

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix



# 4 Creating Inclusive Society

4.1 Molding a Diverse and Inclusive Workplace	106	4.3 Reinforcing Occupational Safety and Health Management	123
4.2 Fostering Employee Career Planning	119	4.4 Shaping Sustainable Supply Chain	134

### Target Readers:

- Employee / Labor Union
- Business Partner (Supplier / Contractor)
- Direct Customer
- External Audit Agency
- Government
- Shareholder / Investor / Financial Institution



# 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
- Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

## 2022 Highlight

Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## 2022 Highlight



**66%** Growth Female Managers in the Last Decade



Establish a Complete **Human Rights Management Process**



Annual Training Costs **NT\$25.6 Million**



Digital Learning Reaching **90%** of Total Training



**119** ESG Series Courses  
**10,620** Attendance Count  
Averaging **3** Courses Per Person



Promoting **Organizational Knowledge Digitization Program**  
Producing **42** Courses



Average Regular Salaries from FENC Sites **34%** Higher than Market Salaries



Occupational Safety and Health Training Hours **176%** Increase



Constructing FENC **Occupational Safety and Health Legal Cloud** System



Hsinpu Chemical Fiber Plant Establishing **Solar System Fire Response Procedure**



Green Procurement from FEG Purchasing Center  
Over **NT\$13.9 Billion**  
(As of the End of 2022)



**95%** Permanent Employees in Labor Union

# 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
- Enhancing Corporate Sustainable Image

## Special Report

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future

## 4 Creating Inclusive Society

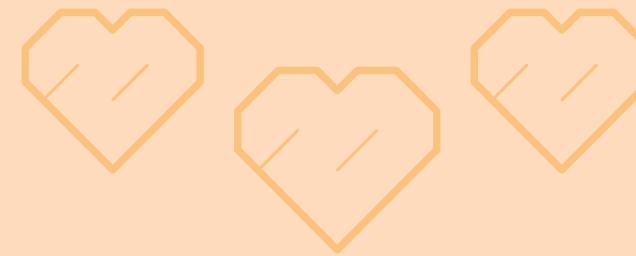
- 2022 Highlight  
Target and Progress  
Material Topics
- Molding a Diverse and Inclusive Workplace
  - Fostering Employee Career Planning
  - Reinforcing Occupational Safety and Health Management
  - Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

# Target and Progress



	Improving Employee Satisfaction	Establishing International Talent Acquisition Database	Reducing Turnover Among Expatriate Staff	Cultivating Sustainable International Management Talents
<b>2030 Target</b>	<ul style="list-style-type: none"> <li>Continuing to deepen employee satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Expanding the global talent platform to cover FENC employees worldwide</li> </ul>	<b>6%</b>	<ul style="list-style-type: none"> <li>Building the digital transformation team to promote production, marketing, human resources, R&amp;D and finance</li> <li>Putting <b>50</b> facilitators into action</li> </ul>
<b>2025 Target</b>	<ul style="list-style-type: none"> <li>Providing ongoing attention to employees' career development needs</li> <li>Reinforce expat employee assistance</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing data visualization and present materials to the management for organizational planning and fostering corporate development</li> </ul>	<b>6.5%</b>	<ul style="list-style-type: none"> <li>Cultivating <b>100</b> internationalization talents</li> <li>Cultivating <b>300</b> digital transformation talents</li> </ul>
<b>2023 Target</b>	<ul style="list-style-type: none"> <li>Expanding employee satisfaction survey to cover overseas sites</li> <li>Launching the preparation for employee assistance programs (EAPs)</li> </ul>	<ul style="list-style-type: none"> <li>Adding ancillary information such as performance appraisals, projects, and functional aptitude test results</li> </ul>	<b>7%</b>	<ul style="list-style-type: none"> <li>Expanding the cultivation of sustainable talent with <b>100%</b> coverage with ESG and sustainable development as the guiding principle</li> <li>Increasing digital learning training hours by <b>10%</b></li> <li>Passing down the sustainability legacy by producing <b>50</b> organizational knowledge courses</li> </ul>
<b>2022 Target</b>	<ul style="list-style-type: none"> <li>Expanding employee satisfaction survey to cover overseas sites</li> <li>Planning employee care mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Joining the key personnel information of domestic and overseas subsidiaries</li> </ul>	<b>7%</b>	<ul style="list-style-type: none"> <li>Leveraging the competency assessment system to implement individual development plan (IDP)</li> <li>Cultivating <b>300</b> international talents</li> <li>Increasing the percentage of digital learning to <b>30%</b></li> </ul>
<b>2022 Progress</b>	<ul style="list-style-type: none"> <li>Completed  Conduct comprehensive reviews based on evaluations conducted by external agencies and employee satisfaction surveys.</li> </ul>	<ul style="list-style-type: none"> <li>Completed  Complete the input for phase one of the global talent pool, which covers overseas FENC sites.</li> </ul>	<ul style="list-style-type: none"> <li>Completed  <b>7%</b></li> </ul>	<ul style="list-style-type: none"> <li>Compile diverse learning records and prepare the learning progress dashboard using Microsoft Power BI for review by the management.</li> <li>A total of <b>423</b> employees participated in the International Talent Program.</li> <li>Digital learning accounts for <b>90%</b> of the overall training programs.</li> </ul>
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Conduct career path interviews tailored to employees' conditions and needs.</li> <li>Establish an assistance program for expat employees.</li> <li>Establish employee care mechanisms.</li> <li>Expand employee satisfaction survey to cover overseas sites</li> </ul>	<ul style="list-style-type: none"> <li>Combine the talent information of the operating bases in various regions.</li> <li>Import new personnel information, and add personal professional training records, professional license records, project results, annual management performance and other information.</li> <li>Used for key cadre rotation, linked to employees' individual development plan (IDP).</li> </ul>	<ul style="list-style-type: none"> <li>Offer pre-departure and language training.</li> <li>Offer cross-cultural training to help smooth the transition to life abroad.</li> <li>Offer above-average salary and benefits; improve expat living standards and quality abroad.</li> <li>Provide expat employees with work-life balance assistance.</li> </ul>	<ul style="list-style-type: none"> <li>Purchase digital learning platforms and courses with additional learning applications.</li> <li>Integrate resources from multiple platforms and customize learning programs that target weaknesses.</li> <li>Help managers from all levels to stay informed of employees' learning progress through real-time data from the training dashboard.</li> <li>Offer the digital and smart management program with Yuan Ze University (YZU).</li> </ul>
	 	 	 	 

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

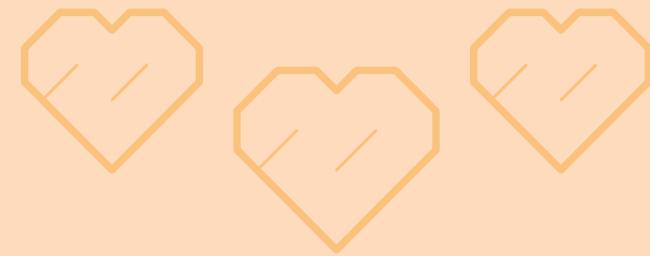
## 4 Creating Inclusive Society

- 2022 Highlight  
**Target and Progress**  
 Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Occupational Safety and Health Management
  - 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix



	Zero Occupational Injuries for Employees and Contractors	Zero Occupational Illnesses for Employees and Contractors	Zero Fire and Chemical Leakage	Constructing Sustainable Supply Chain
<b>2030 Target</b>	Occurrence(s) at each business site: <b>0</b>	Occurrence(s): <b>0</b>	Occurrence(s): <b>0</b>	<ul style="list-style-type: none"> <li>Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: <b>100%</b></li> </ul>
<b>2025 Target</b>	Occurrence(s) at each business site: <b>2</b>	Occurrence(s): <b>0</b>	Occurrence(s): <b>0</b>	<ul style="list-style-type: none"> <li>Main suppliers' ESG performance in line with the Company's sustainability development goals</li> <li>Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: <b>90%</b></li> </ul>
<b>2023 Target</b>	Occurrence(s) at each business site: <b>3</b>	Occurrence(s): <b>0</b>	Occurrence(s): <b>0</b>	<ul style="list-style-type: none"> <li>Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: <b>85%</b></li> </ul>
<b>2022 Target</b>	Occurrence(s) at each business site: <b>4</b>	Occurrence(s): <b>0</b>	Occurrence(s): <b>0</b>	<ul style="list-style-type: none"> <li>Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: <b>80%</b></li> </ul>
<b>2022 Progress</b>	Completed Occurrence(s) at each business site: <b>4</b> 1 occurrence less than 2021	Completed Occurrence(s): <b>0</b>	Completed Occurrence(s): <b>0</b>	Completed <ul style="list-style-type: none"> <li>Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: <b>83%</b></li> </ul>
<b>Action Plan</b>	<ul style="list-style-type: none"> <li>Implement safety and health coaching and audits.</li> <li>Enhance training and promotion regarding occupational safety and health among employees and contractors.</li> <li>Implement occupational safety and health management systematically.</li> <li>Establish smart safety and health management.</li> <li>Promote pre-work risk hazard recognition.</li> </ul>	<ul style="list-style-type: none"> <li>Avoid exposing employees to chemical, physical and ergo risks during operation.</li> <li>Provide health checks for employees engaging in regular operations or those posing health threats.</li> <li>Provide onsite employee health services.</li> <li>Implement programs related to health promotion.</li> </ul>	<ul style="list-style-type: none"> <li>Add lists of flammables as standards for risk prevention during construction.</li> <li>Conduct comprehensive review over contractor management rules.</li> <li>Strengthen review on control operation.</li> <li>Conduct training on risk factor identification and prevention.</li> <li>Enhance safety drills for fires and chemical leakage.</li> <li>Examine firefighting apparatus and personal protective equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct supplier engagement through multiple channels to improve sustainability awareness.</li> <li>Set Supplier Corporate Social Responsibility Commitment Statement as one of the selection criteria.</li> <li>Conduct supplier meetings to convey FENC's objectives in corporate sustainability.</li> <li>Conduct ESG campaigns and training.</li> <li>Increase green procurement each year.</li> <li>Implement and participate in social engagement activities with suppliers.</li> </ul>

# 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
- Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight  
Target and Progress

## Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Material Topics



### Mold a Diverse and Inclusive Workplace

#### Significance and Purpose of Management for FENC

At FENC, labor rights take precedence. The Company shares with employees the fruit of their own labor and regards their physical and mental health as a priority. Additionally, FENC is integrating diversity, equity and inclusion (DEI) into its corporate DNA.

#### Management Approaches and Effectiveness Evaluation Mechanisms

- Conduct regular analysis on market salaries for payroll management and examine the payroll structure to ensure that competitive salaries are offered under the non-discriminatory principle.
- Create the global talent pool, examine factors behind the resignation of high-potential talents and reduce turnover costs.
- Continue with employee satisfaction assessment, enhance areas in need of improvements and provide feedback.
- Stay informed of changes in local labor regulations and make immediate adjustments to corresponding Company policies.
- Construct a comprehensive human rights management framework to ensure 100% coverage for human rights training.

#### Authority

- Human Resources Department
- Human resources department at each Business
- Highest ranking manager at each Business



### Foster Employee Career Planning

#### Significance and Purpose of Management for FENC

FENC cultivates job competency aligned with strategic needs with systems that offer diverse training and platforms to establish an extensive talent pool.

#### 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 department at each Business



### 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

- Presidents of Petrochemical, Polyester and Textile Business
- Labor Safety and Health Department
- Safety and health units at all business sites



### Shape Sustainable Supply Chain

#### 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 Corporate Social Responsibility Commitment Statement from suppliers.
- Monitor and supervise supplier conducts and conditions through open communication and regular meetings.
- 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

# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight

Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## 4.1 Molding a Diverse and Inclusive Workplace

### 4.1.1 Human Rights Protection

Human rights are the steering force behind FENC's human resources policies. We acknowledge and abide by the principles and spirit set forth by the International Labor Organization and in the United Nations Universal Declaration of Human Rights. FENC's actions towards protecting human rights are as follows:

#### 1. 2008 – 2019

FENC established the Human Rights Policy and promoted the policy among managers overseeing human rights implementation at all FENC sites. The managers, who have signed the commitment statement to abide by the policy, will promote the policy among employees through multiple channels to keep them aware of their rights.

#### 2. 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.

#### 3. 2021

The Company continues to deepen human rights protection through the following actions:

- Board supervision: The SOP for reporting on FENC Human Rights Policy has been in place. At least once a year, the corporate governance manager reports to the Board on human rights issues.
- Regular management: The highest-ranking executives at FENC production sites present monthly special reports on major human rights issues, such as overtime and sexual harassment.
- Human rights education and training: FENC conducts human rights training for new recruits. For FENC sites in Taiwan, new recruits must sign FENC Human Rights Policy once the training concludes. In 2021, 285 employees signed the policy. 83% of the permanent employees in Taiwan have completed human rights-related training. For overseas locations, human rights training for new recruits is conducted through the orientation and employee manual.

#### 4. 2022

In February 2022, FENC launched the human rights management project, expanded the human rights policy, and established community engagement policies to increase the breadth and depth of the management of human rights issues.

In May 2022, FENC conducted the annual human rights due diligence. The project was carried out through consulting firms, which collected and compiled data through open channels and administered risk assessment surveys among employees, suppliers and local residents. Seven key issues were derived out of the above referenced data, followed by an impact assessment to formulate corresponding mitigation and remediation strategies with quantified management targets.

In terms of management practices, FENC provides complete training on the human rights management procedures to managers, procurement personnel and public relations departments. On the external front, 83% of the suppliers have signed the Supplier Corporate Social Responsibility Commitment Statement. Looking ahead, FENC will continue to bring profound influence on human rights within the Company and the entire society.

No grievance claims concerning human rights issues were filed in 2022, nor were there any violations against the human rights of employees and stakeholders. All FENC production sites have passed the review on human rights and labor conditions conducted by customers.

[Framework for Human Rights Management](#)

Global emphasis on corporate human rights and anti-corruption policies are on the rise. At FENC, the Speak Up Policy has been established for its worldwide locations in accordance with international ESG standards. Through internal and external supervision, the Company will flourish under the shield of human rights protection. With goals, action plans and improvement measures set in motion, FENC is ready to fully implement its human rights endeavors.

The 2022 training on the overview and prevention of workplace violence had been held for all managers. On July 11, FENC conducted the training on human rights policy, human rights management as well as human rights risks mitigation and remediation measures. The training is based on FENC Human Rights Policy and external case studies and is designed for managers, procurement personnel as well as community-facing plant supervisors. On September 21, plant supervisors underwent training that targeted sexual harassment prevention and control. The total participant count for human rights promotion and training reached 42,214 in 2022.

FENC also provides training and promotion regarding its grievance mechanism and channels to protect stakeholder rights.

- Employees: Training is conducted through the labor union, welfare committee and monthly regulatory compliance meeting.
- Local Residents: FENC promotes human rights awareness during community engagement. Employees who live in the dormitory or the plant vicinity may also report human rights violations associated with FENC through the grievance channels.
- Suppliers: Human rights training is mandatory for suppliers of FENC to ensure their understanding of the Company's human rights commitment and practices. Suppliers are also required to sign the Supplier Corporate Social Responsibility Commitment Statement, pledging to work with FENC towards human rights protection. As of the end of 2022, 83% of the suppliers have signed the statement.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

## ● FENC Human Rights Policy and Implementation in 2022

Human Rights Policy	Implementation in 2022
No Forced Labor	The company does not force or coerce any person to perform labor services unwillingly and prohibit restricting the freedom of movement of any person, including prohibiting the seizure of any personal documents. There were no incidences of forced labor at FENC in 2022.
Bans Child Labor	FENC prohibits the employment of labor under the age of 16 in all operation bases and supply chains. FENC did not employ any child labor in 2022.
Working Hours, Wages and Benefits	FENC ensures working hours, overtime hours, minimum wage, living conditions, and other benefits shall comply with applicable laws and adopt the relatively stricter alternative among local laws or international standards on measures, including: <ol style="list-style-type: none"> <li>Working hours shall not beyond the maximum hours.</li> <li>FENC promises to provide the minimum living wage.</li> <li>Overtime pay shall not less than that required by law.</li> <li>FENC follows a transparent salary policy and does not use salary deductions as punishment.</li> <li>FENC protects employees' paid leaves, special care leaves and the mandatory benefits according to laws.</li> <li>FENC ensures to provide the living condition which meet employees' basic needs.</li> </ol> There were no disputes or grievance claims regarding overtime at FENC in 2022.
Freedom of Association and Collective Bargaining	FENC respects and supports the employees' rights to choose, form, join or refuse to join labor union or any other forms of employee organization. FENC continues to abide by the collective bargaining agreements made between the labor unions and FENC production sites in 2022.
Diversity, Equality and Anti-discrimination	FENC treats all employees with respect and values diversity as well as equality. Employment at FENC does not discriminate on the basis of race, nationality, class, language, ideology, religion, political affiliation, place of ancestry, place of birth, gender, sexual orientation, age, marital status, physical appearance, facial features, mental and physical disabilities, horoscope, blood type or past union membership. FENC ensures a workplace that is free of sexual, mental, physical, and verbal harassment, abuse, and threat. We dedicate to building a workplace with respect, safety and equality, and are against all forms of discrimination, bullying, or differential treatment. There were no disputes or grievance claims regarding discrimination at FENC in 2022.
Maternity Protection	FENC is committed to protecting the rights of motherhood and building a work system and environment that is friendly to employees of both genders. There were no disputes or grievance claims regarding maternal protection at FENC in 2022.
Privacy Protection	FENC ensures the safety of personal information. There were no disputes or grievance claims regarding privacy protection at FENC in 2022.
Employment Stabilization	FENC protects employees from mandatory redundancy and provides assistance to those who are suffering from the situation. There were no disputes or grievance claims regarding employment stability at FENC in 2022.
Health and Safety	FENC is not only committed to provide health and safety workplace for its employees (including contractors) and is also committed to operate safely in order to ensure the health and safety of all relevant stakeholders. There were no disputes or grievance claims regarding health and safety at FENC in 2022.

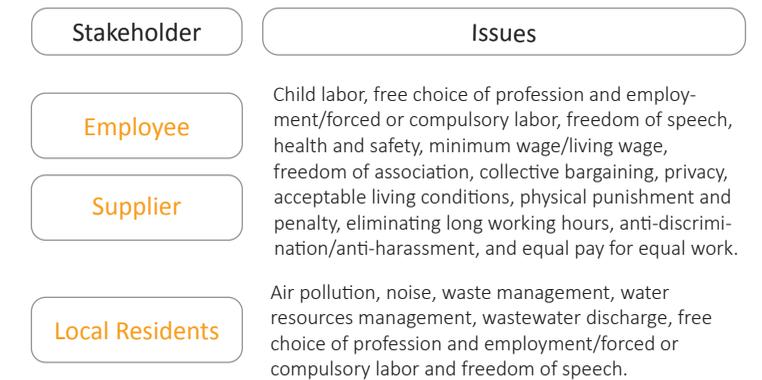
The human rights management procedure at FENC includes the establishment of the Human Rights Policy, human rights due diligence, mitigation and remediation measures for salient human rights issues, human rights training and grievance mechanism. The scope covers the employees, subsidiaries, business partners, suppliers, contractors as well as residents near FENC sites. When expanding, investing in or adding new production sites, FENC takes local human resources policies as well as the human rights risk assessment from the local community and suppliers into account.

[Human Rights Policy](#)  [Enhancing FENC Human Rights Policy and Human Rights Due Diligence](#) 

## Human Rights Due Diligence

The 2022 human rights due diligence was conducted through stakeholder surveys of employees, procurement units, community-facing units at FENC production sites, suppliers and local residents to compile and rank relevant human rights issues. In addition, public information as well as minutes from internal management meetings, labor management meetings, supplier engagement meetings and community engagement meetings were reviewed. All materials were presented to the high-level management for evaluation.

## ● Scope of Salient Human Rights Issues Survey



## ● Outcome of 2022 Human Rights Risk Assessment



# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight

Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Human Rights Risk Identification and Impact Assessment

FENC's Role	Value Chain Nodes	Value Chain Affected	Salient Human Rights Issues	Impact of Risk Issue	Impact Assessment Mechanism
Employer	Operational process	Employee	Eliminating long working hours  Health and safety	Inadequate labor conditions and the inability to provide an environment that protects workers' lives, health and safety, for instance, tightly scheduled shifts, long consecutive hours, wages insufficient for living expenses, unequal pay and a hazardous workplace.	<ol style="list-style-type: none"> <li>1. Monthly assessment is conducted on regulatory compliance with applicable units confirming compliance with regulatory and Company rules, and compiling attendance records.</li> <li>2. The monthly risk management meetings are held to examine overtime as well as gaps between workers' wages and the Company average.</li> <li>3. Wage equality is reviewed annually, and results are posted on the Company website.</li> <li>4. FENC provides regular health checks. Employee satisfaction surveys are conducted every two years with reviews over work conditions, compensation and benefits. Company policies are modified accordingly based on the results.</li> <li>5. Access to FENC's multilingual grievance mechanism is open 24 hours with the option of making anonymous claims. The mechanism gives the Company insights into internal issues in order to respond with speed and make policy adjustments.</li> </ol>
Responsible Procurement Personnel	Upstream	Supplier	Health and safety	Health- or life-threatening labor conditions that cause workers to seek medical treatment in order to restore health fully or partially.	<ol style="list-style-type: none"> <li>1. Review suppliers through document reviews or on-site evaluations.</li> <li>2. A grievance channel for suppliers is provided through the procurement system from the FEG Purchasing Center.</li> </ol>
			Noise	Violations of the mandated noise level due to plant operation, which may severely damage human health and activities from prolonged noise exposure.	
			Waste management	The likelihood of floods due to drainage pipes clogged by waste materials; air and water pollution caused by toxic substances from incinerated waste during Company operation or raw material procurement by suppliers, where improperly or non-environmentally treated waste may impact the surrounding natural habitat and endanger human health.	
Local Corporation	Operational process	Local Residents	Air pollution	Respiratory and other illnesses, damages to the surrounding habitat or impacts on human health and daily activities due to air pollution caused by Company operation.	<ol style="list-style-type: none"> <li>1. The noise testing is conducted regularly.</li> <li>2. The air quality is monitored regularly.</li> <li>3. Waste treatment and disposal are tracked regularly.</li> <li>4. Waste treatment suppliers are evaluated and audited.</li> <li>5. Water quality and effluent discharge flow are monitored.</li> <li>6. The grievance mechanism is in place.</li> </ol>
			Water resources management and wastewater discharge	Water waste and effects on the water rights of others or other regions resulted from inadequate water resources management during Company operation; impacts on the aquatic ecosystem, water quality and the relationships between the Company and the community as well as other water users due to water pollution caused by wastewater generated during Company operation, which lead to damages to the natural habitat as well as human health and activities.	

## Mitigation and Remediation Measures for Human Rights Risks

Given the vast number of FENC locations overseas, the measures stated below focus on the implementations carried out by the Headquarters in Taiwan. All FENC sites comply with local and international labor regulations regarding the mitigation and remediation measures of the salient human rights issues. Actual implementations are customized and adjusted to comply with local requirements.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

Value Chain Affected	Salient Human Rights Issues	Mitigation Measure	Remediation Measure	Management Goal
Employee	Eliminating long working hours	<ol style="list-style-type: none"> <li>1. Recruit a sufficient number of workers to meet production demand and prevent long working hours due to labor shortages.</li> <li>2. Establish a comprehensive working hour management system and set overtime alerts.</li> <li>3. Ensure the Company wages are compatible with the cost of living in Taiwan.</li> </ol>	<ol style="list-style-type: none"> <li>1. Track worker schedules to ensure workers are given one day of regular leave every seven days with maximum 12 working hours daily and a monthly maximum of 46 hours of overtime.</li> <li>2. Discuss the issue of long working hours during major meetings and call managers' attention to the matter; present the causes and solutions; discuss the need for additional recruits to align with management goals.</li> <li>3. Propose wage adjustment recommendations when the wages offered by the Company are lower than the market salaries in Taiwan.</li> </ol>	<ol style="list-style-type: none"> <li>1. 0 grievance claims regarding long working hours.</li> </ol>
	Health and safety	<ol style="list-style-type: none"> <li>1. Establish occupational safety and health management policies.</li> <li>2. Incorporate the occupational safety and health management system.</li> <li>3. Establish occupational safety and health committees at all FENC sites with quarterly meetings to ensure safety and health management.</li> <li>4. Provide occupational safety and health training for workers.</li> <li>5. Establish rules governing hazardous chemical management and conduct regular testing on chemicals and hazardous substances.</li> </ol>	<ol style="list-style-type: none"> <li>1. Conduct investigation and cause analysis and propose improvement and prevention strategies.</li> <li>2. Provide health education and care with improvement recommendations for workers with areas of concern in their health reports.</li> <li>3. Strictly enforce the installation of protective equipment on site; ensure that personal protective equipment is worn by workers properly; increase facilities protection; strengthen safety education among workers.</li> <li>4. Arrange the work schedules for workers with high health risks to avoid excessively frequent shifts and overtime.</li> </ol>	<ol style="list-style-type: none"> <li>1. Implement the occupational safety and health management system.</li> <li>2. 100% completion rate regarding occupational safety and health training.</li> <li>3. 0 occupational safety and health violations.</li> </ol>
Supplier	Health and safety	<ol style="list-style-type: none"> <li>1. Require suppliers to manage employee health and safety in accordance with the Supplier Corporate Social Responsibility Commitment Statement.</li> <li>2. Conduct supplier risk assessment on labor practices and human rights; identify suppliers posing substantive or potential negative impacts; provide improvement assistance or terminate contracts depending on severity.</li> </ol>	<p>Conduct site inspections in accordance with the regulations on auditing/safety and health management; require suppliers violating occupational safety to make improvements within a given period; track improvement progress.</p>	<ol style="list-style-type: none"> <li>1. 100% signing rate for Supplier Corporate Social Responsibility Commitment Statement.</li> <li>2. 100% improvement rate on the negative impacts posed by suppliers.</li> </ol>
	Noise	<p>Conduct regular noise testing in the surroundings.</p>	<ol style="list-style-type: none"> <li>1. Test the noise level within the plant to confirm the source of the noise and eliminate the source immediately if it is within the plant premise.</li> <li>2. Require improvement measures from the department responsible for the noises.</li> </ol>	<ol style="list-style-type: none"> <li>1. 0 grievance claims regarding noises.</li> <li>2. Test the noise level within the peripheral boundary annually to ensure regulatory compliance.</li> </ol>
Local Residents	Waste management	<ol style="list-style-type: none"> <li>1. Establish waste management procedures.</li> <li>2. Incorporate recycling management for packaging materials to reduce waste.</li> <li>3. Implement avoidance and promote waste classification, recycling and reuse.</li> <li>4. Scrutinize the credentials of waste treatment suppliers.</li> <li>5. Track waste disposal through GPS.</li> <li>6. Conduct random checks on the waste treatment and disposal process.</li> </ol>	<p>Establish emergency response plans and activate such plans immediately when contamination occurs to minimize the contaminated area.</p>	<ol style="list-style-type: none"> <li>1. 0 waste chemical leakages.</li> </ol>
	Air pollution	<ol style="list-style-type: none"> <li>1. Conduct regular testing on air pollutant emissions and report to the authority.</li> <li>2. Conduct regular retraining for designated personnel.</li> <li>3. Promote air pollution prevention and control.</li> <li>4. Establish air pollution management targets.</li> <li>5. Incorporate air pollution prevention equipment to reduce air pollutant emissions.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish emergency response plans and activate such plans immediately during polluting incidents to minimize the areas polluted.</li> <li>2. Commission qualified agencies to test air quality regularly.</li> </ol>	<ol style="list-style-type: none"> <li>1. 0 incidents regarding the emission of gaseous pollutants.</li> <li>2. Test the exhaust gas regularly to ensure compliance with governmental standards.</li> </ol>
	Water management and wastewater discharge	<ol style="list-style-type: none"> <li>1. Implement water resources management and promote water conservation among all employees.</li> <li>2. Incorporate innovative effluent treatment facilities; increase water recycling and reuse rates; reuse the reclaimed water consistently; reduce effluent discharge.</li> <li>3. Install wastewater treatment facilities and improve wastewater treatment; monitor the effluent flow and quality regularly to ensure regulatory compliance.</li> <li>4. Implement water resources risk identification and establish water resources management targets.</li> <li>5. Conduct regular training for management personnel and help them obtain applicable certifications.</li> </ol>	<ol style="list-style-type: none"> <li>1. Establish a reporting mechanism for potential or actual wastewater incidents; stay alert on the progress of such incidents and report to the authority in a timely manner; track and improve the discharge process.</li> <li>2. Commission qualified agencies to conduct regular testing.</li> </ol>	<ol style="list-style-type: none"> <li>1. 0 wastewater discharge incidents.</li> <li>2. Test effluent quality annually to ensure compliance with governmental standards.</li> <li>3. 0 discharge of production wastewater.</li> </ol>

# 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
- Enhancing Corporate Sustainable Image

## Special Report

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
  - 4.1 Molding a Diverse and Inclusive Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Occupational Safety and Health Management
  - 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

## Gender Equality

FENC values gender equality. We are keen on creating a 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 workforce 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 2:3, which is consistent with the industry chain distribution. Corporate expansion also expanded the number of supervisors by 32% in the recent decade. Among them, the number of female supervisors grew by 66%. 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. Each year, FENC measures its average annual regular salary of the company against the official statistics of average annual regular salary. In 2022, the average annual regular salary of the company offered by FENC is 34% higher than the local average. Average regular earnings for female employees, especially, averaged 43% higher than the local numbers, while those for male employees are 29% higher, which demonstrate FENC's contribution to pay equity. For regional data, please refer to [4.1.3 Employee Care](#).

### 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 2022, 96% of the workers who took parental leaves returned to their posts, and the retention rate reached 73%. The main contributing factor is the robust deputy and family care leave system. The Company has built a family-friendly workplace that helps employees achieve work-life balance.

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 mainland China. We protect the rights of female employees, offering parental leave and breastfeeding rooms at our facilities. We also limit overtime and prohibit tasks that may potentially harm mothers and their 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 in Vietnam 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.

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.

## Application of Parental Leave and Returning Statistics in Taiwan

		2020	2021	2022
Entitled to Parental Leave	Male	229	219	199
	Female	96	43	53
	<b>Total</b>	<b>325</b>	<b>262</b>	<b>252</b>
Number Applied	Male	2	6	8
	Female	48	21	25
	<b>Total</b>	<b>50</b>	<b>27</b>	<b>33</b>
Number Should Returned	Male	0	4	8
	Female	41	22	20
	<b>Total</b>	<b>41</b>	<b>26</b>	<b>28</b>
Number Returned	Male	-	4	8
	Female	35	18	19
	<b>Total</b>	<b>35</b>	<b>22</b>	<b>27</b>
Return Rate	Male	-	100%	100%
	Female	85%	82%	95%
	<b>Total</b>	<b>85%</b>	<b>85%</b>	<b>96%</b>
Returned over One Year	Male	-	-	1
	Female	12	13	15
	<b>Total</b>	<b>12</b>	<b>13</b>	<b>16</b>
Retention Rate	Male	-	-	25%
	Female	92%	37%	83%
	<b>Total</b>	<b>92%</b>	<b>37%</b>	<b>73%</b>

Note:

- Return Rate = Number Returned ÷ Number Should Return
- Retention Rate = Returned over One Year ÷ Number Returned Last Year

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

### 4.1.2 Recruitment and Retention

FENC is adamant about providing a friendly workplace with zero tolerance for discrimination of any form. A corporate mentorship program is in place to provide new employees support in life and at work in the first three months of employment. Managers or senior staff are assigned to help them get acquainted with work and the environment quickly, which has been effective in lowering the turnover rate among new recruits.

#### Recruitment Plan

FENC has a worldwide recruitment network consisting of FENC's global production sites. The network is beneficial for broadening the pool of international talents. In 2022, the Company recruited 7 foreign nationals. The Company recruited 15 information specialists who will energize the Company's digital transformation efforts. They will build a solid groundwork for the Company's future endeavors in digital and internationalization fronts.

#### Recruitment Approach

<b>Taiwan</b>	104 Job Bank; 1111 Job Bank; LinkedIn; campus job fair
<b>Mainland China</b>	Governmental collaboration; Labor agency; Weibo; Twitter; TikTok; staff referral; campus job fair
<b>Vietnam</b>	Zalo and Facebook; TikTok; staffing agency; radio stations; flyers
<b>Japan</b>	Myanavi; Hello Work (governmental employment service); LinkedIn; company website; Talent hunting company
<b>U.S.</b>	Staff referral; Indeed; internship

#### The Talent Pool Program

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 Asia Eastern University of Science and Technology with the corporate internship program. In 2022, the program offered 49 internship positions and recruited 20 students. The practical training helped students grow into exceptional corporate talents.

In 2022, FENC co-founded the Far Eastern Smart Manufacturing Academy with YZU, recruiting students in fields such as electrical, mechanical, industrial and chemical engineering. The programs are offered at YZU with executives from FENC as the lecturers to share their expertise in the Far Eastern corporate culture, ESG strategies and practices as well as occupational safety and health. FENC designs special projects based on the needs and field practices for corporate development, and the professors lead students to complete the projects in a professional setting at the Company. The curriculum helps students gain first-hand insights into the industry know-how and acquire professional skills. It also provides opportunities for students to put their academic learning to use and flourish into talents that will pave the future for FENC.

### Establishing the Talent Pool and Personality Test System

To unleash employees' full potential, FENC completed phase one of the Global Talent Pool in 2021, which facilitates a synchronized talent database across its international locations. The database currently holds 14,564 entries of information concerning key technological and management talents, which is advantageous towards strategic talent deployment internationally. In 2022, the Company introduced a personality test customized to suit the Far Eastern corporate culture. The test, paired with the talent pool, enables the Company to select, develop and retain adaptive talents.



#### FENC Joining TALENT, in Taiwan

Talent cultivation and development have been a priority for corporate development at FENC. The Company focuses on boosting employees' competitiveness while promoting sustainable development in pursuit of ESG performance and net zero emissions. The Company aspires to become an international conglomerate that operates on a green and low-carbon model. Thus, it is essential to align talent development with these goals. In July 2022, FENC joined TALENT, in Taiwan. Along with Commonwealth Learning, the Cheers magazine and over 100 corporations, FENC promoted and advocated talent sustainability highlighting six major indicators – conveying the purpose and meaning of work; helping employees feel the value of work; diversity and inclusion; emphasizing on organizational communication; rewards and encouragement; mental and physical health; talent development.

FENC pledges to commit to talent sustainability:

1. Human rights are universal. FENC pledges to protect and ensure labor rights and interests, creating robust and open communication channels to foster harmonious labor relations.
2. FENC provides exceptional compensation packages to entice top talents.
3. FENC values gender equality and provides gender-friendly environments and systems.
4. FENC believes in putting the right person in the right job and fulfilling employees' full potential. The Company prioritizes the promotion of internal talents, offering diverse opportunities through a comprehensive promotion track.

By pledging support through actions, FENC is creating a brighter future for all employees.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

### Human Resources Overview

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 91% 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.

The 2022 turnover rate among permanent employees in Taiwan is 9%, which is considerably lower than the 15.5% average in the manufacturing industry. The low turnover reflects the effectiveness of FENC's talent retention strategies. Among the FENC sites in mainland China, employee turnover was down by 960, dropping significantly by 38% from the previous year. During the pandemic, staff's physical and mental health remained the highest priority. Amid a volatile labor market, FENC stood by its employees. The Company assured peace and happiness at the workplace through multiple pandemic relief programs.

During the reporting year, an additional 1,892 employees left their posts compared to 2021, representing a 41% increase in the turnover rate. The factor contributing to this phenomenon is the surge of job changes fueled by the pandemic. Since 2021, FENC sites in Vietnam have been offering highly competitive salaries at a level 44% higher than the average market salaries. Along with appealing recruitment strategies and a quality workplace, FENC is enhancing its workforce to power corporate expansion in Vietnam. Among the new recruits, 69% are under the age 30, indicating a younger cohort within the organization.

A relatively low turnover rate, 5%, is observed at the FENC sites in Japan and the U.S. in 2022. The robust and comprehensive welfare system creates a win-win by fostering work-life balance and generating cohesiveness among employees while contributing to higher work performance and efficiency for the Company.

#### Human Resource Overview in 2022



#### Human Resource Statistics

		Taiwan			Mainland China			Vietnam			Japan			U.S			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Permanent Employees	Male (%)	73%	73%	<b>73%</b>	54%	55%	<b>57%</b>	33%	33%	<b>34%</b>	84%	84%	<b>84%</b>	82%	82%	<b>82%</b>	48%	48%	<b>48%</b>
	Female (%)	27%	27%	<b>27%</b>	46%	45%	<b>43%</b>	67%	67%	<b>66%</b>	16%	16%	<b>16%</b>	18%	18%	<b>18%</b>	52%	52%	<b>52%</b>
	Number	4,162	4,176	<b>4,177</b>	4,808	4,870	<b>4,564</b>	9,482	10,241	<b>11,578</b>	142	155	<b>219</b>	163	180	<b>187</b>	18,757	19,622	<b>20,725</b>
Temporary Employees	Male (%)	88%	90%	<b>90%</b>	59%	62%	<b>53%</b>	28%	38%	<b>54%</b>	87%	76%	<b>0%</b>	100%	100%	<b>0%</b>	72%	70%	<b>80%</b>
	Female (%)	12%	10%	<b>10%</b>	41%	38%	<b>47%</b>	72%	62%	<b>46%</b>	13%	24%	<b>0%</b>	0%	0%	<b>0%</b>	28%	30%	<b>20%</b>
	Number	950	888	<b>884</b>	600	593	<b>284</b>	162	411	<b>56</b>	15	17	<b>0</b>	2	4	<b>0</b>	1,729	1,913	<b>1,224</b>
Total	Male (%)	<b>76%</b>	<b>76%</b>	<b>76%</b>	<b>54%</b>	<b>56%</b>	<b>56%</b>	<b>33%</b>	<b>33%</b>	<b>34%</b>	<b>84%</b>	<b>83%</b>	<b>84%</b>	<b>82%</b>	<b>83%</b>	<b>82%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>
	Female (%)	<b>24%</b>	<b>24%</b>	<b>24%</b>	<b>46%</b>	<b>44%</b>	<b>44%</b>	<b>67%</b>	<b>67%</b>	<b>66%</b>	<b>16%</b>	<b>17%</b>	<b>16%</b>	<b>18%</b>	<b>17%</b>	<b>18%</b>	<b>50%</b>	<b>50%</b>	<b>50%</b>
	Number	<b>5,112</b>	<b>5,064</b>	<b>5,061</b>	<b>5,408</b>	<b>5,463</b>	<b>4,848</b>	<b>9,644</b>	<b>10,652</b>	<b>11,634</b>	<b>157</b>	<b>172</b>	<b>219</b>	<b>165</b>	<b>184</b>	<b>187</b>	<b>20,486</b>	<b>21,535</b>	<b>21,949</b>

Note:

1. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards.
2. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
3. The age cohort does not include temporary employees.
4. There are no part-time employees or non-guaranteed hours employees at any FENC production sites.

# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight  
Target and Progress  
Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Number and Rate of New Employee Hires in 2022

		Taiwan		Mainland China		Vietnam		Japan		U.S		Total	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	121	32%	390	85%	1,685	71%	6	20%	6	21%	<b>2,208</b>	<b>68%</b>
	Female	65	38%	125	49%	2,961	68%	2	15%	2	50%	<b>3,155</b>	<b>65%</b>
	Subtotal	186	34%	515	72%	4,646	69%	8	19%	8	24%	<b>5,363</b>	<b>66%</b>
31-50	Male	118	7%	351	19%	560	37%	9	6%	9	15%	<b>1,047</b>	<b>20%</b>
	Female	33	5%	221	13%	1,472	46%	1	5%	1	10%	<b>1,728</b>	<b>31%</b>
	Subtotal	151	6%	572	16%	2,032	43%	10	6%	10	14%	<b>2,775</b>	<b>26%</b>
Over 51	Male	4	0.4%	5	2%	11	17%	1	8%	1	2%	<b>22</b>	<b>2%</b>
	Female	1	0.3%	1	11%	9	19%	0	0%	0	0%	<b>11</b>	<b>3%</b>
	Subtotal	5	0.4%	6	2%	20	18%	1	6%	1	1%	<b>33</b>	<b>2%</b>
<b>Total</b>		<b>342</b>	<b>8%</b>	<b>1,093</b>	<b>26%</b>	<b>6,698</b>	<b>58%</b>	<b>19</b>	<b>9%</b>	<b>19</b>	<b>10%</b>	<b>8,171</b>	<b>39%</b>

Note:

1. The number of new employee hires indicates the number of new permanent employees in an area.
2. The rate 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, gender and region.

Statistics from the Previous 3 Years

## Number and Rate of Employee Turnover in 2022

		Taiwan		Mainland China		Vietnam		Japan		U.S		Total	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	69	18%	453	99%	1,657	70%	2	7%	3	10%	<b>2,184</b>	<b>67%</b>
	Female	33	19%	162	64%	2,647	60%	0	0%	0	0%	<b>2,842</b>	<b>59%</b>
	Subtotal	102	19%	615	86%	4,304	64%	2	5%	3	9%	<b>5,026</b>	<b>62%</b>
31-50	Male	141	8%	486	26%	620	41%	1	1%	1	2%	<b>1,249</b>	<b>24%</b>
	Female	44	7%	453	26%	1,530	48%	0	0%	0	0%	<b>2,027</b>	<b>36%</b>
	Subtotal	185	8%	939	26%	2,150	46%	1	1%	1	1%	<b>3,276</b>	<b>30%</b>
Over 51	Male	88	9%	22	8%	19	29%	1	8%	5	8%	<b>135</b>	<b>10%</b>
	Female	19	6%	7	78%	14	30%	6	200%	1	5%	<b>47</b>	<b>11%</b>
	Subtotal	107	8%	29	10%	33	29%	7	44%	6	7%	<b>182</b>	<b>10%</b>
<b>Total</b>		<b>394</b>	<b>9%</b>	<b>1,583</b>	<b>35%</b>	<b>6,487</b>	<b>56%</b>	<b>10</b>	<b>5%</b>	<b>10</b>	<b>5%</b>	<b>8,484</b>	<b>41%</b>

Note:

1. The number of employees leaving is the number of regular employees who have left the company in the region.
2. The rate is derived by dividing the number of the employee turnover of an age group by the total number of employees of the same age group, gender and region.

Statistics from the Previous 3 Years

In 2019, 2021 and 2022, FENC was the recipient of the Happiness Enterprise Award from the online recruitment platform, 1111 Job Bank. In 2021 and 2022, FENC received the Best Employer Award in Asia from HR ASIA. In 2022, FENC also received the award for Investment in People from the Asia Responsible Enterprise Awards (AREA); recognition for providing a safe workplace amid the pandemic by the Asia-Pacific Sustainable Action Awards; Talent Development Award from Taiwan Corporate Sustainability Awards (TCSA). These honors reflect employees' vote of confidence in FENC.



FENC Creates a Sustainable and Happy Workplace (Chinese)



## Building Solidarity with Managers Summit at APG Polytech

FENC expanded its business territory into the U.S. in 2018. The Company currently owns two U.S. locations in two different states. One is a business entity and the other is an R&D facility. To help the staff from these two locations familiarize themselves with each other, APG Polytech held an annual managers summit, inviting managers and their families to enjoy the team-building experience.



To build a management team with excellence and efficiency, the Company must be prepared to keep leaping forward amid a market filled with uncertainties and challenges. With this mindset, APG Polytech held several seminars for executive managers to examine past performance and future prospect. As the entire FENC works towards a common goal, a spectacular future will materialize.

FENC values work-life balance. Hence, APG Polytech selected a holiday resort that offers recreational options and scenic views as the venue for the summit. The occasion is a demonstration to the employees that their dedication is greatly appreciated, and to the family members that their loved ones are highly valued, which supports and encourages the managers to continue their contribution.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
  - 4.1 Molding a Diverse and Inclusive Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Occupational Safety and Health Management
  - 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

## 4.1.3 Employee Care

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.

### Compensation

FENC established a variable payroll system that rewards long-term individual and team performance. The Articles of Incorporations stipulates that 2%-3.5% of the Company's net profit shall be dedicated toward employee compensation. Please refer to [4.1.5 Performance Review](#) for details. Company- and Business-wide performance is taken into consideration for determining the monthly and annual employee bonuses. For production bonuses, additional consideration includes the actual output rate, scrappage rate, quality, energy as well as occupational safety. The bonus system is a means to encourage all units to ensure occupational safety and protect the environment through energy conservation, carbon reduction and recycling, and to incentivize employees to optimize the production flow and fully embody corporate sustainability.

Mid-level managers and above may participate in the employee stock ownership plan (ESOP), which purchases Company shares systematically with 15% contribution from the Company. A 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. ESOP offers a long-term option for employee bonus and investment returns.

### Salary Ratio by Gender

		Taiwan			Mainland China			Vietnam			Japan			U.S		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Section Chief and Above	Female to Male	0.94:1	1.05:1	<b>0.96:1</b>	0.83:1	0.83:1	<b>0.82:1</b>	1.11:1	1.17:1	<b>1.11:1</b>	0.90:1	0.93:1	<b>1.01:1</b>	1.02:1	0.97:1	<b>0.99:1</b>
Office Clerk	Female to Male	1.01:1	1.01:1	<b>1.01:1</b>	0.84:1	0.84:1	<b>0.78:1</b>	1.04:1	1.04:1	<b>1.02:1</b>	0.68:1	0.96:1	<b>0.86:1</b>	1.00:1	0.94:1	<b>0.97:1</b>
Factory Worker	Female to Male	1.21:1	1.22:1	<b>1.22:1</b>	0.94:1	0.91:1	<b>0.91:1</b>	0.96:1	0.95:1	<b>0.94:1</b>	0.84:1	0.93:1	<b>0.91:1</b>	0.97:1	1.00:1	<b>1.00:1</b>

Note: The ratio is derived by average basic female salary to average basic male salary for the same rank of job.

### Salary Comparison to Market Level

	Taiwan			Mainland China			Vietnam			Japan			U.S			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Average Annual Regular Salary over Market Level	43%	45%	<b>45%</b>	3%	-2%	<b>-10%</b>	23%	44%	<b>44%</b>	1%	14%	<b>35%</b>	24%	26%	<b>57%</b>	19%	25%	<b>34%</b>
Entry-Level Salary over Minimum Wage	25%	25%	<b>21%</b>	127%	136%	<b>136%</b>	12%	12%	<b>12%</b>	140%	162%	<b>199%</b>	143%	146%	<b>134%</b>	89%	96%	<b>100%</b>

Note: The data source for the market rate of salaries in Taiwan is the average salary in the manufacturing industry and the minimum wages published by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan. The data source in mainland China is the average wages published by the National Bureau of Statistics of China and the minimum wages published by Shanghai and Suzhou People's Municipal Governments. The data source in Vietnam is the average wages published by the General Statistics Office of Vietnam and the minimum wages among tier-one cities in Vietnam. The data source in Japan is the Ibaraki Labour Bureau. The data source in the U.S. is the United States Census Bureau. All data are derived out of statistics from the current year.

Compensation for executive levels above executive vice president is based on corporate performance and the market average. In addition, the compensation is adjusted based on performance review and factors in future operational risks. The Company does not offer signing or recruitment bonus for senior managers. Considerations for compensation of other employees include overall corporate and departmental performance; pay rates among listed companies; market survey provided by professional consulting firms; overall financial and management risks. Stock options are not available for regular employees, and the company policy does not include deferred or vested share options.

The remuneration policy for the Board members and managers is discussed during the Remuneration Committee meeting, which is convened by the independent Board members. The discussions are presented for Board approval and results are presented at the shareholder meeting. Please refer to [1.2.2 Board Structure and Remuneration](#) for details.

FENC sites in Taiwan, mainland China, Japan and the U.S. are mainly in the mid- to up-stream industries with high reliance on the chemical technology, a field where male employees tend to outshine female staff. Hence, they are better paid. Sites in Vietnam see a higher concentration on the downstream garment industry, in which female employees tend to excel, hence receiving higher salaries than their male counterparts.

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.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

The employee performance review is conducted annually. Based on the business operation as well as employee performance and competency, adjustments are made to salaries, bonuses and promotions. The review mechanism serves to inspire employee dedication and create a win-win by increasing both personal earnings as well as corporate growth. The following is the result of the 2022 salary comparison:

### Ratio of Salary Between the Highest Salary and Median Salary in 2022

	Taiwan	Mainland China	Vietnam	Japan	U.S
The Highest Individual Salary : Median Salary of Other Employees	7.38:1	5.09:1	7.00:1	1.54:1	2.40:1

### Ratio of Salary Increase Between the Highest Salary and Median Salary in 2022

	Taiwan	Mainland China	Vietnam	Japan	U.S
The Highest Individual Salary : Median Salary of Other Employees	1.15:1	2.09:1	2.92:1	2.81:1	1.00:1

Note:

1. The data disclosed from production sites in Taiwan, mainland China, Vietnam, Japan and the U.S. reflect the average value from each site.
2. The annual salary ratio is the ratio between the highest individual annual salary and the median annual salary of other employees.
3. The annual salary increase ratio is the ratio of salary increase between the highest individual salary and median salary of other employees. The highest individual salary is excluded from the "other employees" category.

## Employee Benefits

FENC established the Employee Welfare Committee to plan for employee welfare and oversee the allocation of employee welfare fund through regular meetings. Employees may make inquiries or applications related to employee benefit through the Company system. In order to optimize employee benefits, retain employees and satisfy their diverse needs, FENC seeks feedback through regular employee satisfaction surveys and labor relations meetings. The Company also extended expat benefits to cover their family members, demonstrating its care for the employees and their loved ones.

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.



## Annual Children's Christmas Party at APG Polytech

Christmas celebration returned to APG Polytech after a two-year hiatus. In 2022, APG Polytech left the trauma of the COVID-19 pandemic behind and ramped up the care for employees and their families. To celebrate Christmas, APG Polytech invited the entire staff and their families to enjoy the festivity at an amusement park, where free food and beverages as well as gift exchanges were arranged. The joyous atmosphere brought everyone closer, which enhanced corporate solidarity and family relationships while boosting family support and workplace loyalty.



## Badminton Tournament for FEIW and Far Eastern Affiliates

The annual badminton tournament held among the Far Eastern affiliates in the Yangtze Delta in mainland China has been a tradition. Typically held twice a year with four plants rotating as the host, the tournament was halted for three years due to the COVID-19 pandemic. On August 27, 2022, the tournament resumed at FEIW. Using the dormitory area as the venue, the four teams from Shanghai, Suzhou, Yangzhou and Wuxi, the home team, completed 42 games in six rounds. The Yangzhou team won the tournament with three straight wins. On the court, the players are fierce competitors, but off the court, they are good friends. The tournament forged strong bonds among the employees and as a team. It also boosted their mental and physical health.



# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight

Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix



## Full Moon Festival at FEAV

The Mid-Autumn Festival is a significant traditional holiday in Vietnam. FEAV has been collaborating with its customer, prAna, on a fair trade certification program, in which prAna contributes 0.5% to 2% of the sales proceeds from FEAV products as a rebate. The plant received NT\$4.45 million in 2022, which is 3.7 times the 2021 rebate. The fund has been used towards financial and healthcare assistance for employees during the pandemic. It has also been applied towards employee activities. In 2022, part of the rebate was used for the celebration of the annual Full Moon Festival.

The organizer built an amusement park for the event, during which participants checked in with their photos and played fun quizzes for souvenirs. Other activities included painting sessions, arts and cultural performances as well as complimentary cuisines. Over a thousand families attended, sharing the joy and blessing with each other. The event featured the promotion of a caring culture through games that taught employees to support and work with one another. With the donation of books and comics, children were taught to love and cherish what they have and to care for those in need.

This event drew a crowd of 3,093 people, among whom nearly 1,200 were children. The games and activities were designed to inspire passion, solidarity and team spirits. By participating in a company event like this, families get a glimpse of what work entails for their loved ones, and they will be able to provide more moral support. The event was shared on social media platforms as well as customer websites, making it a great opportunity to convey the corporate philosophy.



## The Family Yoga Campaign at FEDZ

Life in a modern society is extremely fast paced, leaving few quality moments for families. FEDZ thus held a family yoga event. In addition to staff, FEDZ invited families of children with special needs through the non-profit organizations nearby. The yoga practice and competitions benefitted employees' physical and mental health. The event also helped employees understand the corporate culture and built cohesion. A total of 80 participants from 40 families attended the event. After releasing mental and physical stress, they are ready to take on future challenges.



# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

2022 Highlight  
Target and Progress  
Material Topics

### 4.1 Molding a Diverse and Inclusive Workplace

#### 4.2 Fostering Employee Career Planning

#### 4.3 Reinforcing Occupational Safety and Health Management

#### 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

## Safeguarding Employee Rights

International Textile Manufacturer Federation (ITMF) and International Apparel Federation (IAF) codeveloped Social & Labor Convergence Program (SLCP) with global brands, manufacturers and accredited hosts. The program conducts verifications on recruitment and hiring; working hours; wages and benefits; employee treatment; employee involvement; health and safety; termination; management system. Six dyeing and finishing plants under FENC have passed third-party SLCP verification and been recognized by brand customers. The verification is an endorsement to FENC's non-stop progress in the management and protection of human rights and employee welfare.

## Expat Benefits

Rights and benefits for expat employees during their stationing overseas are governed by the human resources policy at the Headquarters.

1. Vacation days are as stipulated by the Labor Standards Act.
2. The annual performance review requirement applies.
3. The insurance grade remains the same for the labor insurance, national health insurance and retirement pension.
4. Accrual of seniority continues while stationing overseas.

In addition to the above, FENC provides:

1. Holiday bonuses, vacation days in Taiwan and flight tickets for family visits.
2. Accident insurance and medical insurance covering overseas hospitalization and outpatient visits.
3. Stipends for family members, children's education and moving expenses.

Out of the 381 expat employees, 56 are female, accounting for 15%. Zooming in on the downstream garment industry, 19 of the 50 expat employees are female, representing 38%. The high percentage is consistent with the industry characteristics. All employees are eligible and the selection criteria include duties, skills, family conditions and personal willingness. Gender does not influence FENC's decisions on the overseas assignment. The Company reviews and modifies the rights and obligations regarding expat employees on a regular basis to incentivize employees' willingness to station abroad and to protect the rights of expat employees, building the global talent reserve that will fuel FENC's global expansion.

## Care for Migrant Workers

FENC's staff in Taiwan is made up of 18.3% 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 Labor Relations

FENC engages in consistent employee dialogues through multiple channels to build cohesion and enhance employee performance. The Company conducts the employee satisfaction survey and seeks assistance from external consultants for insights on trends in the labor market and to cater to employee needs with precision. Though the world was starting to see a downward trend for the COVID-19 pandemic in 2022, resurgence was still observed. In Taiwan and mainland China, in particular, the pandemic reached its peak. The harsh circumstances disrupted the plan for administering the employee satisfaction survey for the reporting year. However, the survey has been scheduled as a priority task for 2023 with an extended focus to assess employee satisfaction from the overseas locations.

As stipulated in the Human Rights Policy, which is referenced in [4.1.1 Human Rights Protection](#), the Company respects employees' freedom of association and rights to form labor unions and conduct collective bargaining at their discretion. Units with established labor unions shall discuss the details in union agreements once every three years. Union recommendations are respected, fully discussed and enacted upon resolutions. In addition, employees may express their opinions to the management through a multitude of internal channels, including the comment box, executive meetings and grievance mechanism. FENC strives to maintain harmonious labor relations and avoid labor disputes. There were no violations against the freedom of association and collective bargaining during the reporting year. The freedom of association and rights to collective bargaining are paramount at FENC. Hence, the Company conducts human rights due diligence among stakeholders to prevent the risks posed by salient human rights issues.

There are 15 labor unions among all FENC sites. With the exception of the U.S. locations, all employees, excluding managers involved in executive decision making, may join the labor union. All hourly-waged workers in the U.S. must join the union upon completing the probation period, and the hiring of non-union workers at the plants is not allowed. Union participation among all production sites has reached 95%. Currently, four FENC sites do not have organized labor unions, but they have been maintaining harmonious labor relations with labor relations meetings held quarterly and minutes made public. Agreements made during the labor management meetings serve as the legal basis for employee protection. At FENC sites without union representation, the collective bargaining agreement offers protection to 100% of the permanent employees.

### Regulation Governing Layoff Notice Period

#### Taiwan

Based on Labor Standards Act and the Act for Worker Protection of Mass Redundancy, employees shall be notified prior to the termination of employment contracts. Applicable regulations are covered in the internal management documents within the Company.

#### Mainland China

Labor Law of the People's Republic of China stipulates that employees shall be notified in writing 30 days prior to the termination of employment. Applicable regulations have been included in the internal management document.

#### Vietnam

According to the Labor Code of Vietnam, employees under labor contract without time limitations shall be notified 45 days in advance prior to termination of such contract. Employees under labor contract with a time limitation shall be notified 30 days in advance. Applicable regulations have been included in the internal management documents.

#### Japan

Labor Contract Act stipulates that employers shall not terminate employment contracts without objective circumstances.

#### U.S.

Employment relationships are presumed to be at-will under the U.S. labor law, where either U.S. party may terminate the contractual relationship at any time.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
  - 4.1 Molding a Diverse and Inclusive Workplace
  - 4.2 Fostering Employee Career Planning
  - 4.3 Reinforcing Occupational Safety and Health Management
  - 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

### Statistics of Current FENC's Labor Unions

Production Site	Year of Establishment	Number of Members	Employee Participation Percentage
Hsinpu & Kuanyin Chemical Fiber Plant	1978	2,102	99%
Kuanyin Dyeing and Finishing Plant	1956	134	89%
Neili Texturizing Plant	1977	45	75%
Hukuo Mill	1989	187	93%
OPTC	1997	271	82%
OPSC	2009	163	96%
FEIS	2004	1,229	99%
WHEF	2014	135	100%
OTIZ	2007	1,257	94%
FEIW	2007	522	100%
FEDZ	2008	647	100%
FEAZ	2004	802	99%
FEAV	2007	5,521	99%
FENV	2015	3,593	99%
APG Polytech	2018	115	100%
<b>Total</b>		<b>16,723</b>	<b>95%</b>

Note:

- OGM, FEFC, FEPV and FIGP do not have labor union in place.
- Agreement between APG Polytech and the labor union stipulates that all wage workers at the plant, including technicians and operators, must be union members. Salaried workers such as managerial and administrative staff as well as high-level technicians are exempt.

FENC co-founded the Association of Industrial Relation, R.O.C. in 1981. The association holds quarterly board meetings for the directors and supervisors and conducts training and seminars with a focus on labor-management issues. Serving the role of the executive director, FENC wishes to advocate labor rights, promote labor-management cooperation and build harmonious labor relations.

#### 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 Company provides a performance-driven bonus system to incentivize employees and senior managers with exceptional performance. With the exception of interns, employees yet to complete the first year of employment or on leave without pay, all permanent employees are subject to performance review. In 2022, performance reviews for 100% of FENC employees have been completed.

### Performance Review for Senior Managers

Performance review for senior managers is 70% quantitative, which is based on revenue analysis, and 30% qualitative, which is based on long-term development. The review is tied to adjustments in salary and annual bonus.

#### Evaluation Categories and Details for Senior Managers

 <p><b>Annual Management Performance and Outcome</b></p>	<ul style="list-style-type: none"> <li>Regard "integrity" as the highest guiding principle for corporate management and development.</li> <li>Engage heavily in corporate management through the balancing of innovative response strategies as well as growth and expansion amid business volatility to pursue corporate development and financial performance for the year.</li> <li>Control business costs as well as manage internal and risk control.</li> </ul>
 <p><b>Sustainable Management and Development</b></p>	<ul style="list-style-type: none"> <li>Lead industry peers while pursuing sustainability and long-term profits by applying innovative thinking, cutting edge technology and excellence in management.</li> <li>Continue developing new products and investing in new markets and new fields.</li> <li>Develop green products and production and reduce impacts from the value chain on the natural habitat.</li> <li>Provide high quality products and comprehensive services.</li> <li>Embrace the challenges posed by globalization, value the cultivation and recruitment of international management talents, provide comprehensive employee care, and maximize the core corporate values – honesty, diligence, thrift, prudence and innovation.</li> <li>Maintain ongoing engagement with stakeholders, including the labor union, government, investor, supplier and customer while committing to social engagement and non-profit causes.</li> </ul>

### Performance Review for Employees

#### Performance Review and Employee Development System

 <p><b>Job Performance and Regular Feedback System</b></p>	<p>All employees undergo KPI review. In the beginning of each year, employees set personal goals based on organizational performance, and the bonus is adjusted monthly based on personal performance. The bonus system brings communication opportunities to help. Employees may also express observations to supervisors during the monthly appraisal interview. The annual review will be based on achievement of goals, serving as a reference for salary and bonus adjustments as well as a formal mechanism to promote an open feedback culture.</p>
 <p><b>Competency and Employee Development Plan</b></p>	<p>Annual performance review is conducted by direct supervisors to evaluate the level of job competency employees demonstrated. The review also includes conversations on the employee development plan. The supervisor and the employee are to discuss personalized training needed to foster employee development, including on-the-job-training, job rotation and overseas assignment.</p>

Productivity-linked incentive is issued based on business operation as well as departmental and personal performance. Twenty percent of employees' monthly salaries come from this incentive system. Indicators for the incentive include productivity milestone, quality, energy and occupational safety, which encourage employees to engage in improving occupational safety; energy and carbon reduction; environmental protection and recycling; production flow, and ultimately help FENC achieve sustainable management.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight Target and Progress Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning**
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

The performance review for employees is conducted at least once a year and serves as a key reference for salary adjustment, bonus, promotion and dismissal.

### Performance Review for Migrant Workers

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.

#### 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 27. Retirement Benefit Plans in Financial Report for annual funds appropriated for the retirement pension.

<b>Taiwan</b>	FENC established Employee Pension Committee, which convenes regularly to provide oversight over the utilization of pension funds. Over 50% of the committee members are labor representatives. Contribution by FENC sites falls between 4% and 10% of employees' full salaries. In July 2005, the Ministry of Labor enacted a new labor pension system. Employees enrolled in the new system and new recruits make 6% deduction from the payroll for their pension contribution. The years of service employees have accrued under the previous pension system remain, and pension withdrawal may be made upon retirement. FENC employees are 100% covered by the retirement pension system.
<b>Mainland China</b>	Employees are enrolled in the social insurance in accordance with Social Insurance Law of the People's Republic of China. The source of employee pension is the endowment insurance under this system. Production sites in mainland China contribute 16% to the pension fund. Employees are 100% enrolled in the pension system.
<b>Vietnam</b>	Employees are entitled to pension payments as stipulated in the Law on Social Insurance. FENC sites calculate the insurance premium based on labor wages and stipends, and contribute 17.5% for the social insurance. FENC employees are 100% enrolled in the pension system.
<b>Japan</b>	The retirement pension system is in place at FENC production sites. Upon the completion of three years of employment, employees start accruing pension points, which may be redeemed upon resignation or retirement. There has been a higher need for new recruits (under three years of employment) due to plant expansion. Hence, the 2022 percentage of employees enrolled in the pension system is 59%.
<b>U.S.</b>	The 401K system applies to FENC production sites. The union agreement, which is updated every three years, stipulates that employer contribution kicks in upon the end of the probation period, and employer contribution shall be 65% of the employee contribution with 6% of the monthly salary as the cap. Employees are 100% enrolled in the pension system.

## 4.2 Fostering Employee Career Planning

Talents are critical to a corporation's ability to navigate through capricious waters and towards victory. Therefore, talent cultivation should be strategically thought out with foresight to keep pace with corporate growth. Balancing the macro-organizational and the micro-employee perspectives, talent development should be based on the corporate core values, organizational development and departmental needs. Employee training at FENC is conducted through diverse channels integrated by its E-training management system. In the spirit of continuous refinement and optimization, the Company is on track to complete an omnidirectional training blueprint that will shape it into a holistic learning organization.

In the beginning of each year, discussions are held between employees and their supervisors to establish future training programs. By the middle of the year, employees undergo training, apply the knowledge they acquire and share it through the organizational knowledge sharing team so they can learn from each other. Each stage is calibrated to foster personalized and sophisticated training track. The corporate training system provides specialized training. Starting from day one, employees are assigned mentors to guide them through the available learning resources. Regular orientation camps and the mandatory general training help new recruits get acquainted with the corporate culture and develop their own network. Once they get situated at their posts, professional training begins with an emphasis on occupational safety and health as well as regulatory training on human rights. With time, as they develop the qualifications for the management positions, management training kicks in at various levels to further develop their abilities to embrace future challenges and organizational development.

FENC has been a repeating winner of Talent Quality-management System (TTQS) Silver Medal and People Development Excellence Award from SGS CSR Awards. FENC also received the 5th consecutive People Development Award from Taiwan Corporate Sustainability Awards (TCSA) in 2022. FENC has established a reputation for the quality and performance in talent development.

Management approaches are project-specific, and the results are evaluated based on the Kirkpatrick Model.

### 2022 Evaluation

	<b>Results</b> Level 1	<ul style="list-style-type: none"> <li>83% of the planned training sessions were held successfully.</li> <li>After-class satisfaction survey reached the scale of 4.43 out of 5.</li> <li>80% attendance rate, up by 7% from 2021.</li> </ul>
	<b>Learning</b> Level 2	<ul style="list-style-type: none"> <li>Far Eastern Corporate Academy: 100% certification rate</li> <li>Organizational Knowledge Program: 87% assignment completion rate</li> <li>Learning Performance: Average score of 93.3 for the Digital Transformation Elite Program</li> </ul>
	<b>Behavior</b> Level 3	<ul style="list-style-type: none"> <li>Employees formed 33 share groups within internal units.</li> <li>Employees conducted 58 sessions of study group.</li> <li>Producing 42 courses with the digitization of organizational knowledge.</li> <li>Reproducing results by disseminating organizational knowledge through Far Eastern Magazine.</li> </ul>
	<b>Reaction</b> Level 4	<ul style="list-style-type: none"> <li>96% key talent retention rate</li> <li>76% new recruit retention rate</li> </ul>

# 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
- Enhancing Corporate Sustainable Image

## Special Report

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

### 2022 Training and Attendance



Note: The occupational safety and health training does not include the in-house training provided by individual FENC sites.

Statistics by Regions

### 2022 Strategic Talent Training Program

	Digital Transformation Program			International Talent Program	Sustainable Management Legacy Program		
Eligibility	<ul style="list-style-type: none"> <li>Supervisor's recommendation</li> <li>Individual application</li> </ul>			<ul style="list-style-type: none"> <li>Supervisor's recommendation</li> <li>All employees in Taiwan and overseas</li> <li>Employees in preparation for implementing internationalization projects</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor's recommendation</li> <li>Individual application</li> <li>Training shift</li> </ul>		
Platform	Yuan Ze University			LinkedIn Learning	External lecturers		
Course Sessions	Digital Innovation EMBA	Industrial Engineering and Management	Digital Transformation Elite Program	-	Knowledge Extraction and Visualization	ESG Series	General Corporate Sustainability Training
Content	Eight modules	Ten modules	Six modules	16,000 courses	Knowledge point deduction and video editing	Profession-specific courses and lectures	Regulatory knowledge on human rights and anti-corruption
Attendance	122 attendance count	129 attendance count	250 attendance count	450 participants	128 attendance count	3,244 attendance count	7,248 attendance count
Program Period	2019 to 2022	2019 to 2023	2022 to 2023	April 2021 to May 2023	Q2 2022	Q1 to Q4 2022	Q3 to Q4 2022
<b>Budget</b>	<b>NT\$12.77 million</b>						

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix



## Long-Term Thematic Talent Development

The world is evolving quickly. In an environment where climate change, technological innovation as well as geopolitical and economic tensions have long-lasting presence, corporations must be able to foresee, prepare for and adapt to constant changes. It is critical to leverage corporate resilience through deep thinking and problem solving and create enduring values through sustainable development.



FENC prioritizes the internalization of values among employees. In addition to providing professional training programs tailored to polish employee performance, the Company also provides programs with broader scope. In 2022, FENC launched three major programs focusing on the cultivation of sustainable, digital and global competence. The quarterly programs provide thematic learning with daily, weekly and monthly learning maps. The Human Resources Development Center provides key knowledge daily through physical and virtual courses; weekly newsletters sharing multifaceted thematic learning resources to help staff stay ahead amid a capricious environment; monthly online lectures with high-caliber speakers sharing global trends and the latest information. A total of 186 managers attended the May forum, Remote Work through Virtual and Actual Offices, and 259 managers attended the June forum, Interpreting Data, Controlling Crisis and Discovering Opportunities.

To develop a learning culture, FENC held a two-month self-development challenge in a gamified format to encourage staff participation. Staff learned to highlight the key points, develop action plans and construct a holistic perspective by piecing together the multi-layered information. They further deepen their understanding through sharing, which is a way of examining the progress of this self-development challenge. The thematic talent development program accumulated 28,206 training hours from internal learning resources, averaging 26.64 hours per person. Book resources were checked out 1,756 times, a soaring 34% increase from the same period in 2021.

FENC conducted 112 training sessions in 2022. Among them, 11 are forums featuring global trends, which reached 4,232 employees across departments, companies and regions. The online and offline resources were combined to offer a multitude of learning formats and subjects. This opportunity of continuous learning and growth is available to all FENC employees regardless of ranking and seniority to help them evolve and excel, develop their soft power and competitiveness and get them ready to adapt swiftly amid the fast-changing times.



## Fulfilling Sustainable Growth with Organizational Knowledge Programs

Talents are the engine that drives corporate sustainability. FENC wishes to reinforce the ESG mindset among staff through a diverse roster of training courses. By encouraging the integration of sustainable thinking into practice, the entire FENC staff is working together, infusing ESG into its corporate culture.

Human rights violations and corruption are detrimental to corporate sustainable development. Thus, FENC offers Company-wide training programs on Corporate Labor Rights Declaration as well as Corporate Integrity and Corruption Prevention. Additionally, an ESG course series has been designed and customized for various levels of positions and specializations. Aside from helping FENC's worldwide procurement units understand the sustainable supply chain and future development, a sustainable finance program is offered to the finance and accounting staff to help them understand the framework and rules concerning sustainability disclosures and meet the relevant requirements. A total of 119 ESG courses were offered in 2022, including human rights, carbon management and financial disclosures. A total of seven ESG lectures were offered with 10,620 in attendance count.

To pass down FENC's sustainability legacy, FENC continues to assist the production plants to offer courses on the digitization of organizational knowledge. An inventory of all existing courses was first established. During the course, participants combed through the knowledge and skills taught in existing courses to construct a clear contextual learning framework. A total of 69 employees worked individually or in a team setting during the course and designed 37 courses on the digitization of organizational knowledge. The proposed courses were reviewed by the lecturers and experts on organizational knowledge, and then uploaded to the E-learning cloud academy. The Human Resources Development Center also uploaded five courses designed in house on subjects such as production process, information security and intellectual properties. Still in the pipeline are online courses on corporate integrity and corruption prevention as well as corporate labor rights declaration. The Company also provides English versions of courses to be offered at overseas locations, placing all staff on an equal footing to establish the fundamental knowledge.



# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

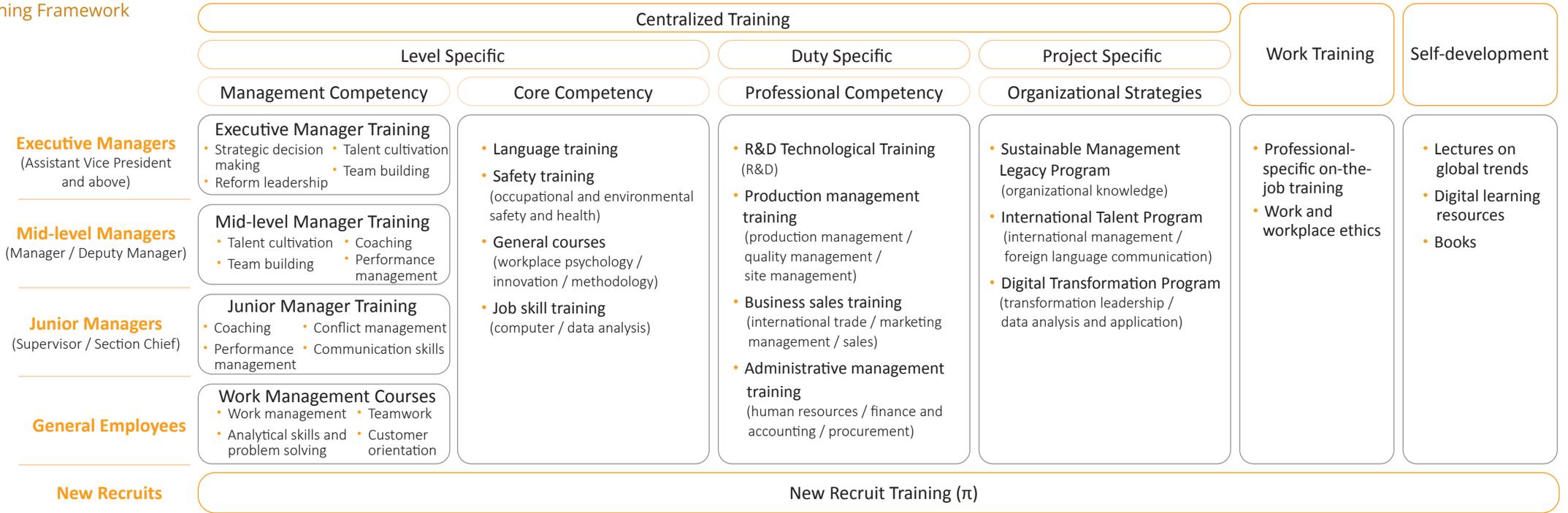
- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

## Training Framework



Note: The symbol “π” indicates the corporate intent to develop more talent competitiveness by helping the new recruits to develop dual specializations and the ability to handle inter-disciplinary duties.

## Average Number of Training Hours and Training Days of Regions

		2020	2021	2022
Taiwan	hour / person	26.82	29.50	<b>25.34</b>
	day / person	3.35	3.69	<b>3.17</b>
Mainland China	hour / person	30.70	19.87	<b>19.17</b>
	day / person	3.84	2.48	<b>2.40</b>
Vietnam	hour / person	16.29	13.97	<b>29.22</b>
	day / person	2.04	1.75	<b>3.65</b>
Japan	hour / person	14.44	14.70	<b>24.30</b>
	day / person	1.81	1.84	<b>3.03</b>
U.S.	hour / person	43.51	52.17	<b>52.52</b>
	day / person	5.44	6.52	<b>6.57</b>
<b>Total</b>	hour / person	<b>21.80</b>	<b>19.12</b>	<b>26.37</b>
	day / person	<b>2.73</b>	<b>2.39</b>	<b>3.30</b>

Note: In 2022, the COVID-19 pandemic eased off in Vietnam and Japan, allowing the partial opening of the training courses.

## Average Number of Training Hours of Ranking and Gender

Unit: hour / person

		2020	2021	2022
Section Chief and above	Male	36.86	28.12	<b>32.15</b>
	Female	28.74	20.38	<b>25.38</b>
	<b>Subtotal</b>	<b>34.54</b>	<b>25.95</b>	<b>30.09</b>
Office Clerk	Male	23.76	26.50	<b>31.78</b>
	Female	15.06	14.55	<b>21.66</b>
	<b>Subtotal</b>	<b>20.41</b>	<b>22.03</b>	<b>27.94</b>
Factory Workers	Male	23.53	19.47	<b>26.27</b>
	Female	19.83	14.79	<b>24.30</b>
	<b>Subtotal</b>	<b>21.33</b>	<b>16.53</b>	<b>25.05</b>
<b>Total Employees</b>	<b>Male</b>	<b>24.84</b>	<b>23.52</b>	<b>29.20</b>
	<b>Female</b>	<b>18.62</b>	<b>14.98</b>	<b>23.74</b>
<b>Subtotal</b>	<b>21.80</b>	<b>19.12</b>	<b>26.37</b>	

## Average Number of Training Days of Ranking and Gender

Unit: day / person

		2020	2021	2022
Section Chief and above	Male	4.61	3.52	<b>4.02</b>
	Female	3.59	2.55	<b>3.17</b>
	<b>Subtotal</b>	<b>4.32</b>	<b>3.24</b>	<b>3.76</b>
Office Clerk	Male	2.97	3.31	<b>3.97</b>
	Female	1.88	1.82	<b>2.71</b>
	<b>Subtotal</b>	<b>2.55</b>	<b>2.75</b>	<b>3.49</b>
Factory Workers	Male	2.94	2.43	<b>3.28</b>
	Female	2.48	1.85	<b>3.04</b>
	<b>Subtotal</b>	<b>2.67</b>	<b>2.07</b>	<b>3.13</b>
<b>Total Employees</b>	<b>Male</b>	<b>3.11</b>	<b>2.94</b>	<b>3.65</b>
	<b>Female</b>	<b>2.33</b>	<b>1.87</b>	<b>2.97</b>
<b>Subtotal</b>	<b>2.73</b>	<b>2.39</b>	<b>3.30</b>	

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management**
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

### 4.3 Reinforcing Occupational Safety and Health Management

#### 4.3.1 Implementation of Occupational Safety and Health Management

##### Occupational Health and Safety Policy and Target

To establish a safe and healthy workplace with comfort while consistently lowering the rate of workplace accidents and disasters, FENC established Occupational Health and Safety 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 (including employees and contractors) and stakeholders.

[Occupational Health and Safety Policy](#) 📄



#### Participation in OSHA's Workplace Sustainable Development Program

When Tzu-Lien Tzou, Director-General of OSHA, was interviewed by the Future Business Department of Commonwealth Magazine, FENC was the only corporation invited during the interview to explore “healthy workforce”, a critical issue for corporate sustainability, and B.C. Chang, Chief Operating Officer of Polyester Business, was present to share the FENC perspective. In the past, corporate efforts in occupational safety and health was limited to regulatory compliance and minimizing occupational disasters. However, providing a workplace with “human-centric” occupational safety and health practices should be regarded as an urgent task. He also stressed occupational safety and health being integral to corporate sustainability. FENC's efforts in promoting workplace sustainability was recognized by OSHA, which presented the Company the certificate of appreciation.



[The Key to Corporate Sustainability: Safe Environment and Healthy Workforce \(Chinese\)](#) 📺

##### Executive Support and Involvement in Occupational Safety and Health

During the quarterly FENC Board meetings, the president from each Business presents the Occupational Safety and Health Management Report compiled by the Labor Safety and Health Department from the headquarters. In 2022, 4 reports were presented. The Board serves the supervisory role and conducts review and questioning over the report. Improvements needed will be acted upon at production units based on Board resolutions to ensure proper occupational safety and health management.

##### Continuous Operation of Occupational Safety and Health Management

As of the end of 2022, all FENC sites had implemented the occupational safety and health management system.

1. A total of 21 sites, representing 100% of the scope of this report, have implemented the system, covering 100% of the employees and workers.
2. Conducts related to occupational safety and health management; worker engagement; consultation and communication; prevention and mitigation of occupational safety and health impacts directly related to job duties are carried out in accordance with the stipulations in the occupational safety and health management system.

##### Risk Identification, Assessment and Control

Occupational Safety and Health Policy and principles governing FENC production sites are as follows:

1. The incorporation of new production lines, production processes or equipment is governed by Change Management Process. An application for change shall be filed and the process includes self-assessment on risk and control, change review/supervisor approval, pre-launch evaluation and closing.
2. Risk identification shall be conducted to determine the risk level of operations associated with raw materials, products, activities and services which may potentially harm the operator, including employees and contractors, or cause damages to equipment.
3. Improvement goals shall be established based on risk levels and distribution of resources. 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 risks. Operation of control mechanisms is based on Regulations Governing Risk Identification, Assessment and Control set forth at each plant.
4. Plans and implementations regarding overwork, workplace violence and the protection of the health of the middle-aged and elderly as well as maternity care at FENC production sites are conducted in accordance with local regulations. There were no irregularities in 2022.
5. All production sites arrange risk control training for employees. In 2022, 54 sessions were held with 2,046 employees completing 3,782 training hours.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

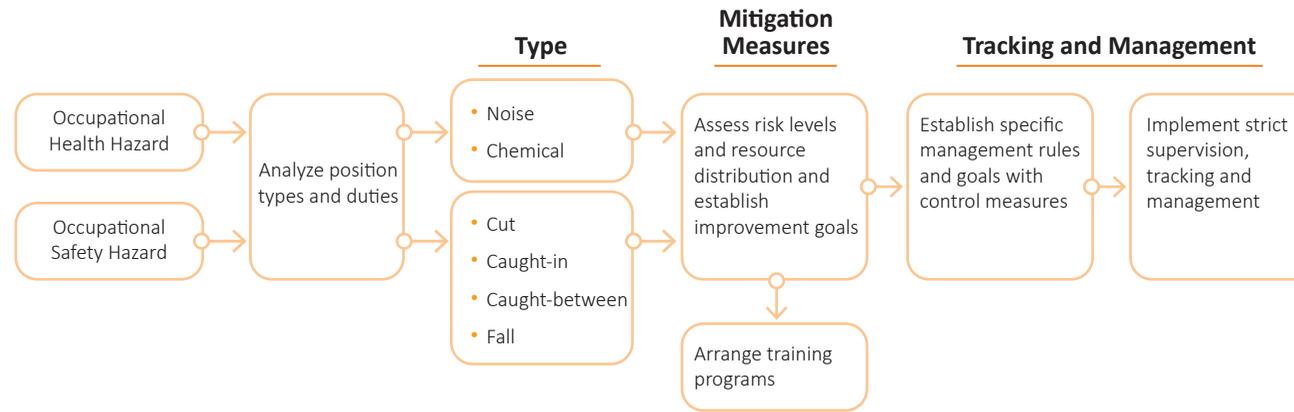
- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

## ● Hazard Recognition, Assessment and Analysis Procedures at Production Sites



## 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. Setting up labor representatives with more than 30% seats. The Committee convenes quarterly to determine the formulation, coordination and supervision of safety and health related issues at each plant to ensure full implementation.

Occupational safety and health management is one of the priority concerns when it comes to labor relations at FENC. The following subjects are included in the labor relations meetings, Occupational Safety and Health Committee meetings, and collective bargaining agreements with employees:

1. Provide personal protective equipment.
2. Implement labor relations management and establish the occupational safety and health committee with labor and employer representations.
3. Involve labor representatives in the health and safety inspection, review and investigation.
4. Provide job-related training for workers.
5. Establish grievances mechanism for workers.
6. Guarantee workers the right to refuse unsafe work.
7. Schedule regular health checkups for workers.
8. Comply with regulations from International Labor Organizations.
9. Clearly define the procedure or system that workers shall follow when encountering safety or health related problems.
10. Clearly establish safety and health goals and ways to achieve such goals.

## ● The Occupational Safety and Health Committee at Operational Sites

Operational Sites	Number of Committee Members	Percentage of Worker Representatives
Headquarters	11	36%
Hsinpu Chemical Fiber Plant	29	34%
Kuanyin Chemical Fiber Plant	21	33%
OGM	18	56%
Kuanyin Dyeing and Finishing Plant	33	36%
Hukou Mill	12	33%
Plant 1 of OPTC	15	33%
Plant 2 of OPTC	17	35%
FEFC	12	33%
OPSC	22	86%
FEIS	30	67%
WHFE	18	33%
OTIZ	48	67%
FEIW	22	68%
FEDZ	61	98%
FEAZ	25	52%
FEAV	29	17%
FENV	15	13%
FEPV	74	51%
FIGP	45	67%
APG Polytech	10	50%

Note:

1. There is no provision in the Vietnamese regulation concerning the number of labor seats in the occupational safety and health committee.
2. There is no provision in the U.S. regulation regarding the establishment of occupational safety and health committee.

# 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  
 Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight  
 Target and Progress  
 Material Topics  
 4.1 Molding a Diverse and Inclusive Workplace  
 4.2 Fostering Employee Career Planning  
 4.3 Reinforcing Occupational Safety and Health Management  
 4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Reinforcing 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. The total occupational safety and health training hours accrued by FENC and contractor employees are 227,720 and 41,289 in 2022, respectively.

### 2022 Employee Safety and Health Personnel Training Statistics

	Number of Classes			Number of Trainees			Training Hours		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
On-The-Job Training on Safety and Health	869	993	<b>1,311</b>	17,590	19,967	<b>34,421</b>	131,835	84,031	<b>165,251</b>
Health Management Training	194	252	<b>272</b>	7,123	12,435	<b>11,961</b>	14,371	13,844	<b>15,046</b>
Hazardous Chemical Training	162	89	<b>140</b>	4,327	2,154	<b>3,295</b>	17,231	8,810	<b>19,925</b>
Protection Personnel Training	15	15	<b>20</b>	184	213	<b>213</b>	416	330	<b>412</b>
Emergency Response and Personal Protective Equipment Training	292	464	<b>337</b>	12,316	6,138	<b>10,860</b>	45,800	15,296	<b>20,052</b>
Internal Safety and Health Auditor Training	30	44	<b>31</b>	405	238	<b>444</b>	3,417	1,113	<b>3,252</b>
Risk Control Training	33	82	<b>54</b>	2,239	1,717	<b>2,046</b>	4,248	5,217	<b>3,782</b>
<b>Total</b>	<b>1,595</b>	<b>1,939</b>	<b>2,165</b>	<b>44,184</b>	<b>42,862</b>	<b>63,240</b>	<b>217,318</b>	<b>128,641</b>	<b>227,720</b>

### 2022 Contractor Safety and Health Personnel Training Statistics

	Number of Classes	Number of Trainees	Training Hours
On-The-Job Training on Safety and Health	725	7,201	36,996
Health Management Training	181	2,159	1,982
Hazardous Chemical Training	178	644	321
Emergency Response and Personal Protective Equipment Training	222	874	1,067
Internal Safety and Health Auditor Training	1	24	24
Risk Control Training	41	505	899
<b>Total</b>	<b>1,371</b>	<b>11,407</b>	<b>41,289</b>

## Chemical Safety Management

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

Chemical management at all production sites places are according to the items as following:

1. 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.
2. 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.
3. Post identification for hazardous chemical and prepare safety data sheet (SDS).
4. 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.

### SHEF Task Force, Mainland China

As the COVID-19 pandemic headed into a downward trend in 2022, the Safety, Health, Environmental and Firefighting Task Force (SHEF Task Force) in mainland China maximized the site visit opportunities by conducting safety training. A total of 12 training sessions were offered, including the recognition and assessment of hazard sources, chemical management, installation of scaffolding, lifting operation, jurisdictional safety management, safety culture infrastructure and governmental inspection. The attendance count reached 375, and the total training hours reached 1,713. Following the training, SHEF continues to help production sites conduct operational risk assessment. Priority tasks for SHEF in 2022 are as follows:

1. Coordinate and promote jurisdictional management between FEIW and FEDZ with clearly delineated goals.
2. Implement the reporting and optimize the management of various environmental safety and health incidents with a focus on mild injuries and false alarms and provide assistance to applicable plants with in-depth investigation on recordable injuries.
3. Share environmental safety and health incidents and the latest legal and regulatory updates.
4. Develop the SHEFs Smart Management Platform with continuous optimization of the hidden danger investigation system, equipment and facility systems as well as applets for the manufacturing execution system (MES+); launch the dual prevention mechanism system; upgrade the permit to work systems (PTWs) to align with new governmental regulations concerning special operations.
5. Promote learning and exchange among production sites and coordinate resources to cultivate a culture of mutual support and growth.
6. Issue the fourth SHEF quarterly, which includes an overview on the Production Safety Law of the People's Republic of China with the latest amendment, the dual prevention mechanism for risk assessment and hidden danger investigation, the production safety month campaign and a special issue on fire safety. All of the content is contributed by the managers and employees. The quarterly is a treasure trove of staff's ideas and experiences on environmental safety and health and a useful reference for all production sites in terms of the management of environmental safety and health.

# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

**4 Creating Inclusive Society**

2022 Highlight

Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

**4.3 Reinforcing Occupational Safety and Health Management**

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Safety and Health Enhancement Campaign – Worker Engagement

### 1. FEAV and FENV - the Workplace Safety Facilitator

To enhance workplace safety, representatives from FEAV and FENV attended the safe production and management training held by Nike Vietnam. The training included fire safety, structural safety and women's health awareness. A total of 71 employees completed the training in 2022 and became workplace safety facilitators (WSF) responsible for promoting the three course subjects at FEAV and FENV. The program will benefit over 2,500 employees.

### 2. OPTC and Kuanyin Chemical Fiber Plant – Occupational Safety and Health Week

Lecturers were invited to explain the applications of the occupational safety and health system and audit techniques to 340 employees from OPTC and Kuanyin Chemical Fiber Plant. Participants were encouraged to recommend any improvements related to safety, health and environmental protection, including operational approaches, operating environment, hardware facilities and safety protocol to heighten the safety awareness among staff and establish a workplace with more safety and environmental focus.

### 3. FEPV's Polyester Plant – Occupational Safety Equipment Display

To ensure that all staff are equipped with appropriate and effective PPE, the Environmental Safety Department of the Polyester Plant of FEPV made requests for suppliers to provide multiple PPE options that meet the plant specifications from which staff may choose, including five selections of chemical-resistant gloves, three selections of ear plugs and three selections of chemical respirators. Staff who wish to purchase or replace their PPE may visit the Environmental Safety Department to try out the available options, determine the fit and effectiveness, and then make the choice. This arrangement keeps staff from making the wrong purchase, which saves costs and ensures safety.

### 4. OTIZ – Apparatus Operation Competition

OTIZ held an apparatus operation competition to improve site workers' skills and regulate employee conducts. The event also helped enhance team building, igniting their passion for work while improving production safety and efficiency.

### 5. OPSC – Lecture on Hazard Source Recognition and Assessment

OPSC held the lecture to enhance hazard source recognition and assessment, safety awareness and emergency response among workers, helping the plant meet the requirements of establishing the dual prevention mechanism and safety standardization system mandated by the Ministry of Emergency Management of the People's Republic of China. The lecture encompasses theoretical knowledge, recognition approaches, case studies and group discussions. The lecturers guided 160 employees to apply analytical thinking and interact with one another. Prizes were handed out during the lecture to encourage participation.

### 6. Kuanyin Dyeing and Finishing Plant – Road Safety Lecture

Traffic-related fatality has been climbing by the year. To help staff understand occupational accidents caused by traffic incidents in 2021 as well as the returning rate of employees affected by such incidents, Kuanyin Dyeing and Finishing Plant invited lecturers from Jhungli Motor Vehicles Station in Taoyuan to discuss road safety and defense driving. The event helps staff understand the characteristics of people, vehicles and objects involved as well as the procedures of handling traffic accidents. The case studies keep staff informed so they can keep away from traffic accidents.

### 7. The Dyeing and Finishing Plant of FEPV - Risk Ranking and Equipment Safety Improvement

The Environmental Safety Department collaborated with applicable units and conducted risk assessments regarding 53 types of equipment, including the forklift, stationary crane, lift and production machinery. The risks identified were ranked and classified to prioritize the enhancement of protective devices and safety measures. The Utilities Department coordinated with the contractors on installing the safety components of the machinery and equipment. The improvements made 2022 a year free of equipment-induced disasters.

## Strengthening Emergency Response with Safety Drills

To strengthen employees' ability to react immediately during emergencies and activate emergency responses to reduce the loss of lives, property and production capacity, all FENC sites must conduct risk identification and assessment with considerations given to the geographic location, type of hazardous chemical, and area prone to natural disasters. Once the assessment is completed, staff shall consider controllable factors within the plant and propose emergency response procedures targeting various emergency scenarios. The order of each training and drill is determined based on the type and frequency of the disaster.

During an emergency, all production sites shall follow the protocol established for emergency response and notification procedure. Staff shall identify the disaster, notify applicable units and personnel, and engage in damage control to keep the situation from worsening. Ongoing assessment shall be made to the on-site conditions to minimize harm to the staff, property and environment with adequate treatment to prevent secondary disasters. The investigative unit shall conduct thorough reviews over the cause and propose improvement strategies. A report shall be presented and the unit responsible for the emergency shall undergo educational training to prevent future occurrence.

The government aggressively promoted the green energy industry in 2022. As a show of support, FENC installed solar power systems at multiple production sites. To prevent fire or electrical hazards associated with the solar installations, FENC has established management measures with safety drills.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix



## Solar System Fire Response at Hsinpu Chemical Fiber Plant

Analyses were conducted regarding the facilities and environment, and emergency response procedures were established in response to the newly installed solar panels at the plant:

1. Analyze the types of accidents associated with solar systems.
2. Analyze the fire safety requirements for solar systems.
3. Establish disaster relief principles and precautions for solar systems.

Emergency response implementations include:

### 1. Preparation of applicable documents

Document Type	Detail
Solar System Configuration and Layout	<ul style="list-style-type: none"> <li>Identify the location of solar equipment.</li> </ul>
Distribution Map of Solar System by Zone	<ul style="list-style-type: none"> <li>Prepare the distribution maps of solar panels as well as fire safety and disaster relief equipment.</li> </ul>
PV-related Emergency Reporting Procedure	<ul style="list-style-type: none"> <li>Establish the reporting procedure, approach, content and contact.</li> </ul>
Operating Procedure for Solar Power Insulation and Cut Off	<ul style="list-style-type: none"> <li>Prepare the illustrated operating procedures for insulating and cutting off the electrical circuit.</li> </ul>
PV Related Emergency Response Procedure	<ul style="list-style-type: none"> <li>Establish the emergency rescue, protection and evacuation procedures.</li> </ul>
PV Related Emergency Response Personnel	<ul style="list-style-type: none"> <li>Establish the shift schedule for the personnel responsible for power cut off.</li> <li>Establish the self-defense and firefighting team for each jurisdiction.</li> </ul>
Layout of Adjacent Firefighting and Disaster Relief Facility	<ul style="list-style-type: none"> <li>Prepare the layout of firefighting apparatus for disaster relief purposes.</li> </ul>

### 2. Installation of fire safety apparatus

Apparatus	Detail
Fire Extinguishing Equipment	<ul style="list-style-type: none"> <li>Install additional fire hydrants outdoors.</li> <li>Purchase portable pumps for disaster prevention and relief.</li> </ul>
Personal Protective and Disaster Relief Equipment	<ul style="list-style-type: none"> <li>Purchase fire entry suits. (European specifications)</li> <li>Purchase respiratory protection equipment such as gas masks or breathing apparatus.</li> <li>Install emergency response cabinets to facilitate immediate access during disaster relief.</li> </ul>
Fire Alarm Monitoring Facility	<ul style="list-style-type: none"> <li>Take the ambient wind into consideration and install thermal detectors at the converter area.</li> <li>Install CCTV with signals transmitted to the security office for monitoring and surveillance.</li> <li>Conduct manual inspections regularly with immediate reporting of and response to anomalies.</li> </ul>

### 3. Training on fire safety and emergency response

### 4. Labeling for facilities, emergency switches and emergency procedures



## Fire Drill at the Solar Parking Shelter of Hukou Mill

Hukou Mill installed new solar panels, and as a disaster prevention measure, the plant established emergency response procedures targeting the solar system followed by a fire drill. The fire scenario involves smokes coming out of the solar panels and the Power Section of the Utilities Department immediately cut off the power at the step-up transmission substation and ultra-high voltage transmission substation. The security staff dispatched the fire trucks, which proceeded with stage one firefighting efforts using the portable pumps from the Utilities Department. Through this group training, it is the hope to prevent such incidents and increase the efficiency of emergency response, which would ultimately eliminate or minimize disasters, property damages and losses.



# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

### Smart Occupational Safety and Health

#### 1. FENC Legal Cloud System

To keep all production sites informed of the latest regulatory updates and amendments and implement the necessary measures swiftly for compliance, FENC incorporated the Legal Cloud system in 2022. It checks the latest updates on regulations and guidelines against plant inspection records and sends automatic warnings to alert compliance risks. The software also coordinates inter-departmental collaboration and management regarding stakeholder requests such as ISO standard identification and audits.

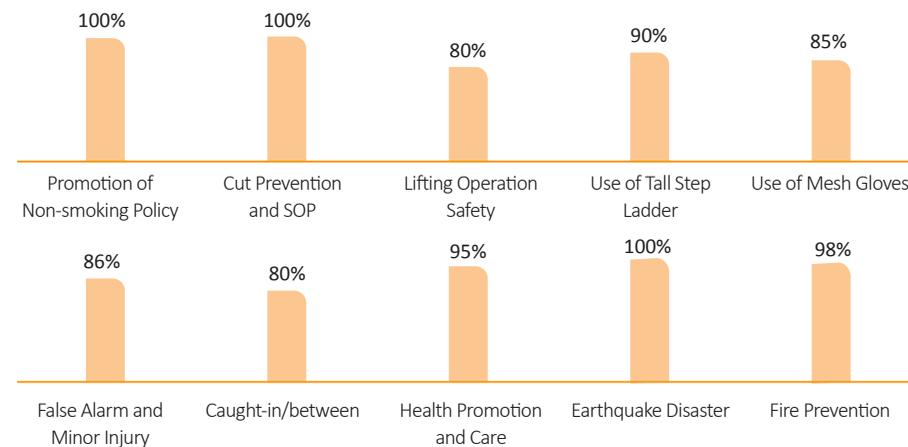
The implementation drastically reduced the time required for the annual compliance review when regulatory changes occurred. The system automatically sends notifications regarding the changes to avoid omissions and ensure the integrity of compliance audits.

#### 2. Facebook Occupational Safety and Health Campaign for Migrant Workers at Hsinpu Chemical Fiber Plant

To enhance occupational safety and health awareness among migrant workers, prevent occupational accidents and share relevant information, Hsinpu Chemical Fiber Plant established a Facebook group to disseminate information regarding hazard awareness, work environment, health management and risk prevention. The notification function of the social media application allows migrant workers to participate anywhere, anytime. The view rate is analyzed through the program analytics to help the administrators monitor the performance and calibrate the decision making at any time.

As of December 2022, promotional campaigns conducted through this platform include COVID-19 boarder restrictions; hook knife safety; forklift operation; working at height; fire safety. The aim is to establish adequate background knowledge on safety to prevent harm.

#### View Rate of Occupational Safety and Health Promotion Materials



### Occupational Safety Enhancement and Innovation Program at Hsinpu Chemical Fiber Plant

Since 2020, Hsinpu Chemical Fiber Plant has been upgrading occupational safety management through a special program, which spans from the modification of occupational safety and health organizations, inspection projects, rewards and penalties to the development of a safe and healthy culture. Projects implemented in 2022 are as follows:

#### 1. Offer rewards for achieving zero occupational accidents.

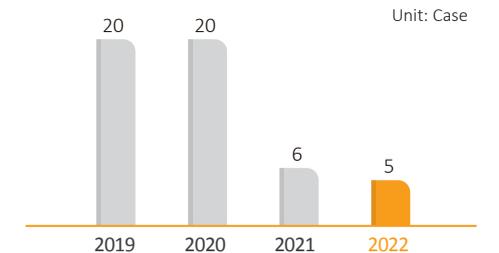
As an encouragement for ensuring workplace safety and health and achieving zero occupational accidents, rewards are given to units for every 100,000 hours accumulated without occupational accidents, effective in January 2021. The breakdown of rewards given in 2022 are as follows:

Period	Awarded Unit	Awarded Personnel	Rewards
Q1	5	392	\$210,803
Q2	3	164	\$127,448
Q3	17	1,088	\$734,523
Q4	7	354	\$250,654
<b>Total</b>	<b>32</b>	<b>1,998</b>	<b>\$1,323,428</b>

#### 2. Enhance hot work audits.

Hot work audits have been increased to an average of 60 times a month. The deficiencies identified at Hsinpu Chemical Fiber Plant have been on a downward trend.

#### Hot Work Deficiency Cases Identified between 2019 and 2022



#### 3. Conduct occupational safety and health audits and coaching targeting high-risk areas.

Hsinpu Chemical Fiber Plant was removed from the watchlist for high-occupational-disaster and high-risk plants. To maintain the intensity and frequency of audits in addition to those for occupational safety and health, the Headquarters and the plant created an audit team to conduct joint audits. A priority audit checklist targeting the high-risk areas is compiled quarterly.

#### Project Performance:

Throughout the project implementation in 2022, seven site inspections were conducted by external occupational safety centers. The plant did not receive any citations for fines resulting from non-compliant facilities.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix



## 2022 Occupational Safety and Health Achievements

### Non-Profit Safety and Health Promotion – Kuansin E Family

Since Kuanyin Chemical Fiber Plant established the Kuansin E Family in 2017, the plant has been assisting the government in the promotion of occupational safety and health management. The 2022 implementations are as follows:

- On September 14, 2022, the Office of Labor Inspection of Taoyuan City Government invited Kuanyin Chemical Fiber Plant to co-host a campus occupational safety program at Chih Ping Junior High School. During the event, the plant provided an immersive VR experience for students and guided them to understand hazard recognition and prevention. The falls simulated through the VR devices illustrated the severity of the hazard and the importance of using PPE. After the event, Taoyuan City Government presented the certificate of appreciation to acknowledge Kuanyin Chemical Fiber Plant for co-hosting the program.
- On November 10, 2022, the plant attended the 2022 Digital Occupational Safety and Health Sustainability Seminar held by the Occupational Safety and Health Administration, Ministry of Labor (OSHA). The lectures helped the plant learn from the practices of its industry peers, including safety and health improvements, production safety management and self-governance implementations. The exchange helped Kuanyin Chemical Fiber Plant to further improve occupational safety and health.
- The plant helps members of the Kuansin E Family diagnose occupational safety and health issues and proposes improvement measures. As of the end of November 2022, the plant had provided 59 recommendations for improvements mainly associated with equipment and facility safety protection as well as regulatory management. Among them, 58 recommendations have been implemented and completed, reaching 98.3% in the improvement rate. Compared to the previous year, the total cases that require recommendations were down by seven, and the improvement rate increased noticeably by 1.3%.



Kuanyin Chemical Fiber Plant has been involved in the implementation of the Safety and Health Family Program for small and medium enterprises since 2020, and has seen dramatic improvement in terms of reducing safety and health deficiencies. The program has heightened staff awareness and helped them reduce such deficiencies through construction improvement or administrative management. It has also helped foster a workplace culture that values occupational safety and health.

The plant has demonstrated notable results three years into the safety and health family program. As a recognition for such effort, the plant received the merit award from Bo-Chang Li, Deputy Director-General of OSHA, during the 2022 Digital Occupational Safety and Health Sustainability Seminar.

### Performance of Safety and Health Family Program

Year	Safety and Health Deficiency Diagnosed for Members (case)	Improvement Rate (%)
2020	110	96.1
2021	66	96.8
<b>2022</b>	<b>59</b>	<b>98.3</b>

### Consecutive Appointment as Key Official of North TOSHMS Association by OSHA

For the sixth consecutive year, FENC was appointed the key official of North TOSHMS Association by OSHA. In 2022, the Company helped OSHA complete the case handbook for occupational safety and health. In the same year, the Company received the designation of outstanding supplier by OSHA and Safety and Health Technology Center among the awards for its active participation and avid support in the promotion of occupational safety and health as well as the public good. Meanwhile, Jenny Fan, deputy manager of the Safety and Health Department, was presented the individual award for her participation in the association and efforts.



# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

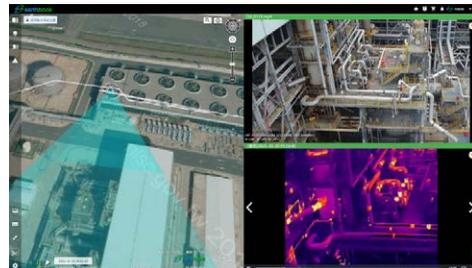
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix



### Incorporating Automatic Drone Inspection

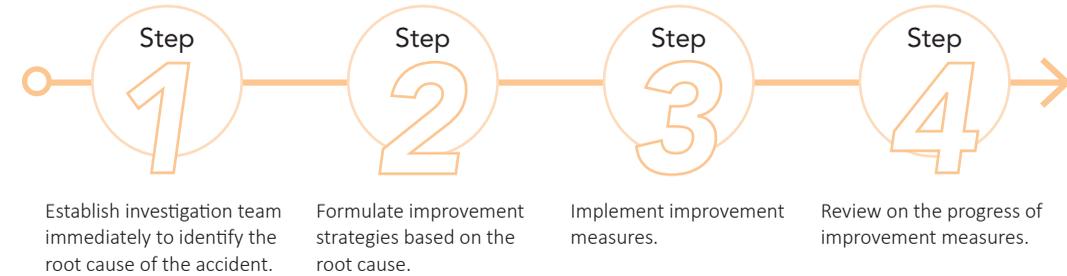
To improve plant safety, Plant 2 of OPTC introduced the automatic drone inspection system. The drones fly over the plant premise based on a preprogrammed route and a fixed schedule, and record footages of the inspected areas. In the past, the recorded images were not tagged with coordinates, thus unable to accommodate immediate actions during emergency. The new system uploads real-time images to the cloud display and cross-compares time-lapse images through AI to identify and label anomalies from the equipment as well as possible insulation damages or steam leakages.

The drone inspection captures high-attitude images with wide shots. Paired with the infrared sensor, the drones are capable of inspecting hard-to-reach areas such as elevated pipelines to detect steam leakages, which had been difficult to accomplish through manual operation. The system makes it easy for staff to review and label anomalies and to arrange for maintenance and repair, hence reducing energy loss, minimizing damages to the pipelines and prolonging equipment lifespan.



### 4.3.2 Occupational Injuries

At FENC, the end game for occupational safety and health is “zero occupational disasters”. The Company values the safety and health of each and every employee and protects them by raising their awareness and understanding through conducting risk assessment and identification; preparing promotional campaigns and public notice; holding pre-work and toolbox meetings; designating safety and health month with programs and activities. In the unfortunate event of occupational disasters, immediate actions are taken to address the emergency. The following procedures are applicable to all production sites:



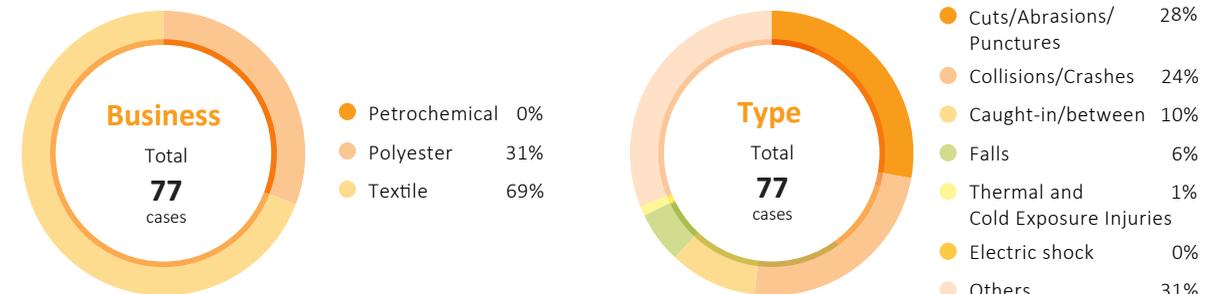
All improvements must be completed within 2 months. Facility improvements that require construction contracts shall be completed within 3 to 6 months.

There were no severe occupational injuries (inability or difficulty to recover to pre-injury health condition or recover within 6 months) recorded at FENC production sites in 2022. Among the occupational injuries, the number of others(slip) rank the highest with 24 cases (31%). Major causes of the occupational injuries include environmental slipperiness and negligence of the risk factors. To prevent future occupational disasters, FENC has established the following measures:

1. Implement the 5S methodology for safe and healthy workplace and eliminate risk factors.
2. Remind operators by adding warning labels at the job site.
3. Implement dynamic safety and health inspections and promote pre-work hazard recognition.
4. Enhance safety and health promotion among employees to reduce occupational accidents.

The investigation of and correction measures for occupational accidents at all FENC sites have been completed following the steps referenced above.

#### Statistics on Occupational Injury in 2022



# 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

Enhancing Corporate Sustainable Image

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

2022 Highlight  
Target and Progress

Material Topics

4.1 Molding a Diverse and Inclusive Workplace

4.2 Fostering Employee Career Planning

4.3 Reinforcing Occupational Safety and Health Management

4.4 Shaping Sustainable Supply Chain

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

## Statistics on Occupational Injury

		Petrochemical			Polyester			Textile			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Occupational Injury Cases	Male	4	2	0	35	37	22	37	29	38	76	68	60
	Female	0	0	0	7	10	2	35	20	15	42	30	17
	<b>Total</b>	<b>4</b>	<b>2</b>	<b>0</b>	<b>42</b>	<b>47</b>	<b>24</b>	<b>72</b>	<b>49</b>	<b>53</b>	<b>118</b>	<b>98</b>	<b>77</b>
Injury Rate (IR)	Male	0.71	0.34	0.00	0.61	0.60	0.36	0.23	0.20	0.21	0.34	0.32	0.24
	Female	0.00	0.00	0.00	0.12	0.16	0.03	0.21	0.14	0.08	0.19	0.14	0.07
	<b>Total</b>	<b>0.71</b>	<b>0.34</b>	<b>0.00</b>	<b>0.74</b>	<b>0.76</b>	<b>0.39</b>	<b>0.44</b>	<b>0.33</b>	<b>0.29</b>	<b>0.52</b>	<b>0.45</b>	<b>0.31</b>
Absentee Rate % (AR%)	Male	0.33	0.37	0.90	0.11	0.16	0.20	0.23	0.37	0.12	0.20	0.31	0.15
	Female	0.04	0.05	0.04	0.03	0.11	0.08	0.44	0.28	0.33	0.32	0.23	0.26
	<b>Total</b>	<b>0.37</b>	<b>0.42</b>	<b>0.94</b>	<b>0.14</b>	<b>0.27</b>	<b>0.28</b>	<b>0.67</b>	<b>0.65</b>	<b>0.44</b>	<b>0.53</b>	<b>0.54</b>	<b>0.41</b>
Lost Day Rate (LDR)	Male	0.00	0.00	0.00	16.05	5.02	4.87	4.36	2.88	2.77	7.20	3.42	3.23
	Female	0.00	0.00	0.00	2.02	0.83	0.92	4.67	1.72	1.49	3.89	1.42	1.32
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>18.07</b>	<b>5.85</b>	<b>5.79</b>	<b>9.03</b>	<b>4.60</b>	<b>4.26</b>	<b>11.09</b>	<b>4.83</b>	<b>4.55</b>
Number of Work-Related Deaths	Male	0	0	0	1	0	0	0	0	0	1	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>
Rate of Work-Related Deaths	Male	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.004	0.00	0.00
	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
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.02</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.004</b>	<b>0.00</b>	<b>0.00</b>

Notes:

- There were no severe occupational injuries (inability or difficulty to restore to pre-injury health condition within 6 months) between 2020 and 2022, which corresponds to 0% Process Safety Incident Severity Rate (PSISR) in the SASB standards for the chemical industry.
- There were no occupational illnesses between 2020 and 2022.
- Injury rate (IR) = total number of occupational injuries × 200,000, which corresponds to Total Recordable Incident Rate (TRIR) and Process Safety Total Incident Rate (PSTIR) in the SASB standards for the chemical industry.
- AR(%) = Days of Absence ÷ Total Work Days × 100%.
- LDR = Lost Days ÷ Total Work Hours × 200,000. Lost days do not include the day of injury and the day of work resumption.
- Rate of Work-related Deaths = Number of Work-related Deaths ÷ Total Work Hours × 200,000, which corresponds to fatality rate in the SASB standards for the chemical industry.
- 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.
- Occupational injuries include premature deaths, permanent total and partial disabilities, temporary total disabilities and that result in no more than one lost day. Minor injuries and traffic accidents that occur during employees' commute to and from work are excluded. The classification corresponds to Process Safety Incidents Count (PSIC) in the SASB standards for the chemical industry.

The 2022 statistics on occupational injury from FENC production sites are compared against the 2021 statistics from Occupational Safety and Health Administration, Ministry of Labor of Taiwan, as shown in the following table. In 2022, there were no occupational injuries at the Petrochemical Business. The disabling injury frequency rate and severity rate at the Textile Business are far lower than those from the industry peers. At the Polyester Business, both rates are higher than the industry overall. However, all improvements have been made.

## Comparison Between FENC and Nationwide Statistics on Occupational Injuries

	Petrochemical Industry FR	Petrochemical Industry SR	Polyester Industry FR	Polyester Industry SR	Textile Industry FR	Textile Industry SR
Statistics from Taiwan OSHA	0.50	12	0.99	14	2.08	103
Statistics from FENC	0	0	1.93	28	1.44	21

Note:

- Disability injury frequency rate (FR) = total number of disabling injuries × 1,000,000 ÷ total manhours worked.
- Disability injury severity rate (SR) = number of injured days off work × 1,000,000 ÷ total manhours worked.
- FENC data is compared against the 2021 statistics for the petrochemical, chemical material manufacturing and textile industries from Occupational Safety and Health Administration, Ministry of Labor.

## Contractor's Occupational Injury at Production Sites

		Petrochemical			Polyester			Textile			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Occupational Injury Cases	Male	0	2	2	1	3	6	0	0	0	1	5	8
	Female	0	0	0	0	0	1	0	0	0	0	0	1
	<b>Total</b>	<b>0</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>5</b>	<b>9</b>
Number of Work-Related Deaths	Male	0	0	0	3	0	0	0	0	0	3	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>
Injury Rate (IR)	Male	0.00	0.32	0.41	0.06	0.30	0.58	0.00	0.00	0.00	0.04	0.26	0.45
	Female	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.06
	<b>Total</b>	<b>0.00</b>	<b>0.32</b>	<b>0.41</b>	<b>0.06</b>	<b>0.30</b>	<b>0.67</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.04</b>	<b>0.26</b>	<b>0.50</b>
Rate of Work-Related Deaths	Male	0.00	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.00
	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
	<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.12</b>	<b>0.00</b>	<b>0.00</b>

Notes:

- There were no severe occupational injuries (inability or difficulty to restore to pre-injury health condition within 6 months) between 2020 and 2022, which corresponds to 0% Process Safety Incident Severity Rate (PSISR) in the SASB standards for the chemical industry.
- There were no occupational illnesses between 2020 and 2022.
- Occupational injuries include premature deaths, permanent total and partial disabilities, temporary total disabilities and that result in no more than one lost day. Minor injuries and traffic accidents that occur during employees' commute to and from work are excluded. The classification corresponds to Process Safety Incidents Count (PSIC) in the SASB standards for the chemical industry.
- Injury rate (IR) = total number of occupational injuries × 200,000, which corresponds to Total Recordable Incident Rate (TRIR) and Process Safety Total Incident Rate (PSTIR) in the SASB standards for the chemical industry.
- Rate of Work-related Deaths = Number of Work-related Deaths ÷ Total Work Hours × 200,000, which corresponds to fatality rate in the SASB standards for the chemical industry.
- 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.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management**
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

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 to prevent such tragedy from ever happening again.



## Contractor Training on Hazard Informing and Occupational Safety and Health Management at FEFC

FEFC conducted the 2022 contractor training on hazard informing as well as occupational safety and health management. Participants include the representatives, safety and health management personnel and general employees from 53 contractors, reaching 433 in the attendance count.

The training included regulatory amendments and updates on occupational safety regulations. In terms of informing contractors of hazardous elements, the training provided information on the precautions and prevention measures for occupational hazards; safety and health inspection checklists; deficiency improvement to reduce operational risks, avoid violations and prevent accidents.

Personnel risk control is conducted in accordance with the pandemic restrictions and regulatory requirements. Permits are required for the contractor staff to enter the plant. The security staff are responsible for regulating the number of people entering and exiting the plant as well as the total number of workers within the premise. They also verify the contractor staff's credentials for the work performed.

To control risks associated with equipment and facilities, an inspection over the supplier's equipment is required prior to entering the plant. Rules and management approaches are established based on applicable directions.

FEFC wishes to share its experience in and deepen contractors' understanding of the safety and health regulations as well as hazardous risk management. The training helps FEFC form partnerships with the contractors and work towards a workplace environment and culture that are safe, healthy and happy. As of the end of 2022, FEFC has accumulated 8,928 days and contractors 3,524,042 hours without disabling injuries.

## 4.3.3 Healthy Workplace – Employee Health and Care

Employees are FENC's most treasured assets. The Company never hesitates to devote resources that nurture employees' mental and physical health. It is the Company's wish to foster a workplace that offers safety, comfort and friendliness for all employees.

### Employee Health Management and Promotion

#### 1. Regular Health Check

To promote healthy workplace, FENC headquarters, Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant established their own health management systems. Staff may log on at any time to review past health check reports and monitor their own health. They may also register online for health promotion campaigns. The system provides health-related knowledge to help employees improve health management.

In addition to establishing health promotion plans in accordance with the regulations, the health management system conducts analysis based on employees' health reports. When anomalies are detected, a comprehensive monitoring mechanism is designed according to the type and severity of conditions. The mechanism includes classification, tracking and medical consultation in order to provide employees with effective, systematic and continuous health management. During the process, occupational physicians and nurses provide holistic health risk assessment and control, offering complete care to safeguard employees' health.

FENC production sites in mainland China offer annual health checks to employees who have completed one year of employment. The health center establishes a comprehensive health profile for each employee and invites medical doctors to explain employees' health conditions during the one-on-one consultation. Production sites in Vietnam have also arranged preliminary health checks for employees.

#### 2. Health Management for Special Hazardous Operation

To control occupational diseases, FENC production sites established the following control measures targeting hazardous operations:

Health check items	Number of people being assessed		Tier 1 Management		Tier 2 Management		Tier 3 Management		Tier 4 Management	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Noise	416	142	177	70	207	68	0	0	32	4
High Temperature	74	0	43	0	31	0	0	0	0	0
Dust	275	1	239	1	36	0	0	0	0	0
Ionizing Radiation	22	4	16	1	6	3	0	0	0	0
Organic Solvents and Specialty Chemicals	113	15	89	15	24	0	0	0	0	0

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

Tiered health management is offered to employees based on their conditions. Tier one involves the provision of health information as references. At tier two, the doctors specify tasks unsuitable for certain health conditions in addition to providing the health information. For tiers three and four, employees' duties and tasks are selected to match their health conditions. The Company conducts site visits to evaluate operational risks and make improvement accordingly. Additional health-related measures include providing adequate PPE and requiring workers to wear PPE properly; labeling restricted zones with entry for authorized operators only; conducting hazard exposure at the operating environment semi-annually and reducing worker exposure; requiring workers to wear radiation dosimeters during radiation operation; installing local exhaust at the testing area; establishing health protection plans for operators with regular health checks for special hazardous operation with tiered management.

At production sites in mainland China, employees susceptible to occupational diseases undergo annual health checks targeting specific occupational hazards with reexamination and follow-ups, where on- and off-the-job health checks are conducted to prevent occupational diseases and ensure labor rights.

FENC's production sites in Vietnam have arranged advanced healthcare services for workers who are at high risks of occupational hazards. Nearly 80% of the workers at the garment plants are female. Hence, more health resources targeting women's health are provided. Examples include educational materials on the cervical cancer, breast cancer as well as maternal and newborn care. The plants also collaborate with brand customers to provide consultation services regarding family planning, which has been popular among the female workers.

### 3. Health Protection Programs

Globalization has altered the labor structure, prompting the government to develop worker care policies addressing a different set of labor issues, such as shift scheduling, night shifts, long working hours, repetitive tasks, overwork, fatigue, stress and workplace violence. Meanwhile, as women excel and gain presence at the workplace, maternity care is also gaining attention. FENC production sites in Taiwan have been promoting four major health promotion programs aimed to protect employees' mental and physical health, including the ergonomic hazard prevention program covering musculoskeletal disorders caused by repetitive movements; prevention program for diseases induced by overwork; maternity health protection program; workplace violence prevention program.

FENC has provided assistance to 140 individuals, 114 males and 26 females, who are identified as potentially hazardous cases and hazardous cases. Medical appointments and health consultation are arranged for the worker assessed as experiencing overwork. Occupational health nurses email health related information to provide personal health consultation and recommendations with follow-up assistance and care. The nurses also notify the supervisors to provide aid to employees.

Workers assessed as having musculoskeletal disorders caused by repetitive movements receive medical referrals, appointments with occupational health physicians and health consultation. The Company conducts workplace visits when deemed necessary to determine the association between the disease and work duties. Workers also receive individual health consultation with recommendations as well as follow-up assistance and care. The 52 workers identified as potentially hazardous cases have received the medical attention they needed and seen improvement.

## Statistics of Risk Identification and Assessment

Hazard	Individuals undergoing hazard recognition and risk assessment		Non-hazardous		Potentially Hazardous		Hazardous	
	Male	Female	Male	Female	Male	Female	Male	Female
Maternal Health Care	-	23	-	23	-	0	-	0
Workplace Violence	1,983	425	1,983	425	0	0	0	0
Overwork	2,536	952	2,469	941	65	11	2	0
Musculoskeletal Disorders Caused by Repetitive Movements	2,619	994	2,572	979	39	13	8	2

Maternal protection is highly valued at production sites in mainland China. To enhance care for pregnant employees, FEIS created a private quarter for expectant mothers to rest in comfort and safety and enhanced the sense of workplace happiness among female employees. At production sites in the Suzhou region, female employees who are nursing are provided with a one-hour breastfeeding break each day. Private breastfeeding rooms are also prepared to help them nurse their newborns.

At OTIZ, resident physicians and nurses provide in-house preliminary health check and consultation for employees during working hours at the infirmary of the plant. An occupational health profile is established for each employee to help them receive holistic care. In addition, the resident physicians offered online pandemic consultations in 2022, providing professional medical advices to employees with added convenience.

To address the anxiety emotional instability caused by the COVID-19 pandemic, FEIS added mental health to its corporate health management plan. The plant posts comforting humanitarian messages and videos on WeChat and TikTok and helps employees release stress by expressing their emotional sentiments, view articles and video content through the social media.

### 4. Health Programs

Kuanyin Chemical Fiber Plant invited contract physicians to provide on-site health services for employees with high blood pressure, blood sugar, blood lipids and BMI, the leading risk factors for cardiovascular diseases. The plant also invited cardiologists to give lectures on preventing and controlling the three hypers. The doctors explained the importance of regular tracking and control to prevent health hazards caused by cardiovascular diseases. Employees as well as their supervisors are reminded to pay attention to occupational health and safety. The campaign lasted for three months with 167 participants attending seven lectures.



# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

## 5 Cultivating Compassionate Bonds

## 6 Advocating Balanced Coexistence

## 7 Appendix

Based on the results of the musculoskeletal questionnaire in the Guideline for Preventing Ergonomic Hazards, a large number of employees at Kuanyin Chemical Fiber Plant experience neck, shoulder and back pains. The plant held a lecture on relieving office aches and pains with physical therapists explaining the cause of these issues. Employees learned about pain relief by adjusting their chairs and postures along with a few tips.

### 4.4 Shaping Sustainable Supply Chain

FENC is a vertically integrated conglomerate that spans across the petrochemical, polyester and textile industries with vast and complex procurement handlings. The selection, management and procurement of suppliers as well as ESG impact assessment are conducted by the FEG Purchasing Center as well as the procurement departments and procurement units responsible for purchasing primary raw materials at all FENC sites.

Beginning in 2016, FENC has been filing the total green procurement from the previous year with the government. As of the end of 2022, over NT\$13.9 billion of green procurement has been made by the FEG Purchasing Center, and NT\$15.54 million by OPTC. For seven consecutive years, the FEG Purchasing Center has been recognized as the benchmark unit for green procurement among private enterprises and organizations by the Department of Environmental Protection of Taipei City Government. In 2022, OPTC was recognized by the Department of Environmental Protection of Taoyuan City Government as the exemplary unit for green procurement among private enterprises and organizations.

#### 4.4.1 Supplier Management

##### Management Policy

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 Commitment Statement

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

[Supplier Corporate Social Responsibility Commitment Statement](#) 

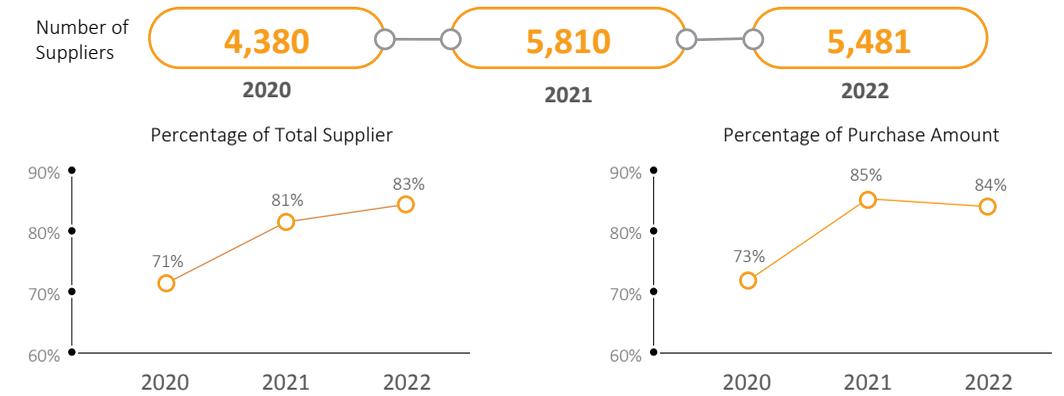
##### 2. Procurement Regulations and Regulations Governing Supplier Evaluation

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 1,439 new suppliers in 2022, and 1,298 (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.

### ● The Number and Purchase Amount Percentage of Suppliers Signing “Supplier Corporate Social Responsibility Commitment Statement”



Note:

- 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 × 100%.
- The total number of suppliers varies from year to year.
- The number of suppliers signing “Supplier Corporate Social Responsibility Commitment Statement” of OPTC is 95%.
- Description of the stages:
  - Stage 1: Launched in 2016, targets include Suppliers that work with Raw Material Team (FENC), FEG Purchasing Department (FENC), Purchasing Department of OPTC, Shanghai Purchasing Unit and Suzhou Purchasing Unit.
  - Stage 2: Launched in 2020, targets include Suppliers that work with Raw Material Team (FEPV), FEG Purchasing Department (OGM) as well as the procurement units of FEFC, FEDZ, FEAZ, FEIW, FEAV, FENV and FEPV.
  - Stage 3: Launched in 2021, targets include Suppliers that work with the procurement units of FIGP and APG Polytech.

### ● Supplier Assessment Aspects and Number of Suppliers in 2022

	Assessment Aspect			
	Environment	Labor Practice	Human Rights	Society
Total Number of Selected Suppliers	4,756	4,833	5,380	5,380
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.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 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.

#### Percentage of Procurement from Local Suppliers in 2022

	Percentage of Procurement from Local Suppliers			Percentage of Procurement from Local Suppliers After Deducting Main Raw Material		
	2020	2021	2022	2020	2021	2022
Taiwan	32%	44%	<b>44%</b>	70%	47%	<b>63%</b>
Mainland China	63%	60%	<b>64%</b>	76%	75%	<b>85%</b>
Vietnam	60%	18%	<b>19%</b>	60%	44%	<b>67%</b>
Japan	96%	96%	<b>98%</b>	96%	96%	<b>98%</b>
U.S.	93%	74%	<b>91%</b>	93%	63%	<b>43%</b>
<b>Total</b>	<b>51%</b>	<b>49%</b>	<b>53%</b>	<b>74%</b>	<b>60%</b>	<b>75%</b>

Note:

1. Local supplier is defined as a domestic supplier. In Taiwan, mainland 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. Main raw materials included in the 2021-2022 statistics are PX, PTA, MEG, Bio-MEG and cotton, including recycled cotton.

#### Procurement and Management of Main Raw Materials

Main raw materials purchased by FENC are PX, PTA, MEG, Bio-MEG and cotton, including recycled cotton. The main raw materials constitute the largest expenditure category for FENC and a critical factor for 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: FENC follows the rules and usage of trade from the International Cotton Association (ICA). The Company aggressively procures certified cotton and seeks collaborations with recycled cotton suppliers that are reputable and in compliance with FENC's ESG standards.

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.

Raw material shipping at APG Polytech is conducted through railway and marine transport. To ensure safety, APG Polytech must maintain close communication with material suppliers and transport carriers. Strict adherence to the rules and regulations must be ensured to prevent accidents and leakages. All suppliers of primary raw materials for the company are participants of American Chemistry Council's Responsible Care Program. The program advocates the environment, health, safety and safeguarding (EHS&S) in the international chemical engineering industry. It also demonstrates the commitment to health and safety of the employees, local communities and the overall environment from the industry. When the suppliers become members of this program, they gain access to its resources, such as seminars, training and consultation to enhance operational safety and performance in EHS&S.

#### Procurement of Main Raw Materials

Main Raw Material	2020	2021	2022
PX	1,542	1,574	<b>1,369</b>
PTA	1,800	1,838	<b>1,773</b>
MEG and Bio-MEG	718	783	<b>687</b>
Cotton (Including Organic Cotton and Recycled Cotton)	39	40	<b>25</b>

Note: PTA procurement includes external procurement and internal transfer.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 **Shaping Sustainable Supply Chain**

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

### ● Risk and Response on Main Raw Material Procurement

Risk	Corresponding Strategies	
Stockout Risk	Solicit diversified suppliers	The Company selects reputable suppliers of a certain scale with a mix of different manufacturing methods to incorporate diversity in the selection process and achieve the goal of stable supply.
	Cultivate quality and strategic partnerships	FENC maintains long-term and mutually benefitting partnerships with domestic and international suppliers and exchanges market information regularly.
Quality Risk	Procure materials from smart farming	By controlling the cotton quality through technology, the strategy conserves natural resources, increases farming efficiency and reduces chemical consumption as well as crop damages during cotton growth.
	Request higher yield rates from suppliers	Raw materials must meet quality standards set by the plant to reduce waste of energy and resources due to defective products, reprocessing or scrapping.
Climate Change Risk	Increase recycled cotton usage	FENC is searching for suppliers with scrap processing capabilities to maximize resource recycling and reuse. The Company is also seeking suppliers of 100% recycled cotton with certification from the Global Recycle Standard (GRS).
	Enhance resource efficiency	Aiming to reduce overstocking, waste of resources and environmental burden, ongoing review of procurement plans is conducted to encourage continuous growth.
Price Risk	Utilize diversified procurement guidelines	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	Select suppliers with international qualifications	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	Adopt multi-modal transport	Raw materials are fully insured during the shipping process. Detailed shipping information is requested to enable tracking and ensure the safety of raw materials and carriers. In cases of force majeure, the shipping model is modified immediately in order to maintain the pace.

### 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.
5. Partner with suppliers on mutually benefitting projects.



### Aligning with the World – Building Sustainable Value Chain

FENC ramped up sustainable supply chain management in response to the ESG requirements set by major international brands as well as global evaluations. In 2022, the Company invited Tung-Li Mo, Secretary-General of Taiwan Business Council for Sustainable Development to speak on the international trends and guidelines; management implementation and framework; future and challenges regarding the sustainable supply chain. A total of 72 procurement staff from FENC's worldwide locations attended the lecture.

The program received 82% satisfaction from the participants. Among the subjects discussed, sustainable supply chain management procedures, the importance of sustainable supply chain, the advantages of promoting sustainable supply chain as well as ESG implementation from the supply chain perspective are considered the most beneficial by the participants. It is the hope that the program will help staff acquire the ability to analyze current conditions, conduct strategic planning and reduce risks to enhance supply chain management and resilience. FENC will continue to disclose the development strategies, management approaches and outcome to implement supply chain management and enhance performance.

# 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
- Enhancing Corporate Sustainable Image

## Special Report

### 1 Fostering Robust Governance

### 2 Enabling Unlimited Innovation

### 3 Navigating a Green Future

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

### 5 Cultivating Compassionate Bonds

### 6 Advocating Balanced Coexistence

### 7 Appendix

## 4.4.2 Transport Supplier Management

Shipping of raw materials and products at FENC involves land and marine transport. The Company wishes to ensure safety during transportation while minimizing GHG emissions and pollution. Whether shipping internationally or domestically, through land or sea, any mishaps could lead to disastrous damage to the environment and the Company. Therefore, the Company holds transport operations to the highest local and global standards and only teams up with the most reliable logistics operators and international organizations to further its commitment to social and environmental sustainability.

### Selection and Management of Transport Suppliers

Prior to commencing any shipping activities, FENC makes careful selection of reputable transport suppliers with clean records that identify with the commitments in Supplier Corporate Social Responsibility Statement. The Company also conducts annual reviews to evaluate supplier operation.

#### 1. Marine Transport

FENC establishes partnerships with reputable international suppliers that are soundly managed and abiding by the principles of International Maritime Organization (IMO). Evaluation and management over the marine transport suppliers are conducted on a regular basis.

#### Control Mechanism and Action Plan for Marine Transport Suppliers

Control Mechanism	Action Plan
Selection	<ol style="list-style-type: none"> <li>All transport suppliers shall comply with local and international regulations.</li> <li>Marine transport suppliers shall be selected carefully with environmental protection, energy conservation and carbon reduction as priority considerations. It is crucial and demanded that suppliers comply with environmental regulations under each jurisdiction regarding loading, gas emission, fuel consumption and waste fuel disposal.</li> <li>The Company works with transport suppliers complying with the rules under IMO 2020. The entire fleet shall limit the sulphur content in fuel oil to under 0.5% m/m sulfur, use alternative fuel or adopt emission reduction mechanism that achieve equivalent effect. Such measure reduces sulphur pollution by 80% compared to the regular fleet. FENC also pays for the low sulphur surcharge (LSS).</li> </ol>
Management	<ol style="list-style-type: none"> <li>The Company conducts monthly reviews on transport suppliers. Contracts with individuals, ships or corporations listed on the international sanctions list or Specially Designated Nationals (SDN) list by Office of Foreign Assets Control (OFAC) will be terminated immediately.</li> <li>The Company makes quarterly reviews on the records of long-term contracts with transport suppliers. Immediate improvement measures are required for any misconducts, and the outcome will be taken into consideration for future contracts.</li> <li>The Company examines violations committed by transport suppliers through public information platforms such as National Enterprise Credit Information Publicity System, TianYanCha.com and Credit Publicity Platform of Import and Export Business of Customs of the People's Republic of China.</li> </ol>
2022 Performance	All marine transport suppliers have satisfied the above selection criteria in 2022. There were no transport disputes or occupational safety issues. Nor were there any incidents that pose negative environmental and social impact.

#### 2. Land Transport

Vehicles involved in land transport may directly impact public safety. Therefore, in addition to meeting minimum capacity, transportation safety is a priority concern during supplier selection. The Company compiles case studies and conducts regular training for the transporters and dispatchers on the supplier's end to improve their risk awareness and response, creating win-win in occupational safety between FENC and the suppliers.

#### Control Mechanism and Action Plan for Land Transport Suppliers

Control Mechanism	Action Plan
Selection	<ol style="list-style-type: none"> <li>Transport suppliers must ensure that all vehicles comply with local emission standards applicable to roads and harbors. Suppliers with current Company contracts must phase out dated vehicles.</li> <li>Based on the goods transported, transport suppliers must obtain required permits and licenses in accordance with governmental regulations and the weight limit.</li> </ol>
Management	<ol style="list-style-type: none"> <li>Inspections include: Gas consumption by transport carriers; investment progress for environmental protection facilities; condition of empty containers; equipment and facilities at the container storage yard; container storage environment; pollution treatment; staff compliance with occupational safety standards; plant regulations. All deficiencies must be addressed.</li> <li>Conduct a minimum of one annual transport safety and health review meeting with transport carriers and plant representatives. Transport suppliers must prepare review and improvement reports addressing non-compliance. The Company also ensures that suppliers implement control over vehicle equipment; driver behaviors; GPS speedometer reading; personal equipment; loading and unloading operations; prevention of driver fatigue. The transport supplier shall also use transport accidents as training materials to heighten drivers' road safety awareness.</li> <li>Incentivization: Transport suppliers incentivize drivers who conserve fuels and FENC incentivizes transport suppliers with early green vehicle adoption by allocating additional shipment.</li> </ol>
2022 Performance	<ol style="list-style-type: none"> <li>Key discussions during the 2022 review meetings on transport safety and health: <ul style="list-style-type: none"> <li>Assign additional unloading staff to process increasing import containers in order to reduce demurrage charges.</li> <li>Avoid spray painting the empty containers to prevent odor and customer complaints.</li> <li>Conduct regular maintenance and repair for vehicles, containers and tanks to ensure zero occupational accidents.</li> <li>Stress the precautions for loading and unloading operations within the plant, issue severe penalty for contrabands and request enhanced training from transport suppliers.</li> </ul> </li> <li>In 2022, all FENC's land transport suppliers and random inspections were in compliance with the above standards.</li> </ol>

# 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
- Enhancing Corporate Sustainable Image

## Special Report

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

## 4 Creating Inclusive Society

- 2022 Highlight
- Target and Progress
- Material Topics
- 4.1 Molding a Diverse and Inclusive Workplace
- 4.2 Fostering Employee Career Planning
- 4.3 Reinforcing Occupational Safety and Health Management
- 4.4 Shaping Sustainable Supply Chain

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

To ensure suppliers' commitment to safety, all transport suppliers must incorporate risk indicators into the emergency response in addition to regular management practices; review and evaluate past disasters; analyze possible risks; continue improving safety management system.

### Risk Indicator and Control Mechanism for Land Transport Suppliers

Item	Risk Indicator	Control Mechanism
Qualification and Behavioral Review	<ol style="list-style-type: none"> <li>1. Vehicle operators exhibit behaviors that violate traffic safety regulations and traffic signals, such as speeding, drunk driving, running red light and not maintaining safe trailing distance.</li> <li>2. Vehicle operators work overtime and experience driver fatigue.</li> <li>3. Professional vehicle operators must provide required license for vehicles operated, and permit for transporting hazardous materials to carry out such operations.</li> </ol>	<ol style="list-style-type: none"> <li>1. Pre-work training and trial runs are provided for suppliers.</li> <li>2. Working hours are subject to local labor regulations.</li> </ol>
Transport Equipment	<ol style="list-style-type: none"> <li>1. The selection of comprehensive transport equipment.</li> <li>2. The use of chemical tankers for chemical materials.</li> <li>3. The use of environmentally friendly vehicles to reduce CO<sub>2</sub> emissions.</li> <li>4. Regular maintenance and exhaust check at the inspection station.</li> </ol>	<ol style="list-style-type: none"> <li>1. Inspections are conducted before, during and after the transport.</li> <li>2. The GPS system is installed to monitor vehicle conditions.</li> <li>3. Heavy duty diesel vehicles in compliance with the governmental emission standards are used to minimize the emission of hazardous materials and microparticles (black smoke).</li> </ol>
External Environment	<ol style="list-style-type: none"> <li>1. Weight limit.</li> <li>2. Road maintenance.</li> <li>3. Poor weather conditions that affect visibility.</li> <li>4. Dusty conditions and environmental pollution.</li> </ol>	<ol style="list-style-type: none"> <li>1. Vehicle capacity shall comply with the weight limit set forth in traffic regulations.</li> <li>2. Safety is priority. Transport operation shall be postponed during poor weather or road conditions.</li> <li>3. When transporting breakbulk cargo, lead with sprinkler truck to reduce dust.</li> </ol>



## APG Polytech's Response to Potential Transport Interruption

In the late summer of 2022, APG Polytech had to respond to a potential strike among railroad workers, which could lead to financial losses due to delays in raw material delivery, production and product delivery. APG Polytech took the preemptive strike in the second half of 2022, receiving raw material delivery and shipping the finished products to customers in advance. The company worked closely with stakeholders during this period to establish the response plan and supervised the implementation. Though the railroad strike did not materialize, APG Polytech was fully prepared.

### 3. Plant Control

Suppliers are required to comply with all rules and regulations regarding safety and transport at each plant to ensure transportation safety and management.

Transport suppliers must require that vehicle operators thoroughly understand the safety requirements established at each plant prior to entering the premise to minimize occupational disasters.

### Control Mechanism for Safe Transport of Hazardous Objects

- Transport suppliers shall comply with all regulations set forth in Regulations Governing Transport of Dangerous Goods.
- All signage shall comply with local regulations on Identification of Vehicles Transporting Dangerous Goods.
- All operators and passengers on vehicles carrying hazardous materials shall complete professional training and physical examination per regulatory requirements and shall carry adequate personal protective equipment on the vehicle.
- Governmental permits are required for delivering hazardous materials and transportation routes shall comply with local regulations.
- Regular inspections shall be conducted over the vehicles and canisters carrying hazardous materials.
- FENC ensures supplier compliance with safety regulations concerning the transport of hazardous materials through random inspections and regular review meetings on transportation environmental safety and health.

2022 Performance: There were no incidences involving leakage of hazardous chemicals and materials during the transport of raw materials and finished products for FENC.