Perfect risk management
- Refine operational performance and strategies
- Govern with steady pace
- Implement sustainable development
- Prevent and control environment pollution

Channel and Frequency



Showcasing FENC's Green Development Strategy at Investor Conferences

FENC's production businesses are vertically integrated across the entire polyester and textile industries with a wide array of product offerings. To help investors understand the Company's green transformation in these two industries, Investor Relations Division under the Finance Department accepted invitations from security exchanges to hold 10 investor conferences in 2021. Three of the 10 conferences, which focused on specific themes, were organized by HSBC, Morgan Stanley and Yuanta Securities.

Managers from Green Materials presented during the PET-themed investor conference organized by HSBC, helping investors understand FENC's industry-leading status, and explaining the Company's sustainable solutions with over three decades of experience in PET recycling and applications. With its production sites spanning across Taiwan, Mainland China, Japan, Vietnam, Malaysia, the Philippines and the U.S., and a wide range of products that integrate virgin and recycled PET, FENC is a favorite among customers. The presentation gave investors insights into FENC's green development. During Virtual Asia Activewear Symposium held by Morgan Stanley, managers from the Filament Division shared how FENC deployed its green development strategies from the land, ocean and air, including development from the upstream green materials to the downstream environmental applications. In the future, the Company will expand upon the current partnerships with beverage, sports and apparel brands to collaborate with international brands for yoga products, tires, home textiles and children's toy blocks.

In 2021, Taipei Innovative Textile Application Show (TITAS) switched the month-long TITAS Virtual due to the COVID-19 pandemic. However, there were limitations in terms of information accessible to investors through video conferencing. While staying within the guidelines issued by the Central Epidemic Command Center, FENC co-hosted an in-person investor conference at TITAS with Yuanta Securities. Managers from FENC's Textile Business presented during the conference, sharing information on product trends, brand collaborations and long-term green development strategies. An interactive segment between the presenter and models dressed in FENC's new products featured their functionality and trendiness, which made a lasting impression among investors.

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Government

605 times
6,937 participants

Significance to FENC

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

Issues of Concern

- Reinforce environmental safety and health management
- Implement sustainable development
- Prevent and control environment pollution
- Boost stakeholder dialogue
- Perfect risk management

Channel and Frequency



Overcoming Supply Chain Bottlenecks with Breakthroughs

COVID-19 has severely disrupted the global supply chain and supply-demand equilibrium in the shipping industry. Maritime and Port Bureau formed International Maritime Transport Stability Working Group with governmental entities, shipping suppliers, harbor authorities, industry associations and other suppliers. The working group meets monthly on a regular basis. In 2021, the working group held 10 official meetings as well as multiple coordination meetings. FENC is the only company which has been invited consistently to these meetings.

In addition to sharing insights about the shipping market, FENC also provided recommendations from the perspective of an industry leader. The Company urged the Maritime and Port Bureau to negotiate with the liner operators to increase the shipment and prioritize ports in Taiwan when programming new routes for new vessels. FENC also recommended that the government optimize supporting transportation measures near the harbor to improve logistical efficiency.

FENC actively engaged in communications with the Maritime and Port Bureau and other governmental units, which prompted the liner operators to agree on increasing shipments to North America and the Middle East as well as additional slots to address the demand for Taiwanese export. The measures reduced the impact brought by the imbalance of supply and demand in the international supply chain while maintaining growth in export for FENC.



Local Residents and Organizations

46 times
1,569 participants

Significance to FENC

FENC maintains clear communication channels with local residents and organizations. The Company formulates and implements improvement measures based on public recommendations to minimize impacts on local residents from production activities.

Issues of Concern

- Cultivate compassionate bonds
- Prevent and control environment pollution
- Respond to climate change
- Boost stakeholder dialogue
- Elevate energy and resource efficiency

Channel and Frequency



Local Engagement at the New rPET Plant in Kansai Region, Japan

In 2012, FENC established Far Eastern Ishizuka Green PET Corporation (FIGP) with ISHIZUKA GLASS Co., Ltd. in Ibaraki Prefecture in the Kantō region, Japan. In 2014, the first rPET plant at FIGP began production. In 2020, the second plant was constructed, delivering 90,000 metric tons in annual production in 2021. As the largest rPET supplier in Japan, its product applications include food-grade packaging and fiber.

To align with global trends in sustainable development, FIGP partners with international brands to make specific targets and timelines for sustainable development. FIGP is constructing a new rPET plant in Himeji City in Hyōgo Prefecture in the Kansai region of Japan. With 100,000 metric tons of production capacity, the plant will expand FIGP's scale in the circular economy.

To implement the expansion project, FIGP initiated local dialogues with the residents' committee, corporations and fishermen's association in January 2021. The representatives introduced Far Eastern Group and FENC from Taiwan, laying out the vision towards investing in the rPET business in Japan, and using the current plant to illustrate the impacts on the local environment, lives of residents and recruitments. It was stressed during the dialogues that FIGP adhered strictly to environmental and labor regulations as well as its intention to maintain rapport with the local residents.

The local fishermen's association holds the river-cleaning campaign every year and finds accumulations of waste PET bottles which often obstruct fishing operations. The association hopes that with the new plant, the public will be more aware of recycling PET bottles to protect the river and estuary. The local residents pointed out traffic congestion during peak hours near the plant site, and expressed wishes for diverting the truck traffic away from elementary school students' school routes during plant construction to avoid accidents and construction delays. These constructive inputs have been beneficial for FIGP's expansion and operation, and the plant will continue to engage local stakeholders through interviews and briefings to enhance communication, plant construction and future operation.

Communication Channel: A External meeting B Internal meeting C Training/Trial/Drill D Promotional campaign E Visits/Exchange F Review/Evaluation/Audit G Survey/Questionnaire H Grievance/Comment Box I Company Website J Other
 Communication Frequency: 365 Yearly 90 Quarterly 31 Monthly 7 Weekly - No regular intervals 8 Other

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Appendix



Direct Customers

119,383 times
302,855 participants

Significance to FENC

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

Issues of Concern

- Build customer rapport
- Instigate production and product innovation
- Boost stakeholder dialogue
- Prevent and control environment pollution
- Promote product marketing

Channel and Frequency



Establishing SBTi Carbon Reduction Targets with Brand Customers

FENC's customer, Decathlon, established carbon reduction targets through Science Based Targets Initiative (SBTi) in 2019. Decathlon's commitments include that 90% of its suppliers must define their own SBTi targets by 2024. To align with this commitment, FEIS attended Decathlon's 2021 carbon reduction training through video conferencing and completed the following tasks:

1. In February 2021, FEIS adopted Decathlon's GHG emission validation system.
2. In June 2021, FEIS completed the trainings for RE100, carbon trading, green electricity procurement and i-REC.
3. In September 2021, FEIS established SBTi targets for filament products targeting Decathlon. The targets are to reduce carbon emissions by 25.2% by 2026 compared to 2021, in line with limiting global warming to 1.5°C. FEIS has also completed its carbon reduction roadmap and statement.
4. In November 2021, SGS, which was authorized by Decathlon, reviewed and validated the SBTi targets and proposals from FEIS on filament products.

After communicating with key contacts within Decathlon for nearly a year, FEIS was able to familiarize itself with the sporting goods retailer's carbon reduction targets and action plans, along with its requirements for suppliers. The process has deepened this long-term partnership. As the first FENC site to define its SBTi targets, FEIS established a firm foundation for the Company on its path to carbon reduction. The experience will further benefit other FENC sites to implement SBTi targets.



External Evaluation Agencies / Media

489 times
14,331 participants

Significance to FENC

FENC examines the adequacy of corporate policies through verifications conducted by external agencies, and presents corporate performance to the press.

Issues of Concern

- Prevent and control environment pollution
- Implement sustainable development
- Reinforce environmental safety and health management
- Perfect risk management
- Instigate production and product innovation
- Boost stakeholder dialogue

Channel and Frequency



Outreach to International ESG Rating Agencies

ESG investing has gained a growing international presence in recent years. Third-party ESG ratings are also becoming a prominent indicator for institutional investors in terms of corporate investments. FENC conducted a comprehensive inventory and comparison analysis of its ESG performance using indicators from the 4 major international ESG rating agencies. The Company established a team of over 30 staff dedicated to the improvement of ESG indicators and helping the Company excel in its sustainability performance.

FENC reached out to the ESG rating agencies with multiple dialogues to ensure faithful reflection of the Company's ESG performance in the ratings. FENC used to be categorized under the Conglomerates category by Sustainalytics. After reaching out to Sustainalytics in 2021 concerning FENC's production operation, Sustainalytics agreed to categorize the Company under Commodity Chemicals instead. After the change, FENC made specific improvements based on the results of the comparison analyses, which led to better ratings. In the latest ESG risk ratings from July 2021, FENC's performance jumped from 44.3 to 22.6, with the lower number reflecting lower risks. The rating put FENC among the top 3% among companies under Commodity Chemicals. In February 2021, FENC also reached out to FTSE Russell and made improvements accordingly. The Company improved its rating from 2.3 to 3.4 in the FTSE4Good rating released in July, and 3.9 in December. The improvement lifted FENC to the top spot among listed companies in the raw material industry in Taiwan.

International ESG ratings serve as guidance for corporate sustainability implementations. The outcomes also help the world recognize FENC as an enterprise of international caliber certified by global ESG rating agencies. This endeavor shall continue as FENC reaches the top of its industry in these global ratings.

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Contact and Grievance Channel

FENC maintains open dialogues with stakeholders. The Company established Speak Up Policy, encouraging comments and suggestions from all stakeholders. Communication and grievance channels are accessible 24-7 and available in Chinese, English, Japanese, Vietnamese and Malay to meet the needs of FENC's diverse workforce locations and demographics. The Company accepts anonymous claims and has an independent investigation mechanism in place. An investigation team is established within 5 days of receiving the claim documents. Under general circumstances, a ruling shall be established, and the investigation report shall be compiled within 3 months of accepting the claim.

Stakeholder Contact 

Speak Up Policy 

FENC Speak-up:speak-up@fenc.com 

Separate grievance channels and procedures are in place for claims concerning regulatory compliance, anti-corruption, labor, human rights, customers, products and the environment.

Grievance Channel and Procedure for Issue-Specific Claims

Regulatory Compliance and Anti-corruption



Process

- Once the grievance claim is filed and deemed legitimate, the individual against whom the grievance claim is filed shall immediately cease performing the questionable conduct and be held accountable based on regulatory provisions and company policies.
- The acceptance, investigation and outcome of the grievance claim shall be filed and kept in written or electronic forms for 5 years.
- Once confirmed, applicable units shall review the internal control mechanism and operational procedure concerning the incidents reported. Improvements shall be proposed and implemented to prevent future occurrence.

Channel

Audit Committee mail: auditcommittee@fenc.com 

Audit Department mail: feaudit@fenc.com 

Legal Appliance mail: legalcompliance@fenc.com 

Labor and Human Rights



Process

- Each grievance claim is thoroughly investigated and reported through the chain of command. The result of the investigation is provided to the individual filing the claim on a timely basis, and the entire record is properly filed and preserved.

Channel

Employee comment box, HR email:

fenchrd@feg.com.tw 

Designated email (e.g., President's email, departmental email.), Confidential hotline, Employee representative meeting, Verbal claim, Written claim

Customers and Products



Process

- Once the grievance is filed, it is reported through the chain of command based on product, client manager and persons accountable. Response and outcome are reported back to the client on the real time basis.

Channel

Designated email (e.g., Sales departmental email.), Verbal claim, Written claim

Environment



Process

- Once the grievance is filed, applicable units at the plant are notified to address the matter, report to the management and respond to the individual filing the grievance with updates and outcomes of the investigation.

Channel

Appointed units responsible for environmental grievances at all production sites, Labor Safety and Health Department, Security Guard Supervising Office

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2021 Claims and Outcome

The Company received 33 grievance claims in 2021. Among them, 7 are environmental claims, and 26 are concerning labor issues. Details are as follows:



1. OPTC

Local residents filed a claim concerning odor near OPTC. The smell of dried sludge was detected during an on-site inspection. The plant took immediate action, enhancing the production process, replacing the scrubber, extending the chimney height and testing the catalytic ozonation technique to effectively reduce the odor.

2. APG Polytech

Local residents filed a claim regarding odor from the surge basin of the wastewater treatment facility caused by high temperature at the plant. APG Polytech resolved the odor issue by adding odor absorbent to the wastewater treatment pond.



1. OPTC

Local residents filed a claim regarding the high-frequency noise from OPTC. The plant inspected the site and found the source to be stream from the dryer. OPTC has reduced the noise level after making improvements on the facility.

2. FEIS

Local residents filed a claim concerning noises from the plant. FEIS retrofitted the conduits and fan blades, and installed mufflers for the ventilators. The plant has not received any claims concerning noises since July 2021.



1. OGM

Local residents filed a claim regarding the wastewater discharged out of the rain gutters at OGM. The plant inspected the site and found the cause to be wastewater overflowing into the storm runoff system. OGM installed the spill dike to prevent future occurrences and ensure that the wastewater will be directed to the independent catch basin.

2. OGM

Local residents filed a claim regarding mud found in the rain gutters outside the plant. The Department of Environmental Protection inspected the site and confirmed that OGM was not the source of the mud. The claim was withdrawn.

3. OPTC

The head of a local neighborhood near OPTC reflected that the temperature of the wastewater discharged from the plant was too high. After the site inspection, it was determined that the leakage of high-temperature fluid was the result of internal leakage in the hand valve. Additional training on warning control have been provided for the operators. The SOP was also modified to prevent future occurrences.



1-2. FEAV

Employees filed a claim concerning the performance review procedure. The claim has been closed after thorough discussions were conducted on the issue.



1. FENV

Employees filed a claim concerning salary adjustment. The claim has been closed after the situation was clarified with thorough discussions.



1-21. FEAV

Among the 21 claims, 18 concern the level of comfort in the dining and work environments; 3 concern employee benefits such as bonuses and child-rearing allowances. The cases have been closed after thorough discussions were conducted on the issues.

22. FENV

Employees filed a claim concerning the 3-on-site policy. The claim has been closed after thorough discussions were conducted on the issue.

23. OTIZ

Employees filed a claim concerning employee benefits. The claim has been closed after the situation was verified.

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Constituent of MSCI ESG Leaders Indexes



FTSE4Good

Constituent of FTSE4Good Emerging Indexes



FTSE4Good TIP Taiwan ESG Index

Constituent of FTSE4Good TIP Taiwan ESG Index



Constituent of TWSE CG 100 Index



Greater China Business Sustainability Index
大中華企業可持續發展指數

Constituent of Greater China Business Sustainability Index (GCBSI) Top 10



Sustainalytics Top 3% of Commodity Chemicals Industry



★ Management Level ★

- Climate Change
- Supplier Engagement Rating
- Water Security



《CommonWealth Magazine》 Excellence in Corporate Social Responsibility Large Enterprises No.13



1111 Human Power Bank Happy Enterprise Award - Gold Award, Special Award



LinkedIn Talent Awards Taiwan Rising Star - 2021 Finalist



《Global Views Monthly》 CSR Award - Model Award at Manufacturing Industry



TSAA Gold Award, Bronze Award



TCSA The Most Prestigious Sustainability Awards - Top 10 Domestic Corporates
Best Performance of Specific Categories - Circular Economy Leadership Award
Growth through Innovation Leadership Award
People Development Leadership Award
Sustainability Report Award - Platinum Award



ONLY SPECIAL GCSA World Class-Outstanding Practice Special Award for Pandemic Response Sustainability Reporting-Silver



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