



Inventing New Century

Empowering Possibilities

2 Sustainability Report

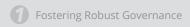
About This Report Message from the Chairman Sustainability Strategy Blueprint FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image





Enabling Unlimited Innovation

Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



About This Report	3
Message from the Chairman	5
Sustainability Strategy Blueprint	6
FENC's Contribution to UN SDGs	7
Identification of Stakeholders and Material Topics	9
Boosting Stakeholder Dialogue	11
Enhancing Corporate Sustainable Image	18



1	Fostering Robust Governance	3

2022 Highlight	39
Target and Progress	40
Material Topics	41
1.1 Refining Operational	42
Performance and Strategies	
1.2 Governing with Steady Pace	45
1.3 Perfecting Risk Management	47
1.4 Fortifying Digital Resilience	53
1.5 Implementing Sustainable	54
Development	

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance 3.1 Marching Towards Net Zero 3.2 Elevating Energy and Resource Efficiency 3.3 Steering Environment

a Green Future Management

69 70 71 72 73 82 94

68

101

151
152
152
153
155
159

Compassionate Bonds

5.1 Social Engagement at FENC Sites 141

5.2 Social Engagement by Corporate 144

Cultivating

2022 Highlight

Foundations

Advocating

ess
erse
kpla
oloye

Creating

Navigating

2022 Highlight	102
Target and Progress	103
Material Topics	105
4.1 Molding a Diverse and	106
Inclusive Workplace	
4.2 Fostering Employee Career	119
Planning	
4.3 Reinforcing Occupational Safety	123
and Health Management	
4 4 Shaning Sustainable Supply Chain	134

- Ip p	100
7.1 Sustainability Issues	159
Corresponding Table	
7.2 GRI Standard Index	160
7.3 Response to Sustainable	164
Guidance and Principles	
7.4 Greenhouse Gas Inventory	167
and Assurance Status	
7.5 Assurance Statement	168
7.6 List of Publishers and Committee	168
Members	

We suggest you proceed to the chapters that are most relevant to you.





2 Enabling Unlimited Innovation

Navigating a Green Future



Employees / Labor Union Direct Customers

Enabling

2022 Highlight

Material Topics

Target and Progress

Unlimited Innovation

2.1 Instigating Production and

2.2 Developing Green Products

2.4 Building Customer Rapport

2.3 Honing Product Management

Product Innovation



Navigating a Green Future



57

58

59

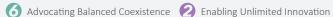
60

61

62

64

66





Creating Inclusive Society



Business Partners (Suppliers / Contractors)





Fostering Robust Governance



External Audit Agency



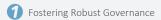


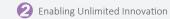


2 Enabling Unlimited Innovation



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139

140

150

About This Report

Message from the Chairman Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs Identification of Stakeholders

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image







3 Navigating a Green Future

Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix

About This Report

Far Eastern New Century Corporation (FENC) issued its first Corporate Social Responsibility Report in July 2013, and beginning in 2015, the report became an annual publication issued in August. With the publication of the 8th issue, the report was renamed "Sustainability Report." The current issue marks the 10th edition, which discloses corporate sustainability performance from 2022.

Significance of Report Subjects to FENC

Innovation is the cornerstone that empowers sustainable growth and reinvents FENC. This year, the FENC Sustainability Report is titled "Inventing New Century" with "Empowering Possibilities" as the subtitle. The report lays out the Company's forward-looking roadmap, detailing its trailblazing journey towards net zero and inclusive development. Being committed wholeheartedly to sustainable actions, the Company is a positive force, bringing low-carbon and eco-friendly innovations to the world. Working alongside its stakeholders, FENC is on course to create a beautiful new century.

Reporting Period

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

FENC Corporate Sustainability Website

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Reporting Guidelines

1. Corporate Sustainability Performance:

2. Corporate Financial Performance:

Financial audits were conducted by Deloitte & Touche. The unit of calculation is New Taiwan Dollar (NT\$) unless otherwise noted.

Scope of Disclosure

FENC has diversified businesses ranging from production, property development and investment. The scope of the 2022 FENC Sustainability Report encompasses 26 FENC sites, which is identical to that from the previous year. The report discloses 97% of the revenues on the 2022 consolidated statement. The scope of the disclosure for each Business is described as follows:

- 1. Production Business: With materiality in mind, subsidiaries of the Production Business covered within the report are those reaching NT\$2 billion in annual revenues (see note). The combined disclosure accounts for 99% of the 2022 revenues from the Production Business.
- Property Development Business: FERD, a subsidiary of FENC, develops and manages the Company's real estate
 for investment purposes. Please refer to Advocating Balanced Coexistence for
 details.
- 3. Investment Business: The primary targets of investment at FENC are the listed companies under Far Eastern Group (FEG). These companies have published their own reports on sustainability performance. Please refer to the corresponding sustainability websites under Far Eastern Group for details.

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

About This Report

Message from the Chairman Sustainability Strategy Blueprint

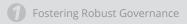
FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image







Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix

Scope of 2022 FENC Sustainability Report

Far Eastern New Century Corporation (FENC)	Headquarters	• Far Eastern Group R&D Center	 Hsinpu Chemical Fiber Plant
	 Kuanyin Chemical Fiber Plant 	Kuanyin Dyeing and Finishing Plant	• Hukou Mill
Oriental Petrochemical (T Co., Ltd. (OPTC)	aiwan) • Plant 1 • Plant 2	Far Eastern Apparel (Suzhou) Co	., Ltd. (FEAZ)
Far Eastern Fibertech Co.	, Ltd. (FEFC)	,	yester Plant tting and Dyeing Plant
Oriental Green Materials	Limited (OGM)	Far Eastern Apparel (Vietnam) Lt	d. (FEAV)
Oriental Petrochemical (S	Shanghai) Corp. (OPSC)	Far Eastern New Apparel (Vietna	m) Ltd. (FENV)
Far Eastern Industries (Shanghai) Ltd. (FEIS)		Far Eastern Ishizuka Green PET C	Corporation (FIGP)
Wuhan Far Eastern New I	Material Ltd. (WHEF)	APG Polytech, LLC	
Oriental Industries (Suzho	ou) Ltd. (OTIZ)	Far Eastern Resources Developm	ent Co., Ltd. (FERD)
Far Eastern Industries (W	uxi) Ltd. (FEIW)	Far Eastern Memorial Foundatio	n
Far Eastern Dyeing & Fini	shing (Suzhou) Ltd. (FEDZ)	Far Eastern Y.Z. Hsu Science and Foundation	Technology Memorial

Note: OPSC merged with FEIS on December 31, 2022. It is now the petrochemical business under FEIS.

© Corporate Sustainability Websites of Companies under Far Eastern Group



New Century









Far Eastern

U-Ming Department Stores Marine Transport

Oriental Union Chemical





Everest Textile





Click the LOGO to **Enter the Website**



Pacific SOGO Department Stores

(Chinese Website)

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

Information for Readers

The chapters on Enabling Unlimited Innovation 🔆 Navigating a Green Future 🌣 and Creating Inclusive Society correspond to Production Business; Advocating Balanced Coexistence corresponds to Property Development Business; the remaining chapters cover both Businesses.

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

Chapter	Detail		
Enabling Unlimited Innovation	Corrections to 2021 FENC Sustainability Report: Funds for R&D and Innovation		
Navigating a Green Future	Corrections to 2021 FENC Sustainability Report: Energy consumption, water withdrawal and water consumption, water discharge Updates on previously disclosed data and reference factors: • The 2021 GHG emissions were updated to reflect the data verified by external audits. • The conversion factor for GHG emissions is updated to reflect the latest version. • Estimates were updated to reflect the actual data.		
Creating Inclusive Society	Corrections to 2021 FENC Sustainability Report: • Salary comparison by gender, application of parental leave and returning statistics in Taiwan, training for safety and health personnel, statistics on occupational injury, the number and purchase amount percentage of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement", percentage of procurement from local suppliers, procurement of main raw material		
Cultivating Compassionate Bonds	Corrections to 2021 FENC Sustainability Report: Amount invested in social engagement and percentage to profits after tax		
Advocating Balanced Coexistence	Updates on reference factors: • The conversion factor for GHG emissions is updated to reflect the latest version.		

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







Navigating a Green Future

Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix

Message from the Chairman



The year 2022 is one filled with turbulence. Geopolitical stability was shattered by the Russian invasion of Ukraine; the financial world braced for high volatility amid rate hikes in the West; business costs skyrocketed due to the surge in inflation. Meanwhile, the world is still trying to tame COVID-19, which is hindering the global economic prospect. Though uncertainties crowded the business sphere during the year, FENC delivered a spectacular performance with 263.9 billion in consolidated revenues, more than a 10% jump from the previous year. More significantly, this is a record-setting milestone to the Company.

FENC leads the world's polyester and recycling industries. Its competitive edge is founded upon a regional supply chain buttressed with a vertically integrated production and distribution network, allowing the Company to market its high-functional and eco-friendly products to the world. To continue solidifying its leading status and seizing growth momentum, FENC reviews its corporate vision periodically, establishes short-, mid- and long-term goals and

bolsters its workforce with a robust talent cultivation system. Above all, discipline serves as the overarching principle that propels FENC towards excellence. It is with discipline running through the veins of its employees and corporate culture that FENC thrives with brilliance.

I have the privilege of being the recipient of the 2022 TCSA Corporate Sustainability Lifetime Achievement Award and would like to dedicate it to the unyielding devotion Far Eastern employees have given to the promotion of sustainability. The award is a vote of confidence to what we have done. It is also an aspiration for what is to come. With a greater sense of mission and obligation to reach sustainability, FENC will continue to embody its core values through the fostering of sustainable environment, society and governance, personifying corporate ESG.

To push forward the global march towards a low-carbon vision and energy transformation, FENC has established the Company-wide GHG reduction targets. With 2020 as the baseline year, the Company pledges to reduce 20% of GHG emissions by 2025, 40% by 2030 and reach net zero by 2050. The grand carbon-reduction scheme will unfold through five major strategies. With tremendous efforts already taking place in 2022, FENC reduced GHG emissions by 14% compared to the baseline year, keeping it on track for net zero. In March 2023, FENC published its first TCFD Report and submitted the signed commitment letter to the SBTi, striving towards net zero alongside its global counterparts.

FENC has accumulated over three decades of experience in the recycled polyester industry, acquiring the ability to transform post-consumer PET bottles and textiles into high-valued green products that give its customers one-stop solutions. In 2022, FENC's ocean recycled anti-bursting jersey shined during the FIFA World Cup as the uniform of multiple national teams, including the champion, Argentina. Made of FENC's recycled ocean polyester filament, the product has given Taiwan international visibility. FENC is also the first corporation in Taiwan whose rPET is approved by the Ministry of Health and Welfare for the production of food containers. In March 2022, the first rPET water bottle made of this rPET was released in Taiwan. FENC has once again brought sustainability to all households.

Employees are FENC's most treasured asset. Hence, the Company established a robust system with diverse digital learning options to cultivate top talents. To fuel overseas growth, language courses are offered with programs fostering internationalization skills. Meanwhile, all labor policies and implementation at FENC follow international standards to protect human rights. Based on the outcome of the human rights due diligence, FENC continues to dive into human rights management to ensure a happy workplace.

The refinement of sustainable governance is an ongoing endeavor at FENC. For five consecutive years since 2019, FENC has been ranking among the top 5% in corporate governance evaluation, the highest level, putting the Company ahead of its peers as the only corporation with this record in the industry. FENC is also spearheading innovations in sustainable financing in Taiwan, issuing the first sustainable financial products in Taiwan and Asia. It is the only private corporation in the world to issue four types of sustainable bonds through the International Capital Market Association (ICMA). By fusing its core capabilities with these products, FENC has created a sustainable business model.

Looking into the future, as FENC continues pushing its sustainable undertakings forward, it will continue to inspire and expand sustainable values for the stakeholders. While the age of AI is upon us, FENC must embrace emerging technologies, honing digital and sustainable competitiveness and charting the course for industry transition.

Chairman of Far Eastern New Century Corporation



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



- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- G Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Sustainability Strategy Blueprint



governance

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

SDGs:

5 · 10 13 · 16

innovation

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



SDGs:

9.12 14 · 15

green future

Implement net-zero transition, promote corporate resilience and adaption and expand green product lines to reach carbon neutrality and a sustainable future.



SDGs:

3 · 6 · 7 · 12 13 · 14 · 15



Creating inclusive society

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



SDGs:

 $1 \cdot 4 \cdot 8$

About This Report Message from the Chairman Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

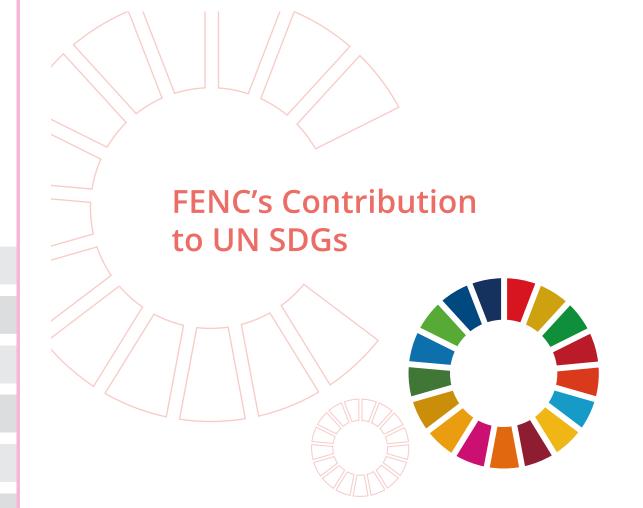
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix





- 1. FENC makes regular cash donations to not-for-profit organizations and participates in outreach programs for the disadvantaged, devoting NT\$110 million in social engagement. P.141
- 2. FEPV made donations to support 5,444 children orphaned due to the COVID-19 pandemic. P.37
- 3. FEIW donated the Far Eastern Sky Farm to Child Welfare Center. P.144
- 4. FERD held the Christmas Charity Market, inviting ten charity organizations and using zero-waste booths. P.156



- 1. As of the end of February 2023, FENC production sites distributed 10.4 million medical face masks and 230,000 home test kits, conducted 350,000 virus screenings and administered 22,000 vaccines to fight the pandemic. P.34
- 2. Occupational safety and health training hours grew by 176%. P.125
- 3. Far Eastern Memorial Hospital became the first medical institution in Taiwan to receive the HIMSS certification for stage 6 electronic medical record adoption model. *P.145*
- 4. FENC held the FENC Classic Marathon. P.143



- 1. FENC offered 119 ESG Series courses, accumulating 10,620 in the attendance
- 2. Asia Eastern University of Science and Technology established the Malaysia High-Tech Talent Incubator. P.146
- 3. The 14th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. P.147
- 4. Y. Z. Hsu Innovation Forum generated approximately 5,800 views from the online live stream and 960,000 impressions from online coverages. P.148



- 1. Comprehensive deputy and family care leave systems increase female employees' willingness to return to work after maternity leave with an 83% retention rate. P.110
- 2. FENC values gender equality with a 66% increase in female managers in the past decade. P.110
- 3. FENC promoted the Maternal Health Care Program. P.133
- 1. Plant 2 of OPTC received the third-party verification for the ISO 46001 water efficiency management systems. P.87
- 2. The dyeing and finishing plant of FEPV conserved 596,848 kiloliters of water annually by recycling the effluent through the reverse osmosis purification system. P.88
- 3. Kuanyin Dyeing and Finishing Plant conserved 45,828 kiloliters of water annually by installing five new high-temperature low-liquor ratio dyeing machines with smart and speed control. P.88



- 1. FERD held ten charity pop-up markets. P.157
- 2. APG Polytech donated Thanksgiving feasts. P.141



- 1. FENC implemented 67 energy conservation projects and avoided 135,168 tCO2e in GHG emissions. P.84
- 2. FENC added 15MW in installed capacity for solar power and purchased 97.9 GWh of renewable energy certificates, totaling 110 GWh in renewable electricity usage. P.81
- 3. FIGP purchased renewable electricity covering the plant-wide power consumption. P.81

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



- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



- 1. The Company has been listed on the Taiwan Stock Exchange for 55 years, with annual profits and dividends. *P.42*
- 2. Mid-level managers and above may participate in the employee stock ownership plan with 15% contribution from the Company. *P.114*
- 3. FENC has issued 14 sustainable financial products with most being the first in either Taiwan or Asia. *P.31*
- 4. The green product revenues surged by 20%. P.63



- 1. FENC devoted NT\$730 million in forward-looking R&D. P.61
- 2. FENC received 891 patent approvals to date. P.61
- 3. The pioneering recycled waste gas polyester received the Accelerated Eco Best Product Award at ISPO TEXTRENDS, Sustainability & Innovation Award from ITMF and the Excelsior Award from the National Innovation Award and Enterprise Asia International Innovation Awards for innovation under the product category. P.21
- 4. Hsinpu Chemical Fiber Plant constructed the VR factoryscape service platform. P.62



 FENC conducted human rights due diligence with mitigation and remediation measures. P.11



- 1. OPSC, FEIS, FEIW and FEAZ lent their helping hands to safeguard the communities against COVID-19. *P.36*
- 2. FENC production sites in mainland China made financial donations to governmental and charitable entities to help fight the COVID-19 pandemic. *P.37*
- FERD cohosted Discovering the Beauty of Tpark with the main New Taipei City Library.
 P.156



- 1. FENC deployed all-encompassing circular technology. P.23
- 2. FIGP joined the traceability and visualization project for PET bottle recycling. P.65
- 3. FENC's recycling and upcycling of production technology was approved by FDA. P.15



- FENC established the short-, mid- and long-term GHG reduction targets and submitted the commitment letter to SBTi in 2023. P.73
- Hsinpu Chemical Fiber Plant was recognized by the Bureau for excellence in GHG reduction. P.80
- 3. The 2022 GHG emissions dropped by 11% from the previous year. P.78
- 4. FENC conducted the TCFD impact assessment. P.73



- 1. FENC is the world's largest supplier of recycled ocean plastic, which is remanufactured from recycled waste PET bottles from the ocean. *P.24*
- 2. FENC's recycled ocean polyester filament debuted at the FIFA World Cup as the uniform for multiple teams. *P.24*
- OGM signed an MOU with Blue Ocean Recycling Alliance under Taoyuan City Government. P.27



- 1. FENC became the first corporation in Taiwan with approval from the Ministry of Health and Welfare for using rPET in food container manufacturing. *P.23*
- 2. FENC constructed the fabric-to-fabric loop with IKEA. P.22
- 3. FENC developed the innovative green material- nylon 56 tire cord fabric. P.62
- 4. OGM reused its own waste through the thermal recovery boiler, receiving an award for excellence in resource recycling. *P.80*



- 1. FENC ranked among the top 5% in the corporate governance evaluation. P.45
- 2. FENC bolstered cyber security and resilience by creating the Information Security Department and appointing the Chief Information Security Officer. *P.53*
- 3. FENC established the Occupational Safety and Health Legal Cloud System. *P.128*



- 1. FENC enhanced supplier knowledge and skills with a corporate carbon reduction workshop. *P.14*
- 2. FENC promoted recycling and circular economy with 7-ELEVEN. P.22
- 3. FENC promoted 100% PET Closed Loop with the Himeji Government and Ito En, Ltd. P.22
- 4. FEPV co-hosted the World Environmental Day Event with AEON. P.141

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

- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Identification of Stakeholders and Material Topics

A total of 514 sustainability

issues were compiled.

The issues were consolidated under 21 categories.

Identification of Materiality

(4) External audit agency

(supplier/ contractor)
(6) Shareholder/ investor/
financial institution

(5) Business partner

Analysis

Each year, the stakeholders and material topics are identified by executive managers and the Sustainability Implementation Committee, and every three years, internal and external feedback is assessed through surveys.

During the reporting year, FENC followed the procedures for the identification of material topics in the 2021

version of the Global Reporting Initiative (GRI) Standards, developing the framework for materiality analysis based on the principles of identification, analysis and verification. Surveys were administered to internal and external recipients with a total of 423 valid surveys collected. Expert opinions were consulted regarding the identification procedures and results, which were then presented to the executive managers for confirmation. The approval of the Sustainability Committee members, which consist of regular and independent Board members, was obtained to ensure alignment with corporate management and stakeholder expectations.

Identify and assess impacts on an ongoing basis **Determine material topics for reporting** Understand the Identify actual and Assess the significance of the impacts Prioritize the most significant organization's context Determine potential impacts impacts for reporting material topics · Stakeholder Identification: Based on the five Compile Materiality principles laid out in AA1000SES (2015) Stakeholder Conduct Sustainable Verify Engagement Standard. Analysis Analysis Issues **Analysis Process of Stakeholders** Source: Compile Sustainability reports from Taiwanese Source: · Material Topic Survey: Prioritization of Material Topics: Presentation to the Stakeholders corporations, global customers and global Forty sources were referenced to Highest Governing Entity: Prepare the material topic matrix. peers, totaling 106 reports. Analysis of the impact level from compile the list, including industry The material topics were sustainability issues on corporate guidelines, standards and benchmarks: presented to the Sustainabilstakeholder feedback; TCFD climate risk operation: ity Committee with the The stakeholders were consolidated and opportunity identification; human Target: Sustainability Implementation approval of the executive under 13 categories. rights due diligence; international Committee 18 Material Topics, 3 Topics of Concern managers. guidelines, standards and reports, such Stakeholder Identification Survey: Analysis of the impact level from as the Global Risk Report and Materiality Target: The Sustainability sustainability issues on the Measuring Stakeholder Capitalism by Analysis Implementation Committee economy, environment and people, the World Economic Forum (WEF), External Experts: SDGs, GRI, Sustainability Accounting including human rights: Recommendations from external Standards Board (SASB) and Organiza-Target: Six categories of key stakehold-A total of 131 valid surveys sustainability consultants were factored in tion for Economic Co-operation and were collected. for the executive managers and Sustainabil-Development (OECD) Due Diligence ity Team to further evaluate the positive Guidance for Responsible Business and negative impact from the material Six categories of key stakeholders Conduct. topics. (1) Direct customer (2) Government (3) Employee/ labor union Conduct

A total of 292 valid

surveys were collected.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

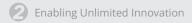
FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue Enhancing Corporate Sustainable Image







Navigating a Green Future

4 Creating Inclusive Society

6 Cultivating Compassionate Bonds

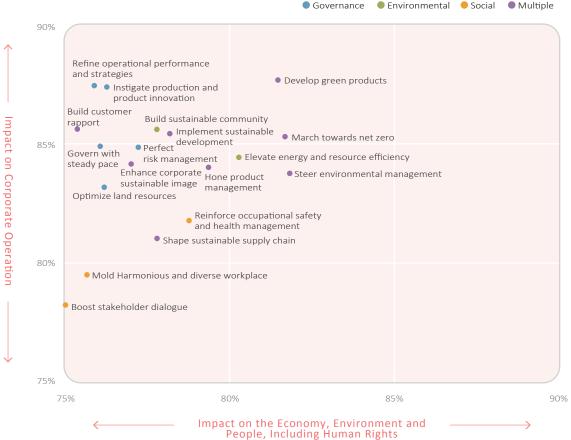
Advocating Balanced Coexistence

Appendix

FENC applied the principle of double materiality proposed by the European Commission and identified 18 material topics with significant impact regarding corporate operation as well as the economy, environment and people, including impacts on human rights. The result rendered the addition of three new material topics – develop green products; hone product management; enhance sustainable corporate image. In addition, four issues identified as topics of concern last year were elevated as material topics in 2022 – build sustainable community; optimize land resources; shape sustainable supply chain; mold a diverse and inclusive workplace.

Note: To better convey the spirit and meaning behind the materials topics, a few revisions were made to the list of topics in this report. "Respond to climate change" is changed to "march towards net zero;" "prevent and control environmental pollution" to "steer environmental management," "construct happy workplace" to "mold a diverse and inclusive workplace;" "coordinate sustainable supply chain development" to "shape sustainable supply chain;" "reinforce environmental safety and health management" to "reinforce occupational safety and health management." The topic, "promote product marketing," is integrated into "build customer rapport."

Matrix of FENC Material Topics



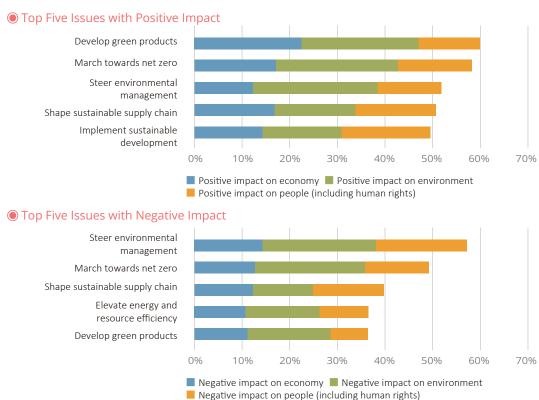
Note:

- 1. The threshold for materiality is 75%.
- 2. The significance of each material topic to FENC and management guidelines will be elaborated in each chapter. Please refer to 7.1 Sustainability Issues Corresponding Table 歳.
- 3. Three topics of concern are also identified. They are "Foster employee career planning", "Fortify digital resilience", and "Cultivate compassionate bonds". Please refer to the chapters in this report for details.

FENC Sustainability Survey 🦮

Positive and Negative Impact and Scope of Value Chain Impact

Once the 18 material topics were identified, executive managers and the Sustainability Team conducted impact analysis to assess their positive and negative impact as well as the scope of value chain impact. Each material topic was assessed against current corporate strategies and management guidelines to measure the positive impact and likelihood of occurrence regarding the aspects of economy, environment and people, including human rights. The assumption for the assessment of the negative impact, no action, would lead to the inability to prevent or mitigate the negative impact, and was used to assess the likelihood of occurrence and severity regarding the three aspects.



A comprehensive evaluation measuring current corporate strategies and management guidelines against the impact on the above-referenced three aspects identifies "develop green products" as having the greatest positive impact, and further pursuit will augment such impact. The most significant negative impact, however, could result from inaction under "steer environmental management," indicating the need for FENC to enhance such management efforts for mitigation.

Climate change is an issue that has become front and center in the global dialogue in recent years. The impact analysis also reflects the positive influence FENC may bring by aggressively stepping up GHG management with net zero as the end game. Conversely, the extent of negative consequences from the absence of such action will be second only to that from not steering environmental management.

Note: For the value chain impact assessment posed by material topics, please refer to 7.1 Sustainability Issues Corresponding Table 🐁

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







Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix

Boosting Stakeholder Dialogue



Six categories of key stakeholders

33,968 times 604,993 participants



Significance to FENC

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



6,260 times 305,818 participants

Issues of Concern

- Foster employee career planning
- Develop green products
- Reinforce occupational safety and health management
- Enhance corporate sustainable image
- March towards net zero

Communication Channel and Frequency

- External Meetings: Monthly, Irregular
- Internal Meetings: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Training/Trial/Drill: Yearly, Monthly, Weekly, Irregular, Other
- Promotional Campaign: Yearly, Quarterly, Monthly, Irregular
- Visits/Exchanges: Quarterly, Monthly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Quarterly, Monthly, Irregular, Other
- Survey/Questionnaire: Yearly, Quarterly, Irregular
- Grievance/Comment Box: Weekly, Irregular, Other
- · Company Website: Irregular
- Other: Weekly, Irregular

Conducting Human Rights Due Diligence with Mitigation and Remediation Measures

To continue upholding human rights, FENC launched the human rights due diligence in mid-2022. The result identifies health and safety as well as the elimination of long working hours as significant human rights issues for FENC employees. The Company has established corresponding mitigation and remediation measures with quantified short-, mid- and long-term targets, including reaching the goals of zero grievance claims regarding long working hours, zero occupational safety and health violations and 100% coverage for occupational safety and health training to enhance human rights management.

During the reporting year, FENC also conducted training and shared case studies on the prevention of workplace violence for the management level. In addition, the Company offered training on human rights policy, human rights management, human rights mitigation and remediation measures based on the FENC Human Rights Policy and external case studies. For more details, please refer to 4.1.1 Human Rights Protection 🔆 .



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image







Navigating a Green Future

Creating Inclusive Society

5 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



Significance to FENC

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



16,333 times 116,841 participants

Issues of Concern

- Hone product management
- · Develop green products
- Steer environmental management
- Enhance corporate sustainable image
- Elevate energy and resource efficiency

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Monthly, Irregular, Other
- Internal Meetings: Monthly, Irregular
- Training/Trial/Drill: Other
- Promotional Campaign: Irregular
- · Visits/Exchanges: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Irregular, Other
- Survey/Questionnaire: Yearly, Irregular, Other
- Company Website: Irregular
- Other: Irregular, Other

2022 Raw Material Operational Excellence Award from Iululemon

FENC is a key strategic partner of lululemon, the leading multinational retailer of high-end athletic apparel. Nylon 66, a featured product for lululemon, is the fruit of FENC's vertically integrated supply chain spanning across Taiwan, mainland China and Vietnam. With FENC's one-stop operation, the filament goes through dyeing and finishing, turning into textured yarn and eventually finished garments.

Between 2021 and the first half of 2022, delivery to lululemon was impacted due to power outage, pandemic restrictions and Lycra shortages in mainland China. To ensure on-time delivery, FEDZ conducted face-to-face meetings with Lycra suppliers twice a month and adjusted the dyeing and finishing machines to address customer demand. The plant managed to maintain consistent production flow and quality amid the power outage. With flexible production scheduling, stringent quality control and timely communication, FEDZ turned the crisis into opportunities. Its ability to shield customers from losses caused by material shortages was praised by lululemon, which presented the 2022 Raw Material Operational Excellence Award to FEDZ, the only supplier in the world to receive this honor.

As the COVID-19 pandemic wanes, global apparel brands are shifting towards more supply chain stability. FENC has seized the moment, becoming a major supplier for lululemon by leveraging customer engagement efforts and maximizing its vertically integrated supply chain to establish close partnerships and growth strategies.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

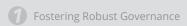
FENC's Contribution to UN SDGs
Identification of Stakeholders

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image





2 Enabling Unlimited Innovation

3 Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



Significance to FENC

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



479 times 2,976 participants

Issues of Concern

- Build sustainable community
- · Optimize land resources
- Steer environmental management
- Reinforce occupational safety and health management
- March towards net zero

Communication Channel and Frequency

- External Meetings: Quarterly, Monthly, Irregular
- Internal Meetings: Irregular
- Training/Trial/Drill: Yearly, Irregular
- Promotional Campaign: Irregular, Other
- Visits/Exchanges: Monthly, Irregular
- Review/Evaluation/Audit: Yearly, Quarterly, Irregular, Other
- Survey/Questionnaire: Quarterly, Irregular
- Other: Irregular, Other

Dialogue with Director-General of OSHA on Healthy Workforce, the Key to Corporate Sustainability

Occupational Safety and Health Administration, Ministry of Labor (OSHA) devotes ongoing efforts to the promotion of workplace sustainability, safety and health. A dialogue was conducted with Tzu-Lien Tzou, Director-General of OSHA, B.C. Chang, Chief Operating Officer of Polyester Business and Chao-Yung Huang, Director of Future Business, CommonWealth Magazine and Chief Editor of the magazine's CSR platform to explore healthy workforce, the key to corporate sustainability.

In recognition of FENC's full disclosure of the leading and lagging indicators for occupation safety and health, the Company was the only corporation invited by Director-General Zhou. With years of experience in the field, Chief Operation Officer Chang made a point of stressing the need for industry attention on the management of change and bringing employees into the dialogue. Additionally, the management should look beyond the superficial and get to the root cause of every accident to ensure safety.

He also highlighted FENC's support for governmental measures. The Company leverages its resources to coach suppliers, instituting corporate mentorship to help them improve safety management and the overall occupational safety and health.

FENC firmly believes that employees are a company's greatest asset, holding itself to the highest standards regarding the care for the physical and mental health of all employees and workers. Care provided includes comprehensive healthcare, training, risk recognition and assessment and emergency drills to ensure occupational safety and health. The insightful exchange between FENC and Director-General Zhou demonstrates the Company's dedication to occupational safety and health. It is also a call for more corporate attention towards the issue to create a safe workplace for all.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

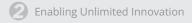
FENC's Contribution to UN SDGs Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image







3 Navigating a Green Future

Creating Inclusive Society

5 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



Business Partners (Suppliers / Contractors)

Significance to FENC

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



10,470 times 174,215 participants

Issues of Concern

- Build customer rapport
- Hone product management
- Reinforce occupational safety and health management
- Govern with steady pace
- · Perfect risk management
- Instigate production and product innovation

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Monthly, Weekly, Irregular, Other
- Internal Meetings: Quarterly, Monthly, Irregular, Other
- Training/Trial/Drill: Yearly, Monthly, Weekly, Irregular
- Promotional Campaign: Yearly, Irregular
- Visits/Exchanges: Yearly, Quarterly, Weekly, Irregular, Other
- Review/Evaluation/Audit: Yearly, Weekly, Irregular, Other
- Survey/Questionnaire: Irregular, Other
- Grievance/Comment Box: Irregular, Other
- Other: Irregular, Other

Enhancing Supplier Knowledge and Skills with Corporate Carbon Reduction Workshop

FENC collaborated with the Industrial Technology Research Institute (ITRI) and SGS Taiwan (SGS) to provide training for suppliers with long-term partnership with FENC. The special training targeted suppliers with limited experience in GHG inventory, however, posing a significant impact on FENC's scope 3 emissions, including suppliers of primary and secondary raw materials as well as those with their own boiler equipment or major electricity consumption. The two-day workshop on corporate carbon reduction aimed to guide the suppliers to contribute to GHG reduction. The training helped them understand the importance and urgency of carbon reduction and gave them step-by-step instructions on conducting GHG inventory and verification so that they, too, may contribute to net zero 2050.

Chung-Yu Chen, Researcher from the Industry, Science and Technology International Strategy Center of ITRI and Dr. Guan-Lin Lu from SGS were invited to lead the workshop, which covered trends and demand in carbon reduction from international brands and supply chains; introduction and applications of ISO 14064-1:2018 GHG inventory standards; corporate GHG inventory and verification practices. A total of 27 participants completed the training and obtained the certification as auditors for ISO 14064-1.



About This Report

Message from the Chairman

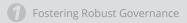
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image







3 Navigating a Green Future

Creating Inclusive Society

5 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



Significance to FENC

FENC examines the adequacy of corporate policies through verifications conducted by external agencies and proposes specific plans to enhance sustainable competitiveness.



91 times 523 participant

Issues of Concern

- Optimize Land Resources
- March towards net zero
- Develop green products
- Steer environmental management
- Elevate energy and resource efficiency
- Build sustainable community

Communication Channel and Frequency

- External Meetings: Irregular
- · Internal Meetings: Other
- Training/Trial/Drill: Yearly, Irregular
- Promotional Campaign: Irregular
- Visits/Exchanges: Irregular
- Review/Evaluation/Audit: Yearly, Quarterly, Irregular, Other
- Survey/Questionnaire: Irregular

FDA Approval on the Recycling and Upcycling of Production Technology

FENC has been channeling over 30 years of experience in PET bottle recycling into technologies that transform post-consumer bottles into food packaging. The bottles go through FENC's exclusive production process – sorting, washing, decontaminating and viscosity improvement to be transformed into rPET, the raw material for food and non-food applications, such as PET bottles as well as packaging for fresh, frozen and microwavable food.

The decontamination process is vital in terms of whether the rPET could be approved for food contact articles. FENC collaborates with the Plastics Industry Development Center on the assessment and verification of the decontamination process as well as the safety of the recycled plastic production system. The Company submitted an application to the U.S. Food and Drug Administration (FDA) for review. The rPET production process is designed based on the FDA requirements in terms of safety and feasibility. The Company provided product samples, production design and parameters as well as analytical data from all stages. The Plastics Industry Development Center provided assistance in data analysis and verification, as well as issuing the third-party assurance.

In July 2022, FENC received the final approval from FDA. The production process has been registered on the FDA website, further enhancing FENC's green competitiveness through the proprietary rPET production technology with key data from the decontamination process.



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs Identification of Stakeholders

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Fostering Robust Governance



3 Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



Shareholder / Investor / Financial Institution

Significance to FENC

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



335 times 4,620 participants

Issues of Concern

- Refine operational performance and strategies
- Govern with steady pace
- Develop green products
- March towards net zero
- Steer environmental management

Communication Channel and Frequency

- External Meetings: Yearly, Irregular
- Promotional Campaign: Irregular
- Survey/Questionnaire: Irregular
- Other: Irregular

Answering FSC's Call for Virtual Shareholder Meetings

To support the Financial Supervisory Commission's (FSC) promotion of digitalization and as an anti-pandemic measure, FENC held a hybrid shareholder meeting in 2022. The Company initiated the implementation immediately after the policy took effect and embraced shareholder activism to enhance corporate governance. The hybrid format reduced the number of shareholders present at the in-person meeting, making it advantageous for FENC's pandemic-fighting efforts by minimizing the risk of cluster infection.

The planning of the hybrid shareholder meeting was a joint effort between FENC and Oriental Securities Corp., its stock agent and an affiliate of Far Eastern Group. The meeting was held through the Shareholder Video Conferencing Platform offered by Taiwan Depository and Clearing Corporation (TDCC). The platform offers advanced registration for shareholders, and they simply need to check in on the day of the meeting, join the video conferencing and view the live stream. They may also submit questions through typing and cast votes on the agenda items. The format provides shareholders with an alternative to in-person meetings.

Since FENC was holding the shareholder meeting through video conferencing for the first time, several rehearsals were conducted with TDCC during preparation to ensure that the hybrid meeting would proceed as planned.

The 2022 hybrid shareholder meeting concluded successfully. A total of 37 shareholders joined the meeting through the virtual option. The COVID-19 pandemic has pushed behavioral and cognitive boundaries of the past, and accelerated digital development, as reflected in the 2022 shareholder meeting. The virtual option gives shareholders a more efficient alternative, allowing them to voice their rights without being physically present. The implementation demonstrates FENC's aggressive strides towards ESG and boosts its corporate governance performance.



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





- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Contact and Grievance Channel

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

Speak Up Policy 🖔 Stakeholder Contact 🦄 🔀 FENC Speak-up: speak-up@fenc.com 💥

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

Regulatory Compliance and Anti-Corruption



Process

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

Channel

- Audit Committee email: auditcommittee@fenc.com
- 📈 Audit Department email: feaudit@fenc.com 🦮
- 🔀 Legal Compliance email: legalcompliance@fenc.com 🦖

Labor and Human Rights



Process

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

Customers and **Products**

Process

Environment

Process

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

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

Channel

Employee comment box, HR email: fenchrd@feg.com.tw 🥎 , designated email (e.g., President's email, departmental email), confidential hotline, employee representative meeting, verbal claim, written claim

Channel

Designated email (e.g., Sales departmental email), verbal claim, written claim

Channel

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

2022 Claims and Outcome

FENC received 28 grievance claims in 2022, all of which are related to labor issues. The details are described below:



1-16. FEPV – Knitting and Dyeing Plant

areas and four regarding the vacation policy. All cases were closed after All cases were closed after the issues were thoroughly discussed. the issues were thoroughly discussed.

17-21. FENV

Twelve claims were filed regarding the comfort of dining and working Five claims were filed regarding the comfort of dining and working areas.

22-23. FFNC

Two claims were filed regarding the dress code and the comfort of the quarantine area. All cases were closed after the issues were thoroughly discussed and addressed immediately.

Salary 5

1. FEPV - Knitting and Dyeing Plant

2-3. FENV

was closed after the questions were thoroughly discussed and explained. schedule. The case was closed after the questions were thoroughly discussed and explained.

4-5. FENC

Employees raised questions regarding the salary calculation. The case Employees raised questions regarding the salary adjustment and payroll Employees filed grievance claims regarding fellow employees openly sharing salary information and the number of days used for bonus calculation. The case was closed after the subject employee was advised and the issues were thoroughly discussed and explained.

17

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



- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Enhancing Sustainable Corporate Image

2022 Constituent of Sustainability Indexes



MSCI ESG Leaders Indexes



FTSE4Good Emerging Indexes

- ★ FTSE4Good TIP Taiwan ESG Index ★
- ★ TWSE Corporate Governance 100 Index ★
- ★ Greater China Business Sustainability Index ★
- ★ TIP Taiwan Environmental Sustainability Index ★

Recognitions from 2022 Sustainability Ratings



Taiwan Corporate Sustainability Awards (TCSA)

- Top 10 Taiwanese Companies Sustainability Model Award
- Platinum for Corporate Sustainability Report Award

First Among **Traditional Manufacturing**

- Climate Leadership Award
- · Circular Economy Leadership Award
- Growth through Innovation Leadership Award
- People Development Leadership Award

Global Corporate Sustainability Awards (GCSA)

- Best Practice Award-World Class-Great Practice
- Sustainability Reporting Award-Sliver Class



2022

Investment In People Category

Circular Economy Category

Asia Responsible

Enterprise Awards (AREA)

Most Awarded

Corporate Governance Category

Corporate Sustainability

Reporting Category



2022 Corporate **Governance Evaluation** Top 5%

Five Consecutive Years



Global Views Monthly CSR & ESG Award

- First Prize at Circular Sustainability
- · Model Award at Manufacturing Industry



CDP

- · Climate Change Management
- Water Security Management
- · Supplier Engagement Leadership

Sustainalytics **ESG** Risk Ratings Industry Top Rated



CommonWealth Magazine Excellence in Corporate Social Responsibility Award Large Enterprises

Asia-Pacific Sustainability Action Awards (APSAA) SDGs 17-Gold Award SDGs 3-Bronze Award



Triple A Country Awards for Sustainable Finance 2022 – Best Issuer (Taiwan), Best Blue Loan (Taiwan); Triple A Sustainable Capital Markets Awards 2022 -Best Issuer (North Asia), Best Sustainability-Linked Bond (Manufacturing)



HR Asia

1111 Job Bank 2022 Happiest Employees Golden Award

(consumer cyclical sector)

Asiamonev Asia's Outstanding Company (consumer discretionary sector)



Douglas Tong Hsu 年地事

Best Companies To Work For In Asia Awards

FinanceAsia Asia's Best Managed Company

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







3 Navigating a Green Future

Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



FENC was invited to the SDGs International Forum held by the CommonWealth magazine. The theme of the forum was eco-fashion. Judy Lee, Acting President of Textile Business, spoke on behalf of the Company on the subject Far Eastern's new fashion economy model. She shared the eco-fashion concept and stressed the green supply chain as its core. FENC has been supplying the major fashion brands with

sustainable materials through non-stop green innovations and sharing the responsibility of protecting the environment. As the green wave sweeps the world, FENC focuses on creating sustainable values through the circular economy, building ecofashion as Far Eastern's new economic model.



[2022 SDGs International Forum] Session 9 Keynote | Eco-design from Fashion Brands by FENC (Chinese)



March 28

The Global Views Monthly interviewed K.S. Wu, President of Petrochemical Business, and Donald Fan, Acting President of Polyester Business, who made two key points during the interview. First, sustainability started flowing through FENC's DNA as early as the oil crisis half a century ago. It prompted FENC to take

actions towards energy conservation by encouraging employees to create proposals tailored to their industry characteristics and applying them to the production process. The energy and carbon reduction efforts have been further enhanced in recent years while the Company embraces artificial intelligence. Second, as the world marches towards net zero, FENC has been channeling its R&D momentum towards recycling technologies, developing green products with waste collected from the land, ocean and air. FENC has successfully turned waste PET bottles, textiles, ocean plastics and even industrial exhaust into raw materials for new products, significantly cutting the product carbon footprint.



Source: Global Views Monthly

50 Years of Green Transformation! FENC Turning Recyclables into Gold, Waste Gas into Fashion (Chinese) 🦄



August 4

The National Yang Ming Chiao Tung University and Global Views Monthly co-hosted the ESG Enterprise Technology Leadership Seminar. A total of 64 participants, among whom many corporate executives, attended the event. Humphrey Cheng, President of Corporate Management, spoke during the seminar on Leading Green Transformation with Circular Economy and shared FENC's experience in

integrating sustainable development with its core strengths, and how a traditional textile manufacturer blossomed into the leader in green manufacturing. FENC dived into the recycling industry in 1988. Despite early losses, the Company persisted with a conviction in environmental sustainability and reusing recycled resources. FENC has spent over 30 years developing the circular economy, helping build the recycling system in Taiwan and internalizing the recycling technology as its core capability. Such ability has been driving product evolution and perpetuating its sustainable business model.



Recycling at All Costs, ESG Achievement from 30 Years of Gathering Momentum (Chinese)



June 24 to 25

FENC took part in the first ESG expo in Taiwan – the 2022 ESG Summit. The Company took the opportunity to showcase its ESG targets and performance. Aside from demonstrating the comprehensive recycling and remanufacturing technologies, the Company also provided innovative solutions to the recycling of waste textile and industrial gas. FENC's sustainability strategies are holistic, including aligning with the world's focus on net zero with low-carbon transition; providing comprehensive benefits and

a happy workplace to cultivate talents; embodying core corporate values by issuing sustainable financial products; engaging communities and society through marathon events. During the expo, FENC presented the recycling and remanufacturing process as well as the products through 3D installations. The audience also got to inspect and repair the pipelines through the immersive VR experience. Humphrey Cheng, President of Corporate Management, presented FENC's recycling technologies and ESG implementations to demonstrate the Company's determination and achievement in sustainable development, hoping to create lasting



influence. Footage from FENC 2022 ESG Summit: Environmental. Social and Governance (Chinese)

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



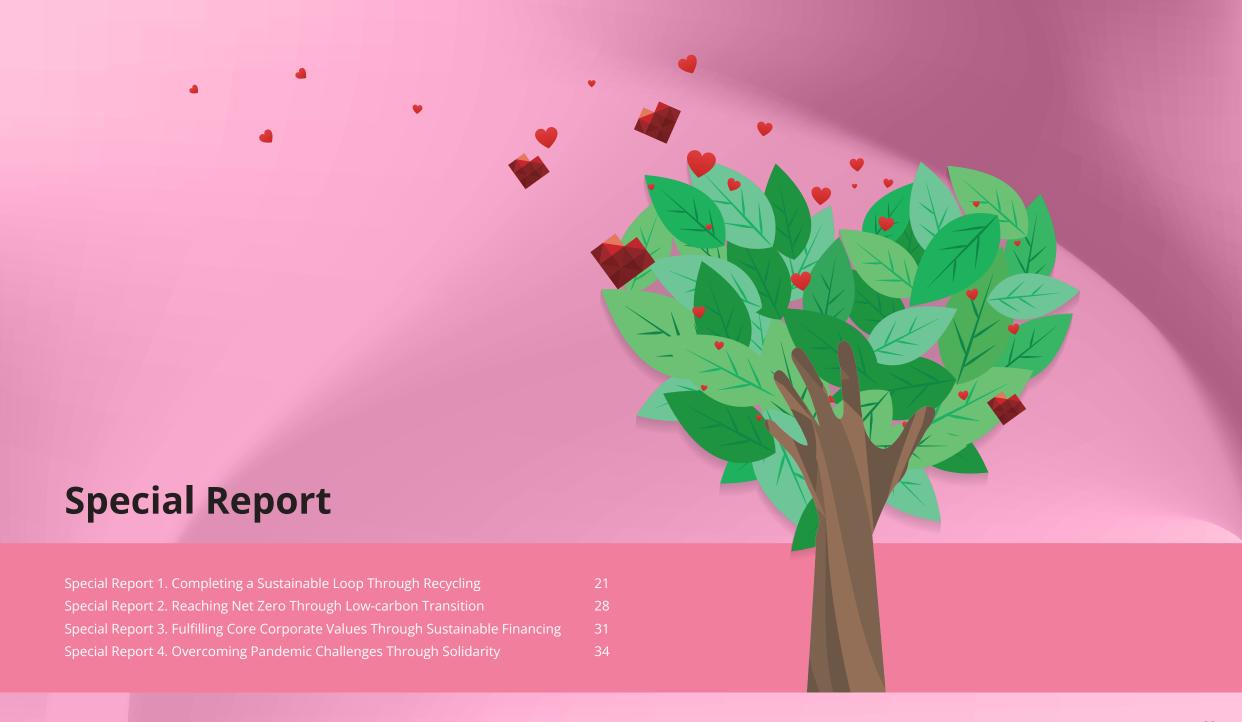
Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



About This Report

Message from the Chairman

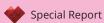
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

Special Report 💔

Completing a Sustainable Loop Through Recycling

FENC is the world's leading supplier of green materials. After delving into the recycled polyester industry for over three decades, the Company has developed a vertically integrated supply chain and state-of-the-art recycling technologies that transform waste PET bottles and textiles into high-valued products. Partnering with its customers, FENC is creating sustainable values and lifestyles by bringing sustainability into the polyester industry through the circular economy.

Creating Green Living Through Circular Economy

It is FENC's mission to make environmental sustainability a reality. The Company was ahead of its peers when its journey in circular economy began. As the founder of the first PET bottle recycling plant in Taiwan, the Company upgrades its recycling technologies continuously, upcycling waste materials and turning them into a wide array of high-quality rPET applications, including food and non-food packaging, functional apparel, shoe materials, home goods and automotive materials. In 2022, the Company extended its ongoing partnership with global manufacturers to develop rPET zippers and supply recycled polvester to the world.

In order to expand the scope of recycling, FENC applied its know-how in PET bottle recycling towards the recycling of textile products, breathing new life into waste textiles and clothing by making them into polyester fiber. FENC's experience in the circular economy gave birth to FENC®TopGreen®Recycling Solutions, a total solution for customers with wide-ranging applications, connecting recycled products to people's lives.

 Development and Milestones of FENC's Sustainable Products 2010 which debuted at FIFA World Cup as Transformed waste PFT bottles 2016 for the Oceans. 2019 2020 polyester with CCBJI and launched the world's first commercialized PET 2021 low-carbon

Supplied rPET to Coca-Cola Taiwan, which introduced the first 100% rPET water bottle

Received government approval for using recycled PET in food contact packaging, th first in Taiwan.

Introduced the world's first commercialized PET label-to-label application with CCBJI ad TOYOBO using chemical recycling.

Supplied rPET to SPVB, which released Vietnam's first soft drink bottle made of 100% rPET.

Received the Accelerated Eco Best Product Award at ISPO TEXTRENDS, Sustainability & Innovation Award from ITMF and the Enterprise Asia International Innovation Awards for innovation under the product category as recognitions for its eco-friendly fabric made of the waste gas recycling and water conserving nylon production technologies.

Pioneered the first FIFA World Cup national team uniform with the recycled polyester filament manufactured from ocean waste PET bottles.

Pioneered the low-carbon polyester fabric made of waste gas with lululemon.

Developed the tire core fabric made of recycled polyester yarn with Continental AG, an industry breakthrough.

2022

What is the Circular Economy?

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



Special Report

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition Special Report 3. Fulfilling Core Corporate Values Through

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

Fostering Robust Governance

Sustainable Financing

- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Constructing the Circular Economy

Promoting Recycling and Circular Economy with 7-ELEVEN

FENC introduced the automated recycling machine with 7-ELEVEN Taiwan and President Packaging Ind. Corp in 2022. The public may recycle used PET bottles through the machines installed by President Packaging Ind. Corp at the 7-ELEVEN stores in northern Taiwan. After the bottles are collected by FENC, they underwent the proprietary sorting, washing, decontaminating and viscosity improvement process through its vertically integrated system. The bottles are then transformed into rPET and manufactured into 7-ELEVEN uniforms and products, completing the sustainable loop.



Collaborating with AEON on PET Bottle Recycling

In June 2022, FEPV signed a memorandum of understanding (MOU) with AEONMALL Vietnam Co., Ltd. (AEON) to recycle PET bottles from AEON's retail locations and turn them into rPET as materials for new products. This partnership marks the first rPET closed-loop project in Vietnam and expanded FENC's sustainable blueprint into the country, drawing attention for more future collaboration.



FEPV and AEON's Collaboration on PET Bottle Recycling



Promoting 100% PET Closed Loop with the Himeji Government and Ito En, Ltd.

FIGP signed an agreement with the authority in Himeji and Ito En, Limited (Ito En) to form a 100% PET closed loop. The waste PET bottles in Himeji will be collected and sent to the Kansai plant after its inauguration in 2023. The waste bottles fulfill a closed loop when they are turned into new bottles for the Ito En products. The model was first developed in 2019 from a collaborative effort with 7-ELEVEN Japan and



Coca-Cola. Waste PET bottles collected from the 350 7-ELEVEN stores in Tokyo were remanufactured into rPET and subsequently new bottles filled with beverages to be sold at 7-ELEVEN, forming a 100% PET closed loop. This model has attracted significant future partnerships with major brands and organizations.

Constructing the Fabric-to-Fabric Loop with IKEA

FENC was invited by the Industrial Development Bureau of the Ministry of Economic Affairs to join the program for circular supply chain transfer mechanism in 2022, forming a collaboration with IKEA and Yee Chain International Co., Ltd. to promote the first fabric-to-fabric project in Taiwan. IKEA provided fabric scraps from its retail locations, including store displays or returned goods in non-resalable condition. With FENC's proprietary technology, the scraps went through crushing, melting, pelletizing, spinning and false twisting to transform into recycled polyester fiber, which was then made into brand-new products by FENC's supply chain partners.



Completing the Fabric-to-Fabric Loop (Chinese)



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

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- **1** Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- G Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Taking International Spotlight with Recycling Know-How

FENC has amassed tremendous expertise in the development of the circular economy, lauded internationally for its green innovations. The Company's strength lies in its vertically integrated and cross-disciplinary technological collaboration, and its core abilities to develop innovative recycling technologies. Among them are green solutions that tackle waste materials from the land, ocean and air, turning them into recycled materials that are looped back as next-generation green products, paving the way for a sustainable future.

FENC Recycling Process & Circular Economy







Charting Industry Development with Circular Economy

First in Taiwan with Approval from Ministry of Health and Welfare for Using Recycled PET in Food Container Manufacturing

The year 1988 marks the beginning of FENC's recycling vision when it built the first PET bottle recycling plant in Taiwan. Since then, the Company has grown from the manufacturer of basic products to that of high-value ones such as food-grade packaging, functional apparel and tire applications. In May 2022, Taiwan Food and Drug Administration of the Ministry of Health and Welfare (TFDA) issued the review criteria for using recycled PET in food contact packaging, which is modeled after the European and U.S. regulations, and stipulates that recycled PET from food containers that has repalletized after washing, crushing, melting and decontaminating may be used for food contact packaging with approval.

In December 2022, FENC became the first corporation to receive the Letter of Non-Objection from TFDA for using post-consumer recycled PET in food-contact packaging. In March 2023, Coca-Cola Taiwan released the label-less bottled water, bonaqua. The product is sold in the first rPET food container produced in Taiwan using the rPET supplied by FENC. With this, the Company has provided the general consumers in Taiwan wider access to green products, bringing them closer to the circular economy.

Completing the Polyester Loop with Proprietary Recycling Technologies

With decades-long experience in the circular economy, FENC has made advancement in mechanical recycling that transforms waste PET bottles into new products. Waste polyester textiles, which are relatively simple in composition, can also be turned into new textile products for commercialization through melting and granulation or mechanical means. FENC has advanced further in recent years with the development of FENC®TopGreen®ChemCycle, an exclusive technology that utilizes depolymerization, decolorization, crystallization and purification to reduce the more complex polyester waste into rPTA, the main raw material for PET, and the quality of FENC's rPTA is on par with that of raw materials with petroleum origin. The breakthrough also represents a sustainable alternative that bypasses fossil fuels with waste as a source material.

FENC®TopGreen®ChemCycle is patented in countries such as Taiwan, Australia and the U.S. and recognized with multiple awards, including the Excelsior Award from the 19th National Innovation Award and Enterprise Asia International Innovation Awards for innovation under the product category in 2022. The technology has also been adopted by Coca-Cola Bottlers Japan (CCBJI) to produce the first commercialized PET bottle with chemically recycled content. FENC collaborated with CCBJI and TOYOBO to complete the first label-to-label (L2L) project in the world, remanufacturing labels on PET bottles into new labels in 2022. FENC is currently developing similar applications with multiple international brands and promoting downstream applications. Already in the pipeline are production lines totaling over 1,000 metric tons in production capacity per year.

Supplying SPVB with rPET, the Raw Material of Vietnam's First 100% rPET Soft Drink Bottle

FEPV has a long-term partnership with Suntory PepsiCo Vietnam Beverage (SPVB) and supplies PET for the production of beverage bottles. SPVB, a joint venture of Suntory and Pepsi, has started phasing into rPET for the production to reach its green goals. Since FENC's rPET is certified by both Suntory and Pepsi, the Company became their first choice as the supplier. FENC integrated the resources from its production sites and supplied rPET from Taiwan. On April 14, 2022, SPVB launched the 330-milliliter Pepsi bottle, Vietnam's first soft drink bottle made of 100% rPET. While this is a trend-setting move in the beverage packaging industry, FENC also successfully introduced sustainability into the consumer market.

The rPET production at FEPV is expected to begin in 2023 and the plant will form further collaborations with brand customers to localize the circular economic model.

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



Special Report

Solidarity

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition Special Report 3. Fulfilling Core Corporate Values Through

Sustainable Financing Special Report 4. Overcoming Pandemic Challenges Through

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



Ocean Solution Ocean Recycled Anti-Bursting Jersey as 2022 FIFA World Cup Champion Uniform

The world is giving increasing attention to marine plastic pollution. Back in 2016, FENC partnered with adidas and the NGO, Parley for the Oceans, and transformed waste PET bottles collected from the ocean into new consumer products. Currently, FENC is the world's largest producer of recycled ocean polyester filament. As of the end of 2022, the Company has prevented over 14,000 metric tons of plastic waste from polluting the ocean, and upcycled the waste into 78 million pairs of high-end athletic footwear and 42 million pieces of functional apparel. To make this possible, FENC needed to find a solution to address the impurities in the waste PET bottles, which added difficulties to the remanufacturing process. The Company did make a breakthrough. By integrating its resources and applying its exclusive polymerization technique. FENC created high-quality rPET resins and recycled ocean polyester filament with high tensile strength.

In 2022. FENC debuted the ocean recycled anti-bursting jersey during the FIFA World Cup as the uniform for multiple national teams. Made of FENC's recycled ocean polyester filament, the fabric is given enhanced extensibility by FENC's proprietary weaving technology, which allows it to withstand stringent testing for stress and bursting strength. The design is further calibrated after repeated trials by the athletes to arrive at the current version, which moves with the athletes as one. It is 12% lighter with four times the strength compared to the previous version. The jerseys have helped boosted the athletes' performance. In



2022, nine national teams competed during the World Cup in FENC's ocean recycled anti-bursting jerseys, and seven made it to the 16th-finals, including the reigning world champion, Argentina.



Winning International Accolades for Waste Avoidance Innovations

FENC collaborates with a U.S. biotech company to develop the technology to capture and upcycle waste gas from steel mills. The waste gas undergoes a special bio-fermentation process to generate ethanol, which is turned into ethylene glycol using a chemical production process and eventually into FENC®TOPGREEN®Bio3 PET through FENC's proprietary polymerization process. In 2021, FENC expanded the application of this low-carbon polyester into textile production, delivering the world's first recycled polyester made of industrial waste gas. A collaboration with lululemon gave birth to the world's first apparel item made of waste gas. The breakthrough not only reduces the world's reliance on petrochemical materials, but cuts GHG emissions during production by 30%. The material is favored by multiple international brands, including Zara, and the Company is on its way to expand product applications to industrial textiles and polyester packaging.



In 2022, FENC elevated waste gas recycling to a higher level by combining it with the nylon 66 solution-dyeing technology, creating a new breed of textile materials that embody sustainability through and through.

In February 2022, the product was selected out of over 200 entries as the winner of the highest honor at ISPO TEXTRENDS, the Accelerated Eco Best Product Award. In September, the product was decorated with another major award, the Sustainability & Innovation Award from ITMF, the world's largest professional textile organization. FENC is the only Taiwanese corporation to receive this honor. In December, the product was awarded the Enterprise Asia International Innovation Awards for innovation under the product category. The unprecedented triple-crown win in a single year speaks to FENC's unparalleled ability to drive sustainable innovations.

rPET Industry Status



in Recycled Polyester Filament







in Food-Grade rPET

Overseas Recycling and Remanufacturing Supplier **Recognized** by Japan Containers and Packaging Recycling Association

Product Certification

Recycled Content Certification











Food-Grade **Approval**











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



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Driving Green Momentum to the World

FENC is the world's largest producer of food-grade rPET and recycled ocean polyester filaments. With the second largest rPET production capacity in the world, the Company caters to all facets in life, offering a wide product spectrum that covers food, clothing, household needs and transportation. To further solidify its leading status and institute green transformation within the polyester industry, the Company launched multiple projects to expand its recycling and remanufacturing capacity at existing production sites in Taiwan, Japan and the U.S., and the nearly completed rPET plants in Vietnam, Malaysia and the Philippines, driving the green momentum throughout the world.

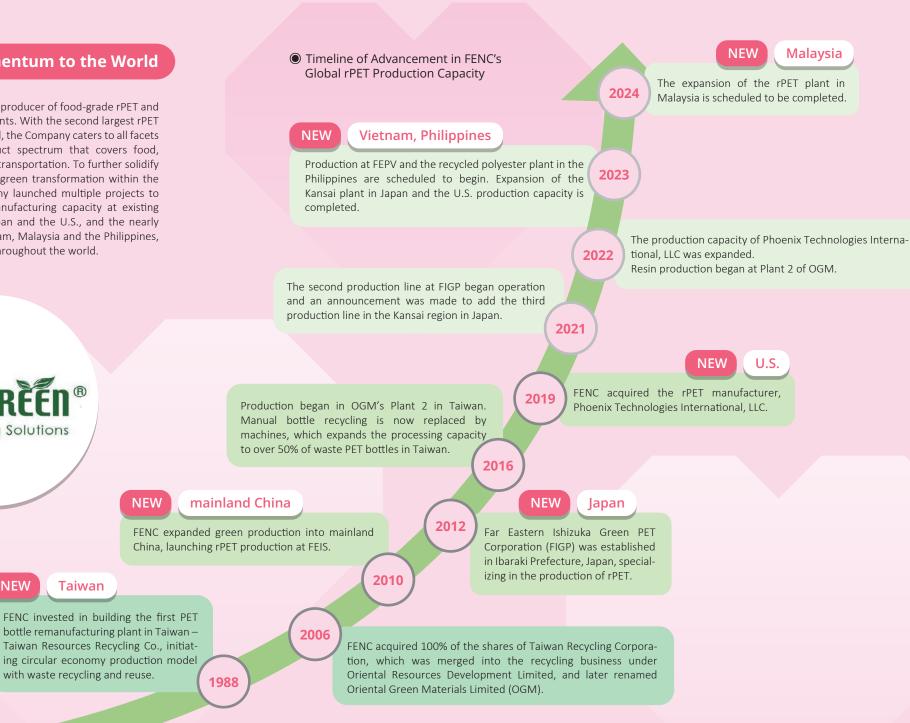
Recycling Solutions

NEW

Taiwan

with waste recycling and reuse.

FENC®



25

Malaysia

U.S.

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



Special Report

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition Special Report 3. Fulfilling Core

Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Waste Reduction

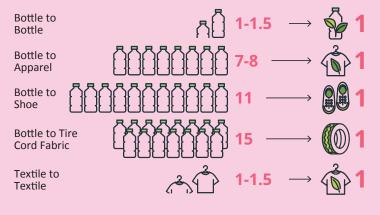
FENC's contribution to waste reduction annually:

20 billion PET bottles, which may circle the earth **115** times.

As of the end of 2022, FENC has prevented over

14,000 metric tons of waste plastics from going into the ocean.

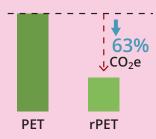
Giving Waste New Values



GHG Reduction

rPET resins made from post-consumer PET bottles cut

GHG emissions by 63% compared to those of petroleum origin.



FENC's contribution to carbon reduction annually: **580,000** tCO₂e



Equivalent to carbon absorbed by 58.000 hectares of forests.



Equivalent to annual carbon emissions from **320.000** households.

note: Referring to the data published by Taiwan Power Company Including electricity carbon emission factor in Taiwan, carbon absorption per hectare of forests and monthly electricity consumption per household

2022 Recognitions



Global Views Monthly CSR & ESG Award First Prize at Circular Sustainability



Taiwan Corporate Sustainability Awards (TCSA) **Circular Economy Leadership** Award for six consecutive years



Global Corporate Sustainability Awards (GCSA) **Best Practice Award-World Class-Great Practice**



Asia Responsible Enterprise Awards (AREA) **Circular Economy** Category



Enterprise Asia International Innovation Awards Innovation under the **Product Category**



ISPO Textrends Award Accelerated Eco Best Product **Award**



19th National Innovation Award **Excelsior Award**



ITMF Award Sustainability & Innovation

FIGP Winning the Largest Single Bid for PET Bales in Japanese History

FIGP is the largest rPET producer in Japan. Its plant in the Kanto region is located in Ibaraki Prefecture, where the quality of the recycled PET bales is known to be exceptional. The material can only be obtained through bidding with the Japan Containers and Packaging Recycling Association (JCPRA). To obtain the bid, FIGP fulfilled the detailed requirements set by JCPRA, including the demonstration of its abilities in raw materials storage, product sales and production. FIGP also conducted multi-lateral engagement with the authority, conveying its belief of PET bales being valuable products rather than waste. FIGP was permitted to include the bale storage capacity from adjacent areas within the same prefecture as long as the capacity met local regulations. FIGP's persistence finally paid off in 2022 when the plant was awarded the bid. It is the largest single bid for PET bales within a six-month period in Japanese history. The quantity is equivalent to materials recycled from 90% of the families in the Kanto region, and those from 50% of all Japanese households, setting a stunning record.



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. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Shaping the Paradigm with Sustainable Values

FENC leverages its corporate influence to promote sustainability and circular economy. Through diverse activities, the Company engages the public, governmental entities and international organizations, sharing its experience in recycling and upcycling. The aim is to continue bringing green products into people's lives and elevating corporate sustainable values.



June 26

Signing MOU with Blue Ocean Recycling Alliance under Taoyuan City Government

To reduce the environmental impact of waste PET bottles on marine habitat, OGM has been collaborating with Taoyuan City Government on recycling and remanufacturing PET bottles collected from the ocean since 2019. The bottles went through washing, crushing and spinning to become functional apparel. In 2022, OGM took it one step further and signed the MOU with Blue Ocean Recycling Alliance under Taoyuan City Government. Working with members in the alliance, including recyclers of Styrofoam, glass bottles and fishing nets to promote marine circular economy, OGM has established a recycling and reuse system for ocean waste, creating blue business opportunities that are shaping a high-value business model.





October 5

Receiving Central American Diplomatic Envoy and Delegation from Central America Trade Office

To strengthen trade relations between Taiwan and Central America, the Central America Trade Office arranged for the Ambassadors and Embassy staff of the Republic of Guatemala, the Republic of Honduras and Belize as well as its delegation to visit Hsinpu Chemical Fiber Plant on October 5. Representatives from FENC made a presentation on its green products as well as global promotion strategies. The plant also arranged a tour of the production line as well as its green product lineup. The visit brought FENC international fame as the guests were deeply impressed by the Company's green innovations.





November 16

Participating in the Forum on Net-Zero Opportunities and Grasping Sustainability and Carbon Management

In a world threatened by the extreme conditions of climate change, corporations must seek ways to respond. FENC was invited to a forum co-hosted by Ernst & Young and the Alliance for Sustainable Development Goals to discuss net-zero opportunities and grasping sustainability and carbon management. FENC spoke on the topic of Building Low-carbon Competitiveness through Circular Economy, sharing FENC's path to become the supplier of green materials; its green technologies, which tackle waste recycling and remanufacturing from the land, ocean and air; how the Company built low-carbon competitiveness and innovative business models through the circular economy.





December 18

Celebrating World Cup Championship with New Taipei City Government and Chinese Television System

FENC's recycled ocean polyester filament made it to the 2022 FIFA World Cup as the uniform for the athletes. To share the making of these jerseys with the public, FENC accepted the invitation from the New Taipei City Government and Chinese Television System to attend the World Cup Championship celebration. FENC interacted with the public through its booth, displaying multiple World Cup jerseys that were made of recycled PET bottles from the ocean and the diverse circular economy applications. With over 5,000 participants at the event, it was an opportunity for FENC to heighten public awareness on sustainability, increase their willingness to purchase products made of recycled materials and enhance FENC's image as a sustainable corporation.



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



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Special Report 2

Reaching Net Zero Through Low-Carbon Transition

The impact from climate change and global warming is escalating. Extreme weather patterns continued to plague the world in 2022 as increasingly frequent natural disasters took their toll. Meanwhile, the war between Russia and Ukraine is adding fuel to the brewing energy crisis. To mitigate the effects of climate change and cap the global temperature rise under 1.5°C, over 130 countries have pledged to the net-zero vision. However, as the WEF indicates in the Global Risks Report 2022, the current efforts are not enough. "Climate action failure" has surpassed "extreme weather" as the most severe risk in the Global Risks Perception Survey. During COP27, more and more nations recognized the need to move away from fossil fuels and called for concrete actions. FENC has answered the call, taking climate actions towards the global carbon-reduction vision. With the seal of approval from the Board of Directors, the Company established the short-, mid- and long-term GHG reduction targets, pledging to reach net zero by 2050. The environmental and energy management mission at FENC is steered through the designated entity – the Energy Task Force, which leads and coordinates the energy and carbon reduction teams established at all FENC production sites. Through five major strategies, FENC is embarking on its carbon reduction pathway to build a green business model.

As the world's focus on carbon issues intensifies, Taiwan enacted the Climate Change Response Act on February 15, 2023, laying out the 2050 net-zero vision with mandates on carbon taxes. On the international front, major brands are also rolling out requirements to achieve their carbon-reduction objectives. As the leader in the global polyester industry, FENC will strengthen its coalition with value chain partners, turning pressure into a driving force that will propel the world towards net zero.

Net-Zero Pathway

In 2022, the Board of Directors approved the short-, mid- and long-term GHG reduction targets for FENC. With 2020 as the baseline year, the Company is set to reduce 20% GHG emissions by 2025, 40% by 2030 and reach net zero by 2050.

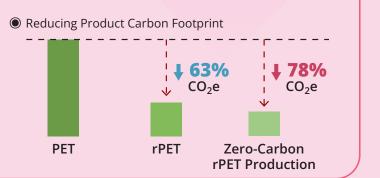


Note: The emissions include categories 1 and 2 (scopes 1 and 2) emissions from all production sites within the scope of this report.

World's First PET Bottle Recycling Plant to Reach Net Zero

FIGP reached net zero in September 2022, becoming not only the first net-zero rPET plant in the industry, but in the entire world.

In 2022, FIGP reached net-zero emissions through the purchase of renewable energy certificates and carbon offset certificates. The plant will continue the practice to cover plant-wide electricity usage. The Kansai plant, which is currently under construction, is poised to become FENC's second net-zero rPET plant by installing renewable energy equipment such as solar power panels and purchasing renewable energy certificates.



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



Special Report

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Building Low-Carbon Operation with 5 Major Strategies

FENC takes pragmatic steps towards carbon reduction, establishing five major carbon-reduction strategies and building green operation through carbon-reduction pathways. In order to reach its 2030 GHG reduction targets, it is estimated that the Company will invest NT\$19.4 billion and avert 132,000 tCO2e in carbon emissions. FENC's Path to Net Zero Through Low-Carbon Transformation (Chinese)

2030 GHG Reduction Plan



Improve Energy Efficiency

FENC established the inter-departmental Energy Task Force in 2010 to spearhead efforts in improving energy efficiency, which unfolded through the enhancement of production, equipment and energy management. In 2022, 67 energy and carbon reduction projects were implemented with the key focus being equipment enhancement to reduce electricity purchase. Five production sites in Taiwan and mainland China replaced and retrofitted the air compressor system in 2022, which delivers 13,290 MWh in energy saving and averts 6,700 tCO₂e in carbon emissions each year. Future planning includes the installation of 35 MW of cogeneration system in Vietnam in 2026. While generating thermal energy, the system will also produce steam and electricity, which will improve fuel efficiency and reduce GHG emissions. Please refer to 3.2.1 Energy Management * for more details.



more details.

Develop Renewable Energy

has amassed the ability to generate 15,064kW of solar power at 13 FENC production sites in Taiwan, mainland China and Vietnam. In 2022, FENC generated 12,410 MWh of solar power for private consumption and purchased 97,900 MWh in renewable energy certificates, which helped the Company avert 64,266 tCO₂e in carbon emissions. To further reduce its carbon footprint, FENC has invested considerably in a wide array of renewable energy alternatives and will continue to expand the solar, biomass and wind energy capacities in Taiwan, mainland China, Vietnam, Japan and the U.S. It is anticipated that by 2025, FENC will reach 90 MW in installed capacity for renewable energy, a 500% growth from 2022 that will be able to generate 100 GWh of renewable power. FENC will also purchase a minimum of 100 GWh of renewable energy

annually beginning in 2023. Please refer to 3.1.3 Renewable Energy Use 📉 for

Since FENC installed its first solar power generator in 2016, the Company



Adopt Low-Emission Fuel Alternatives

Since 2015, FENC production sites in Taiwan and mainland China have been replacing the high-emission water slurries and heavy oil boilers with the natural gas alternative, a lower-emission option. For the short-term, the Company will continue to expand the use of natural gas while evaluating the feasibility of biomass fuels. For the mid- and long-term, the Company plans to phase out of natural gas and into hydrogen fuel. In 2022, Hsinpu Chemical Fiber Plant replaced its heavy oil boilers with a hybrid system combining natural gas and light crude oil. Kuanyin Chemical Fiber Plant replaced four heavy oil boilers with natural gas models, reducing 34,800 tCO₂e in carbon emissions annually The dyeing and finishing plant of FEPV replaced 13% of coal fuel with wood pellets, reducing 10,282 tCO₂e in carbon emissions. The polyester plant of FEPV started testing the mixture of wood pellets and coal in July. The plant has added up to 5% of sawdust pellets in the mixture, which helped reduce 1,111 tCO₂e in carbon emissions in the second half of 2022.



Note: Categories 1 and 2 (scopes 1 and 2) emissions.

7.5%

Investing

NT\$19.4 billion

32.4%



Utilize CCUS

FENC wishes to reduce carbon emissions by capturing and reusing the boiler exhaust through the carbon capture, utilization and storage (CCUS) technology. Currently, the Company has established a new carbon reduction technology team to continue the research on relevant information and practices. The plan is to capture carbon directly through the emission device and convert the CO₂ to chemicals such as methanol.



Foster Raw Material Transition

FENC adopts low-carbon fuel alternatives derived from biomass and other renewable sources. With its unrivaled core capability, the Company is developing and expanding the applications of more innovative materials that are low-carbon and environmentally friendly. Assessing from the span of the product life cycle, rPET resins made from post-consumer PET bottles cut GHG emissions by 63% compared to those of petroleum origin, which contributes to cutting scope 3 emissions from the industry value chain.

- Raw material recycling: As the leader in the global recycled polyester industry, FENC is reaching the vision of circular economy by looping waste back as raw materials. Please refer to Special Report 1. Completing a Sustainable Loop Through Recycling for more details.
- Biomass material: FENC aims to continue researching and developing biomass polyester materials that can be scaled and commercialized. Please refer to 2.2 Developing Green Products of for more details.

About This Report

Message from the Chairman

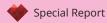
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs Identification of Stakeholders

and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Value Chain Engagement

The Government

The FSC in Taiwan issued the Sustainable Development Roadmap for TWSE- and TPEx-Listed Companies on March 3, 2022, requiring listed companies to disclose GHG inventory with third-party assurance within the required timeline. FENC acted immediately by taking stock of the current conditions and resources available at all subsidiaries and proceeding with the planning. In the first quarter of 2023, the GHG inventory of the parent company as well as the verification was completed. That is one year ahead of the required timeline. By the first quarter of 2025, the GHG inventory of all subsidiaries on FENC's consolidated statement and the verification will be completed, which will be two years ahead of schedule, demonstrating FENC's determination to support the government.



The Advocate

FENC is committed to corporate sustainability for the long haul. To stay on par with the best in the world and encourage fellow corporations to seek ways of mitigating effects of climate change, FENC signed the declaration to support the Task Force on Climate-Related Financial Disclosures (TCFD) on August 21, 2020. As of the end of December 2022, over 4,000 global corporations have signed the declaration. FENC is the first traditional manufacturing business in Taiwan to do so and its TCFD disclosures began in 2019 as part of the annual sustainability report. On March 2023, the Company issued its first TCFD Report.



FENC also submitted the commitment letter to SBTi, pledging to be net-zero committed and reach its near-term target. The commitment letter has been accepted by SBTi, and the Company is submitting the reduction targets, joining global corporations on the march towards net zero.

The Customer

FENC seeks close collaboration with international brands to build a low-carbon value chain by implementing a wide spectrum of energy and carbon reduction projects. The dyeing and finishing plant of FEPV partners with NIKE, pledging to complete multiple energy and water conservation projects by 2025. Each month, the plant submits energy consumption data and conservation progress on NIKE's platform. Projects that had been completed during the reporting year include water conservation through reducing the liquor ratio of the dyeing machine and modifying the rising parameters; carbon and water reduction through increasing condensate recycling to 90%; replacement of coal fuel with biomass alternatives. Additional implementation by 2025 includes energy efficiency projects through ongoing equipment improvement; replacement of coal fuel with wood pellets; increasing renewable energy in the energy mix by installing 7.5MW of rooftop solar power generators.

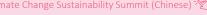


The Public

On October 11, 2022, Yuan Ze University (YZU) invited R20 Regions of Climate Action to co-host the R20xYZU Climate Change Sustainability Summit in Taiwan to advocate sustainability and climate actions. Humphrey Cheng, President of Corporate Management, shared his insights during the forum with a talk on Net-Zero Transition and Opportunities. He talked about the beginning of FENC's circular economy journey in 1988, and the Company's tireless devotion to energy and carbon reduction. To join the global effort on environmental protection, FENC became the first to establish a PET bottle recycling plant in Taiwan. Its focus will continue to be the expansion and diversification of circular product applications, showing to the world its determination in steering towards low-carbon operation and net zero.



R20xYZU Climate Change Sustainability Summit (Chinese)



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



Special Report

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Special Report 3

Fulfilling Core Corporate Values Through Sustainable Financing

FENC's development strategies are linked to the United Nations Sustainable Development Goals (SDGs), aiming to construct a business model that fosters harmonious coexistence with the natural and human realms. The Company has embodied this model, fulfilling its core values through sustainable financial

FENC is the trailblazer in sustainable finance among corporations in Taiwan. Having established a sustainable financial framework in Taiwan championed by its worldwide subsidiaries, the Company wishes to appeal for the commitment of more corporate peers to fulfill the sustainable development goals.

FENC Financial Sustainability Declaration

FENC strives to build sustainable business model to create harmonious coexistence with the environment. Through green investment, we fully develop the Company's sustainability development strategy and raise capital to connect with FENC's sustainability development goals. We have become an innovative benchmark enterprise for sustainability financing in Taiwan, continuing to create win-win for the government, corporations and stakeholders.

Government



Offer innovative products for investors

Corporate



Fulfill green and sustainable philosophy

Stakeholder



Support governmental implementation on green and sustainable financing channels

FENC Sustainable Financial Products (Chinese)

Milestones of FENC's Sustainable Financing

				realitiable in	numering .	
2022 (Dec.	ESG Savings FEIS FEDZ	mainland China	RMB60 million (NT\$270 million)	Applied towards ESG financial product permitted in mainland China	s
	Oct.	Green Bond	Taiwan	NT\$0.9 billion	Supporting the ongoing green revenue	e growth
	Sep.	Sustainability- linked Bond (SLB)	Taiwan	NT\$2.5 billion	Becoming the benchmark enterprise for sustainability-linked bonds (SLB) through public-private partnership	★ First in Taiwan The Asset Triple A Sustainable Capital Markets Awards 2022
	Jun.	Green Loan FEIS	mainland China	US\$29 million (NT\$890 million)	Applied towards the purchase of recycles	led raw materials
	Jun.	Green Financing Agreement FEIS	mainland China	RMB12 million (NT\$ 53 million)	Obtaining the quota for bank acceptar	nce draft through carbon credit
	Jun.	Blue Loan	Taiwan	NT\$1 billion	Supporting marine sustainability and water resources management projects Featured coverage on Bloomberg	★ First in Taiwan The Asset Triple A Country Awards for Sustainable Finance 2022
	Mar.	Green Loan	Japan	JPY1 billion (NT\$220 million)	Supporting capital expenditures for the plant in Japan	e expansion of the Kansai
	Feb.	SDGs Loan FIGP	Japan	JPY5 billion (NT\$113 million)	First SDG loan among overseas FENC s	subsidiaries
2021 (Aug.	ESG-linked Syndication OPTC	Taiwan	NT\$20 billion	First ESG syndication loan in the petro Receiving markdowns in borrowing rate	chemical industry in Taiwan tes in 2021 and 2022 after reaching the KPIs
	May	Social Bond	Taiwan	NT\$1.2 billion	Becoming an enterprise benchmark through public-private partnership	★ First among corporations in Taiwan
2020 (Dec.	Sustainable Bond	Taiwan	NT\$3.8 billion	Becoming an enterprise benchmark through public-private partnership	★ First among corporations in Taiwan
	Sep.	Green Loan	Japan	JPY2 billion (NT\$450 million)	First green loan among overseas FENC	
	Sep.	Sustainability- linked Financing	Taiwan	NT\$3 billion	Receiving markdowns in borrowing rates in 2022 after reaching the key performance indicators (KPIs)	The Asset Triple A Country Awards for Sustainable Finance 2020 GTR Best Deals 2021
2018 (Jan.	Green Bond	Taiwan	NT\$3 billion	Supporting green investments and expenditures	★ First among private entities in Taiwan

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

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

Integration of Sustainable Development and Diverse Financing Options

As of the end of 2022, FENC had issued 14 sustainable financial products with many being either the first in Taiwan or Asia. The products incorporate diverse financing channels to attract the market capital. Raising over NT\$38 billion, the entirety is devoted to sustainability projects.

Capital Market Bonds





The types of sustainable bonds issued by FENC include green bonds, social bonds, sustainability bonds and SLB. FENC has raised over NT\$13 billion from the capital market to date, which will be applied towards ESG and sustainability projects.

The green bond, which was issued in 2018, was the first among private entities in Taiwan. In 2020, to support the Taipei Exchange Operation Directions for Sustainable Bonds issued by Taipei Exchange, FENC issued the Far Eastern New Century Corporation (FENC) Framework for Sustainable Bonds following the SDGs. The framework is divided into green and social investment projects, and FENC issued the first sustainability bond in Taiwan. In 2021, FENC continued by issuing the first social bond in Taiwan.

In 2022, FENC became the first to promote SLB with Taipei Exchange and prepared the Far Eastern New Century Corporation Sustainability-linked Bond Framework. Using GHG reduction and green product revenue growth as the KPIs and sustainability performance target (SPT), the Company raised NT\$2.5 billion through its SLB, making it the first and the largest in Taiwan.



Framework for Sustainable Bonds

Green Eligible Projects

- To install renewable energy equipment and equipment based on solar energy
- To improve or replace product manufacturing process and purchase of related equipment, green building construction
- To recycle PET bottles/sheets and make them into environmentally friendly packaging materials and textile materials
- To purchase and install the water recovery and recycling equipment



- To construct the underground drainage pipes and sewage pipes, traffic roads and public leisure parks
- To provide school opportunities and provide medical services
- To provide regular employment opportunities for disadvantaged groups
- To support local SMEs
- To ensure independent recyclers from disadvantaged groups

Framework for Sustainable Bonds 📆



Framework for Sustainability-Linked Bond

Sustainability Performance Target 1 (SPT 1): Greenhouse gas emission reduction Sustainability Performance Target 1 (SPT 2): Revenue growth of green products Sustainability Performance Target 1 (SPT 3): Capacity increase of rPET capacity



Sustainability-Linked Bond Framework 🏋

About This Report

Message from the Chairman

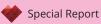
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

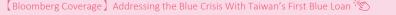
- Fostering Robust Governance
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Green Financing

FENC has fully embraced the SDGs. Partnering with major banking institutions in Taiwan and the world, the Company currently has over NT\$25 billion in the line of credit for ESG financing.

In 2020, FENC issued the first sustainability-linked financing and commercial paper program in Asia. In 2021, its subsidiary, OPTC, issued the ESG-linked syndicated loan. Both reached the SPTs in 2022 and received markdowns in the borrowing rates.

In 2022, FENC combined circular economy, its core strength, with sustainable financing, signing the first blue loan in Taiwan in the amount of NT\$1 billion. The fund is earmarked for marine sustainability and water resources projects, and for developing the ocean waste recycling technology. The Blue Loan personifies FENC's ability to integrate sustainable business strategies with innovative financing products and develop diverse financing channels. The project is featured by the financial media giant, Bloomberg.





Partnerships in Promoting Sustainable Development

Mainland China

- 1. FEIS signed a green financing agreement and green loan, obtaining the quota of bank acceptance draft and the credit line for purchasing recycled raw materials using the carbon credit issued by the government.
- 2. FEIS and FEDZ invested the idle funds in ESG savings towards ESG financial products permitted in mainland China.

Japan

FIGP has signed for JPY5 billion in SDG loans to fund the expansion of the rPET plant in Himeji, Kansai region. The SDGs are incorporated into the business goals with green financing as the overarching strategies for the plant's sustainable development.

Honors and Recognitions



- The Asset Triple A Country Awards for Sustainable Finance 2020 Best Sustainability Financing
- GTR Best Deals 2021 Sustainability-linked Finance
- 2021 Taiwan Sustainability Action Award (TSAA) Golden Award
- 2022 Asia-Pacific Sustainability Action Awards (APSAA) Golden Award
- The Asset Triple A Country Awards for Sustainable Finance 2022 Best Issuer (Taiwan), Best Blue Loan (Taiwan)
- The Asset Triple A Sustainable Capital Markets Awards 2022 Best Issuer (North Asia), Best Sustainability-Linked Bond (Manufacturing)
- Institutional Investor Most Honored Company, Best CEO, Best ESG, Best CFO, Best IR Program, Best IR Professional (consumer discretionary sector)
- Finance Asia Asia's Best Managed Company (consumer cyclical sector)
- Asiamoney Asia's Outstanding Company (consumer discretionary sector)



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

Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition

Special Report 3. Fulfilling Core Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Special Report 4

Overcoming Pandemic Challenges Through Solidarity

The COVID-19 pandemic continued to weigh heavily on the world in 2022. Rather than panicking over the uncertainty, the global community has adapted to coexisting with the virus. FENC also adapted, implementing proactive management with various measures at its global locations to ensure employee safety and maintain corporate operation. Its pandemic strategies and supporting measures are tailored to the local policies, making timely adjustments to guarantee peace and safety at the workplace. Amid the zero-COVID policy in mainland China, FENC maintained the fluidity of operation, production and distribution while initiating community engagement to help the local governments combat the pandemic.

Constructing a Robust Pandemic Shield

In order to provide a safe workplace, giving employees peace of mind, FENC reinforced the promotion of health and safety implementation and prepared supporting measures for employees who contracted the virus. Measures implemented include:

- Building a safe workplace: Workplace implementation includes regular disinfection; installation of alcohol dispensers; space dividers and social-distancing seating arrangement at the conference rooms and canteens; take-out alternatives at the canteens. Eligible employees may apply for remote work, and the split-work model was implemented to reduce cluster infection. On-site vaccination campaigns were arranged through major hospitals.
- Enhancing the promotion of pandemic policy: Pandemic guidance and catchphrases
 were posted at the workplace and the Company's social media website to provide
 timely pandemic updates.
- Providing consistent pandemic supply: The Company distributes pandemic supplies
 to employees regularly. As of the end of February 2023, 10.4 million medical masks
 and 230,000 COVID-19 testing kits had been distributed among FENC sites. Over
 350,000 employees received COVID-19 screening and 22,000 employees received
 COVID-19 vaccines on site. Face shields and goggles were also distributed to employees at high risks of exposure.
- Caring for employees' physical and mental health: FENC established the health care platform for employees to report personal and family health conditions daily through their smart phones or computers. The platform allows the Company to monitor case counts among staff and provide the care needed. While mainland China instituted the three-on-site policy, FENC production sites formed hiking, yoga and Chinese chess clubs to help boost employees' physical and mental health. The plants also helped strengthen employees' immune system with health supplements and pandemic supplies. When the pandemic restrictions were lifted, each employee was given seven days of pandemic leave.

Demonstrating Corporate Resilience amid the Pandemic

To control the surge in COVID-19 case counts in mainland China, several provinces and municipalities implemented complete lockdowns in 2022 to enforce the zero-COVID policy, dealing major blows to business operation. Labor shortages, supply chain disruptions and logistics meltdowns suspended production and distribution. Amid the crisis, FENC broke through, maintaining business continuity at all production sites with agility and resilience.

Resuming Production Ahead of Schedule Through Solidarity at OPSC

On March 28, 2022, the Shanghai Municipal Government issued a city-wide lockdown. OPSC immediately arranged for staff to station at the plant 24 hours a day and secured the production force. The plant launched a series of protective measures, entering the closed-loop mode and prohibiting outside entries. The plant was divided into the green zone for production, blue zone for general activities and yellow zone for the high-risk plant areas with designated staff sanitizing each zone thoroughly.

OPSC made sure the plant was stocked with adequate pandemic supplies, established emergency response with contingency plans, conducted multiple drills and implemented the self-management work model. Despite the production being halted due to material shortages caused by supply chain meltdowns in mid-April, OPSC was among the first to qualify for the resumption of work and production as well as obtaining passes for material delivery trucks. Production resumed in early May, nearly two weeks ahead of the official resumption of work and production in Shanghai. The maneuvers gave FEIS the precious leeway to restore its supply chain and the overall operation.



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

Special Report 1. Completing a Sustainable Loop Through Recycling Special Report 2. Reaching Net Zero

Through Low-Carbon Transition Special Report 3. Fulfilling Core Corporate Values Through

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

Fostering Robust Governance

Sustainable Financing

- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Maintaining Business Continuity Through Perseverance at FEIS

The COVID-19 pandemic erupted in Shanghai in March 2022. To control the pandemic from all fronts, the government mandated a complete lockdown, which paralyzed the movement of people and traffic, causing material shortages that impeded production and delivery. In times of crisis, the staff of FEIS decided to hold their ground. Before the lockdown took effect, they parted with their families and were stationed at the plant. The 674 employees worked as one, overcoming obstacles and adjusting shifts to keep the production running. The plant tapped into the emergency reserve and purchased raw materials from suppliers with transportation passes. The plant also increased the export delivery and orders that could be fulfilled through water transportation to compensate for the incapacitated land freight. All units banded together, overcoming difficulties during the circulation of export documents to keep the delivery on schedule. FEIS also made sure that staff enjoyed comfort while staying at the plant and arranged pandemic training. FEIS staff also became qualified for performing the PCR testing to offer on-site screening, ensuring staff safety in all aspects.

While keeping the production line uninterrupted, FEIS mustered all strength to maintain production and distribution at the highest level possible to minimize losses induced by the lockdowns. Although business activities in Shanghai had come to a standstill, FEIS was able to maintain operation in April and May.



Fostering Employee Versatility with Mutual Support at FEIW

On July 3, 2022, the surge in COVID-19 cases in Wuxi led to increasing lockdowns and suspended public transportation, preventing employees from keeping their normal work schedule and limiting access into and out of FEIW. Entry into the plant and material delivery were restricted since the number of operating trucks was limited. While the pandemic seemed unstoppable, FEIW responded quickly to the mandates from the municipal and district governments by implementing the three-on-site policy, forming closed-loop production with 338 employees working, eating and sleeping at the plant to ensure their safety and maintaining business continuity.

As a solution to the pandemic-induced labor shortages, FEIW conducted multi-skill training, enabling staff to cover for one another when necessary to maintain production stability. To keep the delivery of goods and raw materials on schedule, the plant planned ahead and kept in close contact with the logistics companies. Raw materials were sourced

either locally or from non-lockdown areas and a reserve inventory was kept as a buffer during emergency. FEIW employees persevered during this period. Amid the sizzling summer heat, they were in full protective gears, sanitizing the cargo, taking samples and loading and unloading the goods. The security staff checked the health codes, took temperature readings and performed PCR testing for all personnel entering the plant. Logistics vehicles traveling to Wuxi from mid- to high-risk areas were received by designated personnel. All production and living areas were sanitized. The well-coordinated pandemic and logistical measures made it possible for FEIW to sustain the closed-loop production for two weeks, satisfying customers with uninterrupted production and delivery.



Overcoming Logistic Bottleneck with Dual-Mode Shipping at OTIZ

For nearly a year since March 15, 2022, Suzhou Municipal Government performed intensive PCR Testing community by community to keep COVID-19 at bay. At OTIZ, the impact of the pandemic is far-reaching, affecting not only employee attendance, but also production scheduling, product delivery and the import and export of goods and materials because of lockdowns in Shanghai and other areas.

To maintain on-time delivery, OTIZ optimized the delivery routes, providing solutions to customers through differentiation. To mitigate business impacts caused by the pandemic, the plant adopted multi-modal freight and switched shipping options at regional boundaries to ensure uninterrupted supply of raw materials and on-time delivery. After



shipping through water transportation, the cargos at the port were divided and the land freight took over. While delivery through the Suzhou distribution center was suspended during lockdown, OTIZ mobilized in-plant distribution resources to make sure the products reach their destinations. All shipments were sanitized and tested upon arrival at the plant to protect the employees. The logistic modifications introduced by OTIZ significantly reduced the impact from the pandemic.

Keeping Continuous Material Supply with Comprehensive Emergency Measures at WHFE

The resurgence of the COVID-19 pandemic in Wuhan towards the end of October 2022 threw WHFE back into the closed-loop production mode in November, as required in the development zone. Employees had to station at the plant and work in shifts. The closed-loop operation

had an impact on the loading efficiency and logistic timing. WHFE launched a series of measures to maintain the flow of production and distribution and a reserve system for the raw, secondary and packaging materials. The plant also made adequate preparation for employee accommodation, shift scheduling, pandemic goods and supplies as well as emergency logistics, which allowed the plant to deliver high output amid pandemic-induced labor shortages.



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. Completing a Sustainable Loop Through Recycling Special Report 2. Reaching Net Zero

Through Low-Carbon Transition
Special Report 3. Fulfilling Core
Corporate Values Through
Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Defending the Public Against COVID-19

Many FENC employees in mainland China were stationed at the production sites during the lockdown to maintain business continuity. The plants also sent staff to support the anti-pandemic tasks in the frontline. Some helped the authority move pandemic goods and supplies, and some contributed locally, volunteering to fight against COVID-19 with their neighborhood associations.

FEIW's Anti-Pandemic Partnership with the Authority

The wave of infection hit Wuxi in mid-April. On April 17, the Commerce Bureau of Xinwu District recruited volunteers from the local corporations to help battle the pandemic. FEIW mobilized its staff and five employees volunteered to answer the call for support. They headed to the frontline on April 19 and immediately started helping the authority with anti-pandemic tasks such as policy promotion and checking outside visitors. For 30 days, FEIW employees contributed to pandemic control and the society with selfless actions.



FEAZ's Pandemic Support for Local Community

To help the community fight COVID-19, FEAZ called for its employees to join community volunteers. Between April and May, 2022, 55 employees volunteered 330 hours to help community workers perform PCR testing. In addition, to help share the heavy burden and stress from these tasks, six employees from FEAZ underwent training and became qualified for performing COVID-19 screening in Suzhou. They went on to perform COVID screening at FEAZ, serving as the bridge of communication between the government and corporations.



FEIS' Pandemic Coalition with Shanghai

On April 8, FEIS received the government's call for assistance in its fight against the pandemic. Immediately, the plant recruited 35 volunteers who formed a pandemic assistance team and headed to the frontline the following day. They moved 3.84 million face masks and 2.17 million antigen test kits. With a sense of duty and responsibility, the team helped Shanghai fight against the coronavirus, working tirelessly for ten hours and resting for 20 minutes only. During the lockdown, FEIS employees could be spotted among the volunteers taking the PCR tests or performing roadside inspections in the development zone, selflessly devoting their time and effort during this trying period.



OPSC's Anti-Pandemic Activities in Local Areas

Between March and June, 2022, OPSC sent eight members from its security and firefighting teams to assist with the organization effort for performing PCR testing in the development zone. Many OPSC employees also chose to volunteer at their neighborhood associations, setting an example of guarding their community by taking actions, and protecting Shanghai on behalf of OPSC.

The volunteers helped with a host of tasks. Aside from maintaining order, they also assisted with organizing the logistics for the PCR testing, unloading and distributing goods and supplies, picking up prescriptions, helping seniors and those living alone, coordinating group purchases, communicating with residents as well as providing consulting and mediating among residents.



About This Report

Message from the Chairman

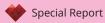
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report 1. Completing a Sustainable Loop Through Recycling

Special Report 2. Reaching Net Zero Through Low-Carbon Transition Special Report 3. Fulfilling Core

Corporate Values Through Sustainable Financing

Special Report 4. Overcoming Pandemic Challenges Through Solidarity

- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 7 Appendix

Anti-Pandemic Donation

As the COVID-19 pandemic worsened, FENC production sites in mainland China combated the virus by complying with the local restrictions. They also contributed goods and manpower needed to fight the pandemic. On February 23, the Suzhou management division signed an agreement with Wuzhong District Charity Federation for the donation of RMB¥500,000 to fund the pandemic-fighting effort. On April 6, FEIS, OPSC and Everest Development (Shanghai) Co., Ltd. Shanghai donated RMB¥100,000 to the residents of the development zone and Haiwan Town, and RMB¥1 million to the Fengxian District Red Cross Society on April 11. The act of kindness was honored with certificates and medals. These plants embodied FENC's philosophy, "benefitted from the society, returning benefits to the society," fighting the pandemic alongside the local communities.





Helping Vietnam Combat COVID-19

Winning Customer Recognitions With Supply Chain Resilience

During the second half of 2021, surging COVID-19 cases prompted the authority in Vietnam to institute the "three-on-site" policy. FENC prioritized employee safety and established comprehensive emergency response and pandemic support systems, which ensured business continuity and allowed the Company to fulfill all orders delayed by the pandemic within the first quarter of 2022. FENC's agility and resilience impressed its customer, NIKE. In its vendor's meeting in Singapore in 2022, NIKE presented to FENC the NIKE Global MAXIM Award for Exemplary Efforts in Support of COVID-19 Supply Chain Resilience and Planning Innovation.



FEPV's Donation to Children Orphaned by COVID-19

In Vietnam, tens of thousands of lives perished because of COVID-19, leaving thousands of children orphaned. FEPV supported Binh Durong Province and these children by making financial donations to Women International Democratic Federation. In June 2022, the plant was acknowledged with an award for this loving gesture. The donation goes towards the helping 5,444 children orphaned during the pandemic.



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



Special Report



Fostering Robust Governance

2022 Highlight Target and Progress Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence





Fostering Robust Governance

- 1.1 Refining Operational Performance 42 and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management 47

45

- 1.4 Fortifying Digital Resilience 53
- 1.5 Implementing Sustainable 54 **Development**



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









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



Special Report



Fostering Robust Governance

2022 Highlight

Target and Progress Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- G Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



2022 Highlight



Uninterrupted Profiting and Dividend Sharing Streak



Corporate Governance Evaluation for TWSE/TPEx Listed Companies



Virtual Option for Shareholder Meetings Support for Financial Supervisory **Commission's Digital Policy**

Designating Information Security Units and Appointing Chief Information Security Officer **Improving Information Security Management Mechanism**



Establishing ESG Portal



First Corporation in Taiwan to Patent the Audit Approach



All Board Agenda



Enhancing Credit Customer Information Management Platform and Mechanism



Optimizing Customer Profit Contribution System



Establishing Operational Procedures for the Preparation and Verification of Sustainability Report

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



Special Report



Fostering Robust Governance

2022 Highlight

Target and Progress

Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



Target and Progress



Corporate Governance Risk Management System **Evaluation**

Top **5**%



Top 5%



Top **5**%

Top **5**%

Learn from the results

nance Evaluation and

best practices around

improvements based on

corporate conditions.

Make continuous

of Corporate Gover-



Conducting at least 3 risk control

growth and enhance corporate value

Conducting at least **3** risk control

projects yearly to ensure sound

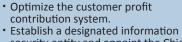
projects yearly to ensure sound growth and enhance corporate value

Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value



Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value





- security entity and appoint the Chief Information Security Officer.
- Launch factory risk ranking projects.
- Expand the scope of risk control systems.
- Take stock of major risks regularly with tracking and improvement.
- Report risk control progress to the Board.





Management of Information Security

Conducting a minimum of 3 social engineering drills and 3 training sessions to heighten FENC-wide information security awareness

Conducting a minimum of 3 social engineering drills and 3 training sessions to heighten FENC-wide information security awareness

Conducting a minimum of 3 social engineering drills and 3 training sessions to heighten FENC-wide information security awareness

Exemplary Sustainable Corporation

Implementing 3 annual sustainable projects Taking part in **3** annual sustainable conferences or awards



Implementing **3** annual sustainable projects Taking part in **3** annual sustainable conferences or awards



Implementing 3 annual sustainable projects Taking part in 3 annual sustainable conferences or awards



New Goal

Implementing **3** annual sustainable projects Taking part in **3** annual sustainable conferences or awards



For details on implementation, please refer to the corresponding chapters in this report.

Action

Plan

 Expand production capacity and diverse production base.

Maintaining

products

industry leading

status with key

- Research and develop innovative products.
- Elevate employee competency.



the world.

Completed





- Optimize risk control systems with dynamic adjustments.
- Establish risk control platforms.



 Update the email templates for phishing drills annually and develop the platform for AI social engineering drills in house.

New Goal

 Hold information security training using the most up-to-date training materials.





- Continue stakeholder dialogue, engagement and feedback.
- Engage heavily in sustainability campaigns and stay on top of current trends.
- · Strive for domestic and international sustainability awards.
- Improve international ESG ratings.









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



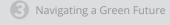
Fostering Robust Governance

2022 Highlight Target and Progress

Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development





- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



Material Topics

Significance and Purpose of

Aiming for sustainability. FENC takes

strategies. We maintain our industry

leading status, spearhead industry

Management Approaches and

Continue to expand production

capacity and establish a diverse

production base and products.

Regularly conduct management

ments from applicable units.

review meetings, track business

performance, and require improve-

Conduct quarterly Board Meetings

adequacy of strategic directions.

• Presidents of Corporate Management

• Presidents of Polyester Business • Presidents of Textile Business

Presidents of Petrochemical Business

to ensure the continuation and

Effectiveness Evaluation

growth and promote economic

development.

Mechanisms

Authority

steady strides toward refining industry

Management for FENC



Refine Operational Performance and Strategies



Govern with Steady Pace

Significance and Purpose of Management for FENC

With integrity as the highest guiding principle, FENC constructs a sound framework to balance corporate governance and stakeholders' interests and protect stakeholders' rights by strengthening corporate performance and management.

Management Approaches and **Effectiveness Evaluation** Mechanisms

- Designate corporate governance staff and Corporate Governance Task Force to implement tasks targeting business integrity, regulatory compliance, rules of procedures, and public information.
- Establish rules and regulations governing Board Meetings and conduct annual self-evaluations.
- Incorporate external Corporate Governance Evaluation and internal control system to evaluate the effectiveness of operational procedures.

Authority

- Corporate Governance Officer
- Corporate Governance Task Force

Perfect Risk Management Fortify Digital Resilience

Significance and Purpose of Management for FENC

Identify risk factors posing a major impact on corporate activities and establish an assessment approach or improvement measures to reduce operational risks and avoid financial loss or damage to reputation.

Management Approaches and **Effectiveness Evaluation** Mechanisms

- · Establish Risk Management Policies.
- Establish a risk control system to make dynamic adjustments and optimization and ensure system effectiveness.
- Implement staff training to increase risk awareness.
- Conduct monthly Risk Management Meetings to monitor risk indicators and regulatory compliance.
- Regularly conduct plant risk ranking projects to reduce operational risks.
- Conduct multiple monthly meetings to ensure management of and focus on risk issues from the highest governing entity.

Authority

- Corporate Management
- All Businesses

Significance and Purpose of Management for FENC

In response to the growing cyber security threats around the globe, FENC established the Information Security Management System (ISMS) to achieve the information security objectives and minimize impacts brought by information security incidents.

Management Approaches and **Effectiveness Evaluation** Mechanisms

- Establish information security policies.
- · Provide comprehensive management and guidelines regarding the organization, staff, physical security, technology and compliance.
- Conduct training to heighten information security awareness among staff.
- Track information security indicators and supplier compliance with information security clauses.
- · Report to the Board on a regular basis to ensure supervision and management of all risk issues by the highest governing entity.

Authority

- Information Security Department
- FENC sites

Implement Sustainable → Development

Significance and Purpose of Management for FENC

In the spirit of sustainable development, FENC creates diverse values for stakeholders and aspires to set the paradigm of the sustainable corporation through non-stop refinement in the perpetual pursuit of perfection.

Management Approaches and **Effectiveness Evaluation** Mechanisms

- Establish the Sustainability Committee at the Board level and hold a minimum of one annual committee meeting. Meeting resolutions are presented to the Board by the convener of the Sustainability Committee.
- · Establish the Sustainability Policy and FENC Sustainability Strategic Blueprint to implement various sustainable projects and report to the Board.
- · Take part in domestic and international sustainability evaluation, forums and conferences, interact with stakeholders, and review and modify directions for corporate sustainability.

Authority

 Sustainability Implementation Committee

41

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

2022 Highlight Target and Progress Material Topics

1.1 Refining Operational Performance and Strategies

- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

1.1 Refining Operational Performance and Strategies

Sincerity, diligence, thrift, prudence and innovation are the founding principles of FENC. Initially established as a textile company. FENC has integrated vertically to encompass the entire spectrum of the textile industry, which streamlines the process from manufacturing to sales. FENC also spans horizontally into property development and investment businesses through diversified management strategies and highly efficient asset mobilization. FENC has been listed on the Taiwan Stock Exchange since 1967 and maintains a 55-year streak of delivering profits and stock dividends. With sound governance, the Company continues to pursue sustainability and long-term performance, creating diverse values for stakeholders and building best practices for environmental, social and corporate governance. FENC will keep delivering exceptional results in environmental protection, social inclusion and corporate governance.

To maximize synergistic effects, FEIS merged with OPSC on December 31, 2022. FEIS, the surviving entity, created the Petrochemical and Polyester Businesses to capitalize on the strength of vertical integration. The two entities consolidated administrative resources to further synergize on the management front.

FENC's Organization Chart **\sqrt{}

Mission Statement

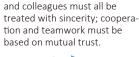
Having innovative thinking, superior technology, and excellent managerial skills, we aim to lead the polyester industry and maximize the value of our holdings in real estate and equity investments that shall bring happiness and prosperity to the community where we serve.

Core Value



Everyone must always work diligently to renew themselves and the company. With diligence, we may make up for our inadequacies and overcome hardships.

Innovation



Customers, the general public,



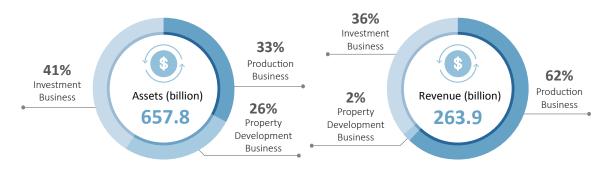
Live a simple life and cherish your blessings. Thus, one may live a happy life with few earthly desires.



Always make a careful assessment before undertaking any task; those who plan ahead are those who will succeed.

FEG's goal is to constantly create new values for customers and shareholders. The Group aims to make every enterprise under its flag a leading company in its industry.

Assets and Revenue in 2022



1.1.1 Financial Performance

Healthy financial performance is the cradle of success for sustainability projects. It is also the key to sustainable corporate development. Each year, FENC sets the annual operating and capital expenditure budgets. Once the budgets are approved by the Board of Directors, the Accounting Department presents the Company's financial performance during each Board meeting. The president of each business reports on the state of operation at the Board meetings and the monthly operation review meetings, which enables the highest governing

entity to monitor budget status. FENC chooses professional, accountable and independent certified accountants to audit the Company's finance and internal control. The accountants' independence and qualification are evaluated and reported to the Board annually based on The Norm of Professional Ethics for Certified Public Accountant of the Republic of China issued by the CPA Association R.O.C. (Taiwan) and FENC's Corporate Governance Principle. The certified public accountants selected for 2022 were evaluated and approved by the Board on March 8, 2023.



(2022)

Financial Performance

Unit: NTS Million

			'
	2020	2021	2022
Total Assets	616,955	635,324	657,758
Total Liabilities	347,531	365,913	386,086
Shareholders' Equity	269,425	269,415	271,672
Operating Revenues	206,769	238,806	263,945
Net Income (Attributable to Parent Company)	8,063	9,685	8,160

Note: FENC consolidated financial statement

Annual Report ***

Financial Report 📉



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

2022 Highlight
Target and Progress
Material Topics

1.1 Refining Operational Performance and Strategies

- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- **3** Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

Economic Values Distributed to Stakeholders

Unit: NT\$ Million

	2020	2021	2022
Operating Costs	166,374	192,321	213,924
Employee Wages and Benefits	19,790	23,318	24,704
Payments to Investors (Interest Expense and Dividends)	17,700	16,665	18,124
Accrued Income Tax Expense	3,143	2,983	3,808
Investments in Community	238	108	106

Note: FENC consolidated financial statement includes business locations in Taiwan, mainland China, Vietnam and Japan.

Accrued Income Tax Expense

Unit: NT\$ Million

Ratio of Income Tax to Revenue	1.5%	1.3%	1.4%
Total Income Tax	3,143	2,983	3,808
Japan	(6)	193	184
Netherlands	0.01	-	-
Singapore	5	4	6
Vietnam	5	(7)	53
Bermuda	6	7	(5)
U.S.	6	6	201
Hong Kong	11	50	18
Malaysia	15	4	10
Mainland China	859	389	405
Taiwan	2,241	2,338	2,938
	2020	2021	2022

Tax Governance

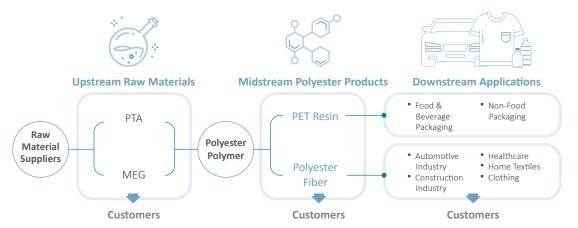
To align with international trends on tax governance, comply with tax laws and fulfill corporate sustainability, FENC established Tax Governance Policy in 2020 to govern tax affairs at FENC as well as all subsidiaries. The policy encompasses regulatory compliance, transparency, risk control, integrity-based communication and professional training. Policies on tax governance are fully implemented at FENC. All FENC sites must comply with local tax laws and transactions among the affiliates must be conducted under the arm's length principle. The Company does not engage in colorable transactions or transactions without economic substance, nor does it evade taxes by reporting profits at a low-tax-rate country or tax haven. All tax matters are disclosed to stakeholders as open information through means such as financial reports and information regarding corporate sustainability to increase transparency.

To avoid risks associated with regulatory changes, the Company established a tax risk identification mechanism. When tax laws are amended, the mechanism facilitates assessment, prepares necessary responses and considers gaps in tax obligations in a timely fashion. FENC also designated a tax affairs team to help all subsidiaries to communicate tax-related matters with local tax authorities in each country. The Board of Directors serves as the highest decision-making and supervisory entity for tax governance at FENC. All major transactions and policy decisions are preceded by tax risk assessments. Compliance is ensured through internal audits in accordance with the tax law. Prior to the end of a calendar year, the Company files country-by-country reports and transfer pricing reports for the previous year per regulatory requirements.

Tax Governance Policy

1.1.2 Production Business

Main Products and Value Chain



Sales Ratio

■ Taiwan ■ Mainland China ■ Others					Petrochemical Polyester Textile		
2020	47%	31%	22%	2020	25%	54%	21%
2021	47%	31%	22%	2021	27%	52%	21%
2022	45%	28%	27%	2022	26%	54%	20%

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



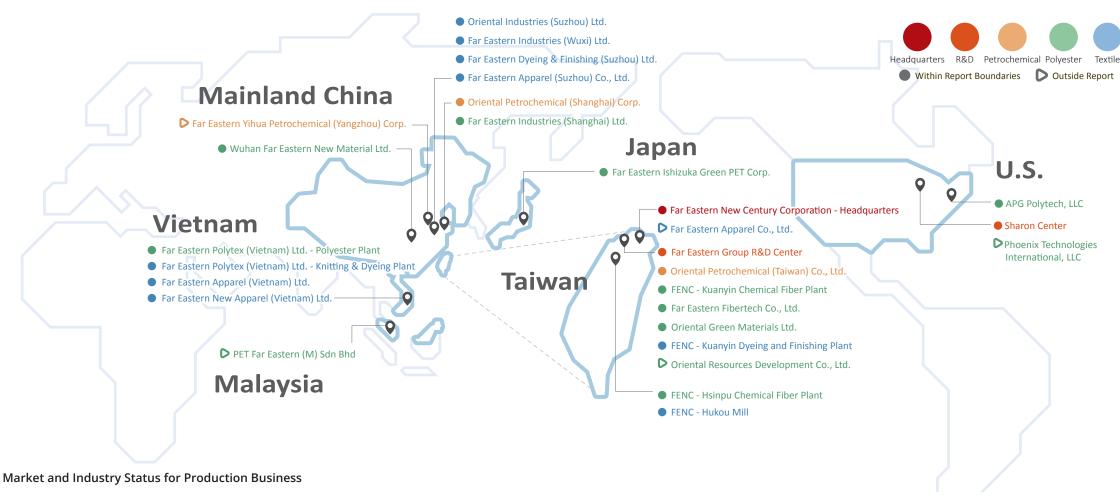
Fostering Robust Governance

2022 Highlight Target and Progress Material Topics

1.1 Refining Operational Performance and Strategies

- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Operation Sites



The resurgence of the COVID-19 pandemic, the war between Russia and Ukraine and the surging inflation had led to economic downturns in 2022 with the global GDP growth sliding to 3.4% according to the International Monetary Fund. With rising raw material prices and insufficient market demand, the pressure to destock looms over the industry chain.

In 2023, the global economy has been recovering at a sluggish pace with a gloomy forecast of 2.9% GDP growth. Geopolitical tensions, fluctuating raw material prices and volatile global financial markets continue to represent the major risks that are burdening the supply chain operation. As the world races towards net zero, the wave of green transformation is unstoppable.

Amid these challenges. FENC stands out with unparalleled advantages, including a vertically integrated production and distribution system; a multifaceted product structure; production sites spanning across Asia and the U.S.; a global sales network; solid partnerships with international brands. While reducing operational risks, these advantages give FENC the means to set a high bar for corporate resilience among industry peers. FENC's long-term devotion to the circular economy has made it an integral link of the global green supply chain. The expanded rPET production capacity propelled its leading status further in 2023, and the wide array of environmental protection and energy conservation endeavors put it in line with stakeholders' carbon-reducing goals. With these critical advantages, FENC is poised for a great leap forward.

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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

1.2 Governing with Steady Pace

To ensure accountability, balance the legal rights of shareholders and protect the interests of stakeholders, FENC regards "integrity" as the highest guiding principle for sound corporate governance, and to support corporate management and operation to maximize shareholder benefits.



FENC referenced Corporate Governance Evaluation to finetune the management system for the year 2022. Key projects are as follows:

- 1. In support of the Financial Supervisory Committee's policy on promoting virtual shareholder meetings, FENC's shareholder meetings are held with both in-person and virtual options.
- FENC has designated information security entities and has appointed the Chief Information Security Officer to enhance its information security mechanism.
- 3. The Board monitors and controls the scheduling of GHG inventory and verification on a quarterly basis.
- 4. All quarterly financial reports are presented to the Board for discussion and resolution after being approved by the Audit Committee.
- 5. To prevent insider trading, FENC established the Corporate Governance Principle and Procedures for Handling Material Inside Information, which stipulate that the Board members shall not engage in the trading of FENC shares during the close periods, which refer to 30 days before the publication of the annual financial report and 15 days before the quarterly financial report.
- 6. The English version of the FENC annual report was uploaded 18 days prior to the shareholders' meeting.

1.2.1 Integrity and Anti-Corruption

Corruption and unethical conducts are detrimental to corporate reputation and stakeholder rights. To minimize the risk of corrupt conducts, FENC established an integrity and anti-corruption system with annual implementation of special projects.

Articles of Incorporation Corporate Governance Principles Legal Compliance Execution Report (Chinese) Code of Ethics

Best Practice Principles of Ethical Corporation Management

Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management (Chinese)

Integrity and Anti-Corruption System

Highest Guiding Principle	Integrity
Code of Conduct	Best Practice Principles of Ethical Corporation Management and Code of Ethics approved by the Board
Scope	Corrupt conducts subject to FENC anti-corruption policy include unlawful conducts that cause embezzlement of corporate assets or infringement of shareholder rights, such as corruption, money laundering, bribery, kickback, commission, facilitating payment, illegal political donation, inappropriate charitable donation, unreasonable presents, improper conduct and unfair trade.
	1. Conflict of interest stipulated in the Rules of Procedure for Board of Directors – Donations from stakeholders or major donations to non-stakeholders: Rules of Procedure for Board of Directors stipulates that such conduct shall be reported to the Board.
Management System	 The whistle-blowing and disciplinary method of violating ethical conduct and ethical management. Provisions of anti-money laundering measures under Control System on Preventing Economic Sanction from Financing of Terrorism.
wanagement system	4. Remuneration system.5. Internal control system and provisions governing its implementation, including management policy, authorization system and segregation of duties.
	6. Risk assessment mechanism, which applies to dealings with governmental entities.7. Anti-bribery clauses included in procurement contracts to strictly forbid the acceptance of kickbacks, handling charges or financial gains in any form
Audit System	 Integrity and anti-corruption practice are listed under mandatory audit in the internal audit system. Self Evaluation on Corporate Corruption is conducted quarterly based on the scope of anti-corruption policy. The result is presented to the Board for review to ensure the implementation of the anti-corruption policy. FENC shall conduct investigation in the presence of the likelihood that suppliers and subcontractors, including agents and trade companies, violate integrity practice. Once verified, said company will be removed from FENC's list of eligible suppliers
	A minimum of one anti-corruption training for Board members and all employees to promote the scope of FENC anti-corruption policy and possible effects at the individual and corporate levels. Populis corporate others in pow employee training.
Training and Promotion	 Require corporate ethics in new employee training. Conduct anti-corruption training tailored to procurement units that involve direct interests in procurement projects. Prior to being included in FENC's list of eligible suppliers or engaging in business transactions with FENC, suppliers and subcontractors, including agents and trade companies, must undergo anti-corruption training or education. Internal publication, meetings, signage at the plants.

2022 Implementation

The Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management went into effect in January 2022. Under its provisions, anonymous grievance claims are accepted to protect the rights of the claimants.

2022 Results

- 1. There were no incidences of corrupt conducts at FENC.
- 2. Report the implementation of ethical management to the Board to fulfill FENC's vision as a corporation with integrity. Reported subjects include online self-evaluation on regulatory compliance; training outcomes; subjecting non-permanent employees to the anti-corruption policy to fulfill this corporate philosophy.

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

2022 Highlight Target and Progress Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

- 3. All Board members completed the anti-corruption training, representing 100% in completion.
- 4. Reach 100% coverage in the provision of anti-corruption promotion, 90% coverage in anti-corruption training among all permanent FENC employees, 97% coverage in the provision of anti-corruption promotion and 97% in anti-corruption training among non-permanent FENC employees.
- 5. All new recruits in 2022 signed the declarations to commit to FENC's Best Practice Principles of Ethical Corporation Management and Code of Ethics, representing 100% in completion.
- 6. Provide anti-corruption promotion or training to 5,823 suppliers and contractors, including agents and traders, which represents 88% coverage.

1.2.2 Board Structure and Remuneration

The Board of Directors serves as the highest governing entity at FENC. As the 24th Board election concluded in 2021. FENC welcomed a new generation of Board members that would enrich corporate diversity. All Board members bring a wealth of knowledge and experience to FENC. Equipped with backgrounds in law, finance, economy and sales as well as management expertise, decision-making skills and industry insights, the Board is able to lead the Company to navigate through and respond to various impacts.

Four Board meetings were held during the reporting year with a total of 92 resolutions discussed regarding management strategies, risk control, product innovation, carbon reduction, talent incubation and sustainable development. The Board continues to thrive under a robust system.

Board Regulations 'M' Profile of Directors 'M'

The Diversity Policy and Implementation of the Board of Directors' Composition

Functional Committees

Remuneration Committee

Established in 201

An independent director serves as the convener of the Remuneration Committee, which provides assistance to the Board in the establishment of performance review policies governing Board members and managers. The Committee is also responsible for establishing remuneration policy, system, standards and structure. FENC conducts regular performance reviews of employees, managers and Board members through the Remuneration Committee and determines salary, bonus and other forms of compensation. The Committee conducts industry payroll survey and provides recommendation to the Board for discussion. In 2022, the Remuneration Committee convened 2 times.

Remuneration Committee

Audit Committee

Audit Committee is composed of the entire number of Independent Directors and convenes guarterly. The objective of this committee is to monitor the appropriateness of financial reporting, implementation of internal control, compliance with company regulations, Established in 2015 management of potential or existing risks, as well as selection and evaluation of the independence and performance of certified public accountants. The Audit Committee convened 4 times in 2022.

Audit Committee

Sustainability Committee Established in 2020

An independent director serves as the convener of the Sustainability Committee, which actively fulfill the following responsibilities granted by the board of directors, including "Promote and strengthen the corporate governance and integrity", "Implement and develop matters related to corporate sustainable development" and "Supervise other matters related to corporate sustainable development approved by the Board". In 2022, the Sustainability Committee convened 2 times.

Sustainability Committee 📉

Board Management and Performance Review



(1) Nomination

Board nominations are made in accordance with Election Procedures of Director and Corporate Governance Principles, while comments from the independent Board members as well as the candidates' experience and education are also taken into account. Other considerations include diversity, independence, ability to respond to corporate impacts and stakeholder feedbacks. Board member elections are held during the shareholder meetings after Board review. In accordance with Company Law, shareholders with over 1% of the issued shares of FENC may nominate candidates for the Board in writing.



2 Independent Supervision

The Board exercises its power and fulfills its duties in accordance with the Articles of Incorporations, Rules of Procedures for Board of Directors and all applicable regulations. Based on the provisions regarding conflicts of interest in Meeting Rules of Board of Directors, Board members or the juristic persons they represent with conflicts of interest regarding agenda items shall explain to the Board the essential contents of such interest. In the presence of potential damages to the Company's interest, said Board members shall recuse themselves from discussing or voting on the agenda item in question, and from voting on behalf of another Board member. There were no incidences of conflicts of interest among the Board members in 2022.



(3) **Training** Each year, FENC invites external experts to hold two training sessions for the Board members. The 2022 courses include Insights for Taiwan Regarding the Russo-Ukrainian War and A Global Perspective on Future Talent Deployment. The attendance count among Board members reached 17, and all members completed a minimum of six training hours in the reporting year.



A Remuneration

Annual self-evaluations on the performance of the Board, Board members and functional committees are conducted in accordance with FENC Board Performance Evaluation Rule. Every three years, a performance review is conducted by independent external agencies or a panel of experts and scholars. In 2022, the results of all self-evaluations are "exceptional," which is the highest level. The next performance review to be conducted by external agencies is to take place in 2023.

Actual percentages and dollar amount in compensations provided for the Board members are determined by the Remuneration Committee based on the Articles of Incorporations. Compensation for the Board members in 2022 accounts for 1.90% of the net profit after tax.

Performance Evaluation of Board Directors

Core Competency

Properly exercise its rights and full obligations, including comprehension of corporate objectives and missions; understanding of Board duties; degree of participation in corporate operation; communication and management of internal relations; professional capability and training for Board members.

Environment

supervision on

prevention and

control; create

sustainable

Establish and provide Establish and provide supervision on social environmental goals, goals, including disaster including energy and relief for communities; non-profit and charitable resource management; report on GHG programs; management of emissions; pollution supply chain; occupational safety and health; human resources; employee competitiveness and production process. welfare.

Society Governance

Establish and provide supervision on governance goals, including examination of operational budget and planning; review of systems and reports on accounting, finance, R&D, production and sales, integrity practice, risk control and internal audit.

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

2022 Highlight Target and Progress Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

1.2.3 Shareholder Rights

FENC values the rights of each shareholder and treats every one of them with equal importance, which is in accordance with Company Act, Securities and Exchange Act and other applicable regulations. Shareholders may exercise their rights to vote and participate in the decision making process during the shareholder meetings. In addition, accumulative voting system, which is advantageous for minority shareholders, is adopted for Board election in accordance with Company Law.

Proposals pending ratification, matters for deliberation and elections are voted on as individual motions with the option of electronic voting. The result is disclosed immediately during the shareholder meeting. In addition, the Company designates special agents to handle investor relations and provides contact information to investors and shareholders in order to strengthen stakeholder dialogues and respond to their comments and suggestions.

Meeting Rules of Stockholders

Risks and opportunities are often two sides of the same coin. Where one goes, the other follows. With the Russian invasion of Ukraine, resurgence of the COVID-19 pandemic and surging inflation, the year 2022 was a challenging one, and one that highlights the necessity of a robust risk control mechanism, through which corporations may minimize operational risks and seize development opportunities, ultimately making sustainability a reality.

1.3.1 Risk Management Policies

1.3 Perfecting Risk Management

To reinforce corporate governance and establish sound risk management to reach corporate targets. the Board approved Risk Management Policies on November 12, 2020. The objective is to ensure sustainable management, reduce damages and enhance corporate profit. Risks and opportunities should be evaluated accordingly for all business conducts to identify, evaluate, monitor and control risks, keeping risks within manageable range to rationalize risks and benefits.

Risk Management Policies

The organizational structure of the Company in the field of risk management includes the Board of Directors, Corporate Management, and Operating Business and relevant divisions. The obligations of each applicable entity are outlined within the Risk Management Policies. In the event of unanticipated major risks, an emergency response team shall be established to formulate immediate responses and handle the risk conditions to ensure regulatory compliance while minimizing potential damages and impacts. Monthly risk control briefings are presented to the Board members and senior executives. Risk issues discussed include management, sales, industry operation as well as energy and carbon reduction to keep the Board members and senior executives informed while making policy decisions.

Structure of Risk Control Organization

Board of Directors

The Board of Directors serves as the highest decision-making unit of the risk management. The Audit Committee and Sustainability Committee oversee the control management of business risks as well as sustainability risks, respectively, to ensure the effectiveness of the risk management process and outcome.

Corporate Management is responsible for the overall risk management and establishment of preventive measures.

Corporate Management

Monthly task: The units conduct regular meetings to review the risk management status and monitor the implementation and coordinated operation of risk management.

Yearly task: The units shall submit a risk management report to the Board of Directors at least once a year. The 2022 report was presented to the Audit Committee on November 2, 2022, and to the Board of Directors on November 9, 2022.

Operating Business and Relevant Divisions basis.

All units shall identify major risks and conduct risk planning, implement necessary process of risk management and report management status to Corporate Management on a regular

1.3.2 Identification and Management of Major Risks

Major Risks of FENC

FENC identifies potential risks and their sources for all departments. For more details on the measures established, please refer to the corresponding chapters in FENC Sustainability Report or FENC Annual Report.



Financial Risk

Operational Risk

Including the volatility of local and foreign interest rates, currency exchange rates and credit risks, etc.

Strategic and

Including operations strategies, local and overseas market competitions, industry alliance. policy or regulation changes, etc.



Information **Security Risk**

Including but not limited Including those to potential threats to the confidentiality, integrity, and availability resources, global of the Company's information asset due to progress, energy as any natural, man-made or technical factors



Environmental. **Carbon Reduction** and Energy Risk

induced by climate

carbon reduction

well as fiscal and tax

policies

change, geographical

4



ESG Risk

Including those induced by the environment, society and governance that are derived from global corporate sustainability issues.



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

2022 Highlight
Target and Progress
Material Topics

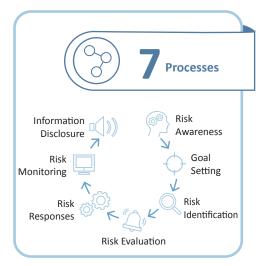
- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Risk Management Principles, Mitigation and Control Measures, and Identification and Management Procedures

FENC establishes risk indicators and stays on top of environmental and regulatory changes through regular tracking. Once the risks are defined through internal meetings, evaluation is conducted by designated units on the potential threats and impacts on the Company to formulate action plans. Responses and control measures are carried out through special projects. The implementation and progress are reported to the highest governing entity on a regular basis.

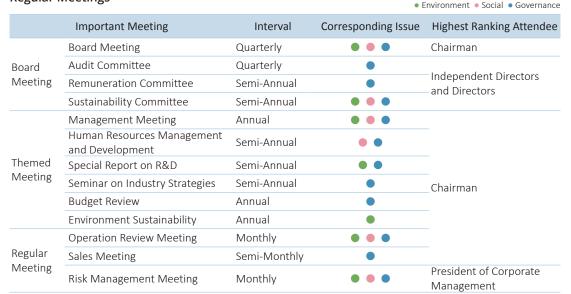


- Consider the uncertainty of risk factors and collect the best information to develop prioritized action plans.
- 2. Achieve optimal resource allocation and utilization.
- 3. Establish necessary preventive mechanisms and emergency action plans.
- 4. Constantly identify and respond to changes.
- 5. Comply with laws and regulations.
- 6. Strengthen trust and communication with stakeholders.



1.3.3 Risk Management Mechanism

Regular Meetings



Risk Alert System: Advanced Response with Regular Tracking

FENC established Risk Alert System in 2015. The administrative units conduct monthly follow-ups and examine corporate risks. In 2022, the Company held 12 risk control meetings, establishing advanced indicators and responses to avert risks, and addressing irregularities in the indicators with corresponding measures, improvements and optimization for prevention.

Process of Risk Alert System in 2015. The administrative units conduct monthly follow-ups and examine corporate risks. In 2022, the Company held 12 risk control meetings, establishing advanced indicators with corresponding measures, improvements and optimization for prevention.



Starting from 2019, risk indicators

are implemented in a systematic approach with a risk management platform. For instance, the Company introduced credit rating and instant credit calculator to address credit risks and crediting management. The system automatically conducts the calculation to determine reasonable credit limits, which enhances the quality of credit decisions.

Priority tasks for 2022

- Enhance pandemic measures by offering the option of virtual shareholder meetings.
- Adopt necessary measures to secure credit recovery amid the war between Russia and Ukraine.
- Reduce capital costs by planning for financing support measures as the interest rate rises.
- Respond to the shifting marine shipping market and control transportation costs by signing long-term contracts.
- Establish designated information security units and appoint the Chief Information Security Officer to strengthen information security management and promote digitization.
- Improve credit ratings and market values through special projects.
- Implement ESG projects such as GHG inventory and reduction.

Coverage Areas of Risk Alert System

Risk Category	Detail
Human Resources	Continuing staff employability; employee benefits and wellbeing; employee turnover and hiring procedure; labor relations; performance review.
External Environment	Geopolitics; trade liberalization; corruption; non-tariff barriers.
Corporate Assets	Protection of intangible assets (intellectual property); preservation and continuing operation of physical assets; management of financial assets.
Legal Affairs	Legal training, anti-fraud and anti-corruption; documentation and information management; regulatory monitoring and compliance; contractual agreement and subsequent management; litigation and dispute resolution.
Finance and Accounting	Fair presentation of financial reports; compliance and completeness of information disclosure; customer credit and account receivable management; tax audit; financing and capital management; capital expenditure procedure and control; investment management; insurance and hedging.

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

2022 Highlight
Target and Progress

Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

Regulatory Compliance System: Regular Self-Evaluation on Compliance to Reduce Risk of Violation

In 2014, the President of Corporate Management served as the chief supervisor and established a company-wide regulatory compliance system.

1. Objective

- Enhance employees' legal awareness to avoid illegality.
- · Protect corporate interests and image.
- Reduce operational risks for the Board and management team.
- Improve corporate efficiency.

2. Coverage Areas

The system is to confirm key regulations concerning corporate operations. Regulations governing penalties for Board members and managers, damages to corporate image, major civil offenses and administrative liability are given priority status for implementation. Areas prone to deficiency are listed as the focus of the annual audit. Given the above criteria, 85 regulations and 602 control points are identified.

Coverage Areas of Regulatory Audit

Target	Compliance Detail and Number of Control Points
Shareholder	Financial report (18), internal control (17), issuance of credit and endorsement/guarantee (17), acquisition and disposal of assets (42), convening of meeting (75)
Customer and Competitor	Fair trade (5), import/export (8)
Corporate Asset	Business accounting (9), tax management (58), patent and trademark (20), Copyright Act (13), trade secret (6), personal data protection (11)
Employee	Labor condition (59), welfare and insurance (28), labor relations (33), labor retirement (23), health and safety (69)
Society	Corporate corruption (18), political donation (8)
Environment	Environmental protection (65)

Note: The number indicated with the parenthesis refers to the number of control points.

Detail

Detail			
Category	Focus	Task	2022 Performance
Establish Communication	 A clear and adequate system for the conveyance, consultation, coordination and reporting of regulatory information was established. The SOP and grievance mechanisms for violations were established, including the email for reporting regulatory compliance issues and for the Audit Committee and Audit Department. 	Designate regulatory compliance personnel.Report violations and penalty immediately.	 The compliance staff from all departments report monthly on violations and penalty. No grievance claims were filed in 2022.
Regulatory Update	 Track the latest regulatory amendments and updates on a regular basis and convey the changes to all units immediately. Provide advanced risk alert on violations for all units. 	 Convey the latest regulatory changes to applicable units and personnel. Update Company regulations in accordance with regulatory changes. 	 Develop robotic process automation (RPA), which extracts regulatory updates daily from the Executive Yuan Gazette Online and the Financial Supervisory Commission, and weekly from sources related to the economy, health and safety, labor affairs and fire safety. The updates are sent to applicable personnel immediately. Amend Meeting Rules of Stockholders, Corporate Governance Principles Procedures for Handling Material Inside Information and Meeting Rules of Board of Directors to align with regulatory amendments. Review and revise pension withdrawal rules at the U.S. subsidiaries in compliance with the U.S. federal and local tax regulations.
Regulatory Training	 Publish information on regulatory enactment, case studies and regulatory education. Conduct training on key regulatory amendments. Provide in-person and online training on regulatory compliance for new employees (intellectual property / copyright / Criminal Code and corporate corruption / labor conditions / trade secret). 	Designate appropriate staff to undergo training.	 Prevent violations and ensure corporate compliance through corruption prevention and control promotion and training to familiarize staff with anti-corruption policy and regulations.
Compliance Evaluation	 Implementation of regulatory compliance was reported to the Board quarterly. Self-evaluation checklists were established targeting the regulatory control points. The Legal Department collaborated with the Human Resources Department, Labor Safety and Health Department and Audit Department to complete on-site inspections, provide guidance for all departments on improvements and follow up. 	 All departments conducted self-evaluation on regulatory compliance and completed the necessarily forms. All departments formulate and implement improvement plans to address deficiencies identified in the self-evaluations. On-site inspections were conducted with 	 Adjust quarterly self-evaluations to be conducted monthly to promptly monitor regulatory compliance at all departments and subsidiaries, effective in July 2022. Conduct on-site compliance audits at all plants and subsidiaries in October and at Corporate Management in December.

supple mentary information provided.

19

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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 8 Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Major Violations in the Past Two Years

	Company	Violation	Fine (NTD)	Improvement Plan
2022 (Two Cases)	FEDZ	The chemical oxygen demand (COD) and biochemical oxygen demand (BOD) in the water samples exceeded the permitted level.	\$999,000	 A buffer tank is added to allow time for the particle matters to settle. The improvement has brought the water samples up to standard. The BOD level is tested more frequently.
	FEIS	The phosphorous concentration in the wastewater exceeded the permitted level.	\$442,000	 The oil agent was improved to reduce the phosphorous concentration. Daily management is enhanced. The phosphorous concentration is tested daily to keep the wastewater quality above the governmental standards for discharge.
2021 (One Case)	ОРТС	The test results for odorous pollutants in the discharge pipe exceeded the limit stipulated in the Standards for Air Pollutant Emission from Stationary Pollution Sources.	\$585,000	 The investigation conducted by the Production Development Department found mild traces of production fluids, which caused the odor that violated the regulatory requirement. A condensate system was installed for venting and cooling as a mitigation measure. After the improvement, OPTC hired SGS Taiwan Limited to evaluate the odorous pollutants in the discharge pipe. The concentration reading from the first test was 234 and 309 for the second. Both are under the maximum limit of 2,000 stipulated in the Standards for Air Pollutant Emission from Stationary Pollution Sources. The improvement is satisfactory.

Note:

- 1. The threshold of disclosure for monetary penalties is set at NT\$300,000. The threshold of disclosure for non-monetary penalties is business suspension. There were no incidences of such suspension during the reporting period.
- 2. FENC's investment businesses in mainland China underwent inspections on their business operation and occupational competency by the local law enforcement agencies during the second quarter of 2021. A few compliance issues were identified, including environmental protection, fire safety, equipment and tax affairs. The authorities issued deadlines for improvements with fines totaling RMB\$36.5 million. All improvements have been completed.

Risk Ranking Project

FENC operates on a multi-national scale with production sites spanning across Taiwan, mainland China, Vietnam, Japan, Malaysia and the U.S. To ensure workplace safety and support corporate growth, the Company regularly commissions risk ranking consultants to conduct reviews over its worldwide locations and identify weaknesses. Improvements are made to address the deficiencies with monthly tracking until they are fully resolved.

The Company launched its fourth risk ranking project in March 2022. The scope encompasses its 21 plants worldwide. The project evaluates 44 international risk indicators covering software, hardware and emergency response. Improvements targeting the results identified during the third risk ranking, which took place in 2019, were also evaluated. The fourth risk ranking was scheduled to be completed at the end of 2022. However, the COVID-19 pandemic and the tightening of governmental restrictions prompted several plants to adjust the schedules accordingly. The entire project will be completed by the end of the second quarter in 2023.

Strengthen Risk Control Training

To ensure sustainability, reduce damages and boost profits, all units must conduct risk prevention training to minimize potential risks. Potential risks include financial risks; strategic and operational risks; information security risks; environmental and energy risks. In 2022, 2,046 employees completed the 54 training programs offered by the Company. The Company also provided training on occupational safety and health risks. For details, please refer to 4.3 Reinforcing Occupational Safety and Health Management .

FENC conducts training programs that target specific risks. In order to closely monitor regulatory compliance at each department and subsidiary, quarterly self-evaluations on regulatory compliance are also conducted, effective as of July 2022. As of the end of 2022, a total of 4,273 employees completed the regulatory compliance training and exam.

Oversight and Management of Internal Control System

1. Operation of Internal Audit

Aside from conducting annual audits mandated by governmental regulations, the audit staff evaluates operational risks and develops the annual audit plan for the coming year with details listed. The plan is implemented upon the approval of the Audit Committee and the Board.

Once completed, the audit report is forwarded to the Audit Committee for review prior to the end of the subsequent month. Quarterly progress reports on improvements made are presented to the Audit Committee and the Board for review. Major violations or potential damages to the Company are immediately reported to the President of each Business, the Audit Committee and the Board.

2. 2022 Implementation

FENC conducted 62 audit projects in 2022 and identified minor internal control risks. The majority of the improvement projects have been completed. As of the end of December 2022, deficiencies identified in 12 audit projects remained outstanding with improvement measures in progress.

3. 2022 Priority Task

Internal Control Self-Evaluation

Internal audit self-evaluations at FENC are implemented through an electronic platform, which optimizes the process with enhanced efficiency and benefits for all units and subsidiaries. After the results are reviewed by the audit units, they become the basis for evaluating the effectiveness of FENC's internal control system by the Board and Presidents. Along with the deficiencies identified and improvements made, these records serve as references for the Internal Control System Statement, and they are published in the annual report and the Market Observation Post System to demonstrate the Company's commitment to implementing effective internal control.

Digital Transformation

FENC is creating an auditing data platform that leverages the data analysis technology and risk dashboard to analyze data accuracy and monitor indicators of anomalies. The platform helps identify operational risks and provides recommendations to improve operational performance and efficiency.

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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

Subsidiary Supervision

FENC conducts regular reviews over subsidiary operations and management, examining documents such as the financial report, inventory status and credit recovery. When anomalies are detected, the subsidiary is notified in the form of a work report to facilitate immediate adjustments and improvements.

Training for Audit Personnel

Each year, the audit staff undergo internal audit training held by organizations certified by the Financial Supervisory Commission and complete the hours in accordance with regulatory requirements. They are also required to attend training and seminars from internal and external sources such as consulting firms or academic institutions. In addition, staff take part in the annual meeting of the Institute of Internal Auditors-Chinese Taiwan to polish their professional skills and knowledge of risk control. Before the end of each January, the Company files the names of internal auditors and the training they have received on the Market Observation Post System.

Internal Audit Organization and Internal Control Approaches



First Corporation in Taiwan to Patent the Audit Approach

FENC's Group Auditing Department obtained the approval of a patent titled "The Audit Approach" on January 21, 2023. The patent approval set a precedent in Taiwan. The Audit Approach is applied towards the detection of anomalies in the procurement cycle during internal control. It consolidates the big data dashboard, RPA and machine learning within the auditing operation of Far Eastern Group (FEG) to improve auditing efficiency and reduce costs while adding transparency in FENC's sustainability endeavors.

Sustainable development is paramount to FEG, which ensures corporate ESG performance, credibility to stakeholders and ethical practices through a transparent and just audit mechanism. The patent approval strengthens the collaborative bond and communication between FEG and its stakeholders. It also improves internal audit and control by helping the audit staff identify issues and risks with higher precision and reliability. The optimization of risk assessment approaches and control procedures would reduce failures and protect FEG's interests and assets.

It is firmly believed that the continual optimization of management and operation procedures will lead the way to sustained corporate development. This patent is a token of the Company's commitment to excellence in technological development and management. It is also a testament to its dedication and action towards sustainable development, which will propel the Company to be an innovative and competitive corporation.





Enhance Credit Customer Information Management Platform and Mechanism

The global business environment continued to transform at a record pace in 2022. During the year, FENC scrutinized credit risks by leveraging synergistic effects within the management, enhanced credit management by consolidating the information systems from its worldwide locations, improved the performance of the Credit Customer Information Management Platform and bolstered the credit check and credit lending practices.

1. Obtain the Latest Global Credit Data with SAP Data Streaming for Overseas Affiliates

The latest credit data from the SAP systems of subsidiaries from Vietnam, mainland China, Japan, Malaysia and the U.S. are consolidated and reported to the Headquarters. With 100% accuracy, the system maximizes the power of big data analysis.

2. Optimize Credit Customer Information Management Platform to Enhance Visualization and Digital Archiving

The Credit Customer Information Management Platform is enhanced with an optimized user experience, including data visualization, expansion of historical database, data streaming for real-time worldwide credit data and the option of an English interface. The platform facilitates the online browsing of nearly 150 key credit customers in import/export.

3. Create National Intelligence Sharing Platform for Opportune Geopolitical Risk Analysis

The platform shares information such as national intelligence, risk alerts, business intelligence and economic sanctions from 193 countries. Taking advantage of RPA, the system automatically updates the national risk atlas and national risk levels to reduce information gaps, keep the Company current on changes in the geopolitical sphere and control export risks with consistency.

4. Introduce Corporate Governance Evaluation into Customer Credit Rating System for Objectivity

Corporate Governance Evaluation, which is updated by Taiwan Stock Exchange (TWSE) annually, is one of the criteria for evaluating companies listed on TWSE and Taipei Exchange (TPEx). As the world zooms in on ESG, the evaluation sheds light on the performance of customers listed on TWSE and TPEx.

5. Establish Credit Risk Warning Indicators to Identify and Alert against Potential Risk Groups

FENC established multiple warning indicators and customized customer selection criteria. With the use of the Business Intelligence (BI) system, high-risk customers are identified in advance through the monthly automatic selection and risk marking functions, and business units are notified to activate overdue collection when appropriate.



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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- **3** Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix



Stabilizing Production with Emergency Procurement amid Raw Material Shortages

OPTC produces PTA, a primary raw material for FENC's polyester production. In early 2022, an accident prolonged the annual maintenance unexpectedly. The incident caused PTA shortages and disrupted the polyester production. OPTC responded immediately, coordinating and forming an emergency response team with the procurement team for primary raw materials, Shipping Department and Fu-Ming/Fu-Da Transport Corporation.

Within a short time frame, the procurement team located qualified suppliers, negotiated reasonable purchasing prices and prepared the contracts. However, the purchases had to be shipped during the Chinese New Year, a time when shipping charges were at the peak, shipping schedules were unpredictable and container slots were lacking. The Shipping Department applied for import duty exemptions for PTA at the Industrial Development Bureau and confirmed the shipment schedule with the suppliers. The department then immediately took care of customs clearance and moved on to the unloading and pick up operations. Arrangements were made with Fu-Ming/Fu-Da Transport Corporation to transport the materials between Taipei Port and OPTC, which then proceeded to transfer the materials.

This crisis was averted thanks to the collaboration of the units and subsidiaries of FENC. With swift actions, this inter-departmental and inter-company team ensured the stability of FENC's production operation and protected customers' interests with uninterrupted supply.





Optimizing Customer Profit Contribution System to Maximize Corporate Performance

FENC spent six months developing the price simulation system for polyester products. The system leverages big data analysis to generate cost estimates with higher precision. The system also helps FENC gain insights into customer needs to improve its performance.

1. Reduce Operational Risks with Integrated Analysis

The system incorporates multiple data sets as well as cost factors such as raw material prices and shipping costs. Despite market volatility, it carefully calibrates cost control with great precision to reduce operational risks.

2. Establish Sales and Service Strategies Tailored to Customer Demand and Value

The Customer Contribution System helps FENC gain an in-depth understanding of the values and needs of each customer and provide more closely tailored services to ultimately enhance customer relations, determine optimal sales and service strategies and improve customer experience.

3. Consistent Demand Forecast with Supply Chain Coordination

To suppliers, the Customer Contribution System provides consistent and dependable demand forecasts, which reduce supply chain risks, improve production efficiency and enhance their partnerships with FENC.

Market changes are accelerating and competition is growing fierce. The Customer Contribution System will help establish and maintain rapport between FENC and its customers and suppliers, hence creating a win-win.





Full Credit Recovery Amid Economic Sanctions on Russia

Being acutely aware of the credit risks caused by economic sanctions imposed upon Russia after its invasion of Ukraine, FENC responded with agility as well as precision forecast and successfully recovered US\$3.61 million in credit.

1. Risk Forecast with Scenario Analysis

The Company started paying close attention to the development of the war between Russia and Ukraine at the end of 2021, preparing scenario analyses with response measures and a series of risk control drills.

2. Agile Response to the Outbreak of War

When Russia began invading Ukraine on February 24, 2022, FENC immediately held an inter-departmental emergency meeting to take stock of areas with risk exposure, solidify guidelines for actions to be taken by applicable units and establish consensus regarding duties and jurisdictions. In light of the constant shifts in global dynamics as warfare and geopolitical tensions escalate, the Company remained alert with its risk control response and reviewed the progress of its credit operation weekly.

3. Mission Accomplished Through Team Efforts

FENC foresaw the butterfly effect of the economic sanctions against Russia and overcame cash flow and logistics challenges with the help of FENC's worldwide trade management units. In mid-July, after five months of coordinated efforts, the Company was able to recover US\$3.61 million, the totality of its credit lending.



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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

1.4 Fortifying Digital Resilience

While the arrival of the digital age ushered in growing complexity and sophistication in business activities, it also ushered in threats to information security. Upholding sustainable competitiveness amid capricious times is now a critical issue upon which corporations ponder. Driven by the urgency of information security management, FENC established the Information Security Department in 2022 based on Regulations Governing Establishment of Internal Control Systems by Public Companies and Information Security Control Guidelines for TWSE/TPEx Listed Companies. Headed by the Chief Information Security Officer, which is selected among executives at the vice-president level, the department oversees the implementation of information security tasks to demonstrate FENC's determination to defend corporate information security.

Information Security Department

On November 9, 2022, the Board of Directors at FENC approved the establishment of Information Security Department and the appointment of Alan Tsai, Executive Vice President of Corporate Management, as the Chief Information Security Officer. The department is in charge of the implementation of information security tasks, such as the establishment and tracking of indicators for information security performance, protection of information security and conducting related training. The department works in conjunction with the Information and Technology Center to manage corporate information security.

Information Security Joint Defense Team and Committee

To implement and bolster information security, FENC established the Information Security Joint Defense Team and Committee. While the Information Security Department is in charge of the implementation and monitoring of information security as well as applications of new technology, an information security defense team is established under each unit to reinforce the defense shield. Units with such a team in place include the Corporate Staff Office as well as the Human Resources, Accounting, Finance, Legal, Secretarial, Shipping, Labor Safety and Health Departments under Corporate Management. Information security staff from each unit provide assistance in implementing information security tasks, creating an integrated inter-departmental shield against cyber threats. The Audit Department conducts internal audits over information security undertakings to ensure compliance with the internal control system as well as governmental regulations. The Information and Technology Center is in charge of the maintenance and repair of the information security facilities.





Building Cyber Resilience at FENC

On January 4, 2023, FENC held a launch meeting for the Information Security Joint Defense Team. Among those present are information security personnel from all units in Corporate Management. The President of Corporate Management chaired the meeting, and the Chief Information Security Officer led a team from the Information Security Department to present the work plans. In particular, they outlined six major strategies as the pillars of FENC's cyber resilience, including building a diverse and professional information security department, establishing



the information security joint defense team, complying with international information security regulations and certifications, enhancing supply chain information security, creating an information security governance system integrated with ESG and setting up zero trust frameworks for software and hardware.

Key information security tasks for 2023 are as follows:

- 1. Implement a comprehensive information security SOP and incorporate cutting-edge technology.
- 2. Simulate cyberattacks from the supply chain perspective to assess system security as references for reinforcing and improving information security.
- 3. Establish an information security management system in accordance with international standards and aim at obtaining the ISO 27001:2022 certification.
- 4. Continue to promote information security training and heighten information security awareness and alertness among staff.
- 5. Conduct regular drills targeting social engineering attacks and track improvements regarding social engineering and information security awareness among staff.

FENC will progressively step up the function and scope of the Information Security Joint Defense Team in the future to cover all production units and overseas locations. Ultimately, a comprehensive information security framework will be built as an integrated defense strategy to increase the efficiency of managing information security risks and enhance corporate sustainability.

Establish and Comply with ISMS

FENC started incorporating the ISO 27001 information security management system in 2014, establishing protocols regarding the management of information authorization, data backup, system development, supplier management and intellectual property. Since 2016, FENC has been third-party verified every three years. The latest verification on ISO 27001:2013 was obtained in September 2022 and it will remain effective until September 2025. FENC continues to implement the Plan-Do-Check-Act (PDCA) management for the ISMS.

Establish Information Security SOP

FENC joined Taiwan CERT/CSIRT Alliance (see note) and established the SOP for dealing with information security incidents. The SOP delineates applicable procedures and measures, including reporting proceedings and staff accountability. The goal is to eliminate information security incidents within the least amount of time and establish correction and prevention plans accordingly. In 2022, there were no major information security incidents at FENC and no financial losses caused by information security incidents.

Note: CERT/CSIRT refers to Computer Emergency Response Team (CERT) and Computer Security Incident Response Team (CSRIT).

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

2022 Highlight
Target and Progress
Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Implement Information Security Incident Reporting and Handling

Services for the monitoring and surveillance of information security incidents have been incorporated to consolidate security logs from multiple sources, including the firewall, intrusion-detection system, anti-virus software system and end-point detection and response. The incidents are detected, collected, analyzed and managed to effectively avert potential cybersecurity threats. Information concerning data security is consolidated and managed to effectively provide alerts before, real-time warnings during and analysis after the incident. The services ensure a proper protocol to be followed in the case of such incidents and minimize the harm and damages to the key information systems, assets and operations.

Strengthen Information Security Management and Training

In addition to promoting information security and providing training among staff, system developers and managers are required to comply with rules and regulations governing system establishment and safety management. FENC aims to heighten information security awareness to minimize risks.

Ensure the Effectiveness of Information Security Protection

To prevent cyber threats, the network infrastructure adopts a multi-layered design armed with a multitude of information security protection systems as well as threat detection and response mechanisms. The design facilitates intelligence sharing, vertical communication as well as report and monitoring to build robust information security governance and reduce risks.

Information Security Management Framework



1.5 Implementing Sustainable Development

FENC is in pursuit of sustainable development through its corporate influence. While balancing the quest for corporate profits and ESG performance, the Company strives to create higher values for all stakeholders.

Guidance for Sustainability Governance

1. Sustainable Development Principles

Sustainability is deeply ingrained in FENC's corporate DNA, and sustainable governance is an integral part of its core businesses. In 2014, the Company established the Sustainable Development Principles for FENC as well as its subsidiaries under the production business as the highest governing principles for corporate sustainable development. FENC amended the Sustainable Development Principles in 2022 based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies issued by TWSW and TPEx. The amendment was approved unanimously by all Board members present during the Board meeting on March 8, 2022.

Sustainable Development Principles

2. Sustainability Strategy Blueprint

The Sustainability Strategy Blueprint is derived from sustainability action plans proposed by the Sustainability Implementation Committee as FENC's response to UN SDGs. By completing a wide array of sustainability projects, FENC has formed an alliance with global partners to achieve the sustainable vision.

Sustainability Strategy Blueprint 📉

Structure of Sustainability Governance

1. Board of Directors

The Board of Directors serves as the highest governing entity regarding ESG governance at FENC. The Presidents of all Businesses and highest-ranking executives of all units present corporate issues concerning sustainability at the quarterly Board meetings and regular briefings. ESG issues discussed during regular meetings of the Board, Audit Committee, and Remuneration Committee as well as additional regular meetings attended by the Board members in 2022 include:

- (1) External Board evaluation
- (2) Operational performance and market conditions
- (3) Industry strategies
- (4) Financial conditions
- (5) Sales overview

- (6) Human resources management and development
- (7) Board and employee remuneration
- (8) Risk control
- (9) Integrity and anti-corruption
- (10) Implementation of regulatory compliance
- (11) Internal audit

- (12) Environmental safety and health
- (13) GHG and energy management
- (14) Innovative R&D
- (15) Annual Sustainability Report
- (16) Stakeholder dialogues
- (17) Social engagement

2. Sustainability Committee

FENC established the Sustainability Committee under the Board on November 12, 2020 to oversee the implementation of sustainable development policies, systems and management approaches. The Committee reports to the Board on a regular basis.

Sustainability Committee Charter

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

2022 Highlight Target and Progress Material Topics

- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Operation of Sustainability Committee

FENC's Sustainability Committee headed into its second year in 2021 and members of the Board were appointed to serve on the committee on July 29, including two independent Board members, one of whom served as the convener, and one external Board member. The three committee members are well gualified for the positions and duties, including corporate governance, management of non-profit organizations, protection of employee rights, corporate risk control and strategic planning. The first meeting was held in October 21.

To strengthen sustainable governance at FENC, the Sustainability Committee meetings were modified from an annual occurrence to a semi-annual meeting in 2022. During the reporting year, the meetings were held on April 21 and October 14. Humphrey Cheng, President of Corporate Management, presented the implementation progress, report, project and performance to the three committee members. Specific subjects presented included FENC's Sustainability Report; enhancement of climate-related financial disclosure; strengthening of human rights risk management; development of sustainable financing products; refinement of circular economy and low-carbon production; promotion of GHG inventory and verification; social engagement and projects. All resolutions were approved unanimously by the attending members. Johnsee Lee, FENC's independent Board member and convener of the Sustainability Committee, presented the outcome to the Board on May 10 and November 9.

FENC's audit units conducted audits over the operation of the Sustainability Committee in 2022 based on the Sustainability Committee Charter. The audit confirmed that there were no wrongdoings of any kind concerning the committee members, duties, convening of meetings as well as rules of procedure.

3. Sustainability Implementation Committee

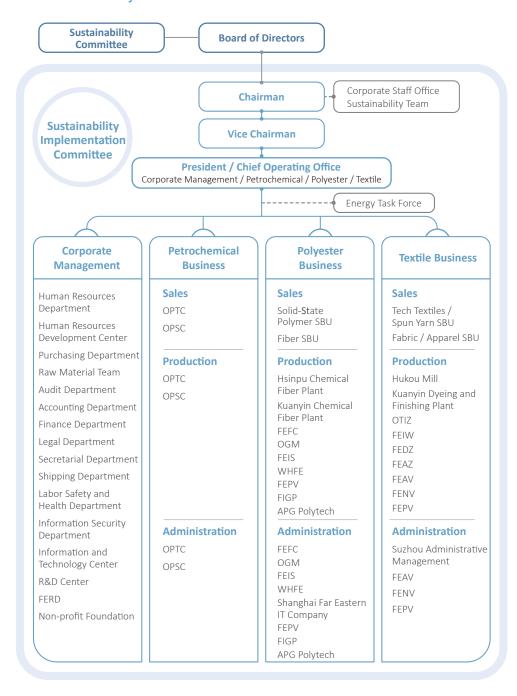
FENC established the Sustainability Implementation Committee in 2014 to facilitate corporate sustainable development. The President of Corporate Management serves as the convener. Specific tasks for the Sustainability Implementation Committee are as follows:

- Compilation and disclosure of sustainability data.
- Planning and implementation of sustainability projects.
- Compilation and submission of sustainability data for external verification.

The Sustainability Implementation Committee consists of 194 members in 2022. The committee structure parallels the corporate structure. Among the members are Presidents and Chief Operating Officers from all Businesses, departmental managers at FENC operation sites worldwide and the 3 designated members of the Sustainability Team under Corporate Staff Office.

Profile and Duty of Sustainability Implementation Committee

Structure of Sustainability Governance



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

image

Special Report



Fostering Robust Governance

2022 Highlight
Target and Progress
Material Topics

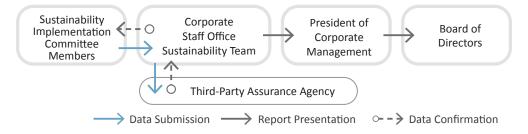
- 1.1 Refining Operational Performance and Strategies
- 1.2 Governing with Steady Pace
- 1.3 Perfecting Risk Management
- 1.4 Fortifying Digital Resilience
- 1.5 Implementing Sustainable Development
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Disclosure of Sustainability Data

The annual sustainability performance disclosed in this report is first presented by the Sustainability Implementation Committee, which is then verified, analyzed and consolidated by the Sustainability Team at the Corporate Staff Office. The report is finalized and published after receiving third-party verification and approval from the President of Corporate Management.

To bolster the Sustainability Report publication and verification mechanism, FENC established Operational Procedures for the Preparation and Verification of the Sustainability Report in 2022 based on Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies. The operational procedures were incorporated into the internal control system and implementation began after Board approval.

Sustainability Report Preparation Process







Establishing ESG Portal

In the past, preparation of the annual FENC Sustainability Report required designing and emailing surveys to nearly 2,000 recipients from all entities and units within the scope of disclosure. With rising awareness of sustainability and its values among FENC employees and stakeholders, the breadth and depth of the report continue to expand. In 2022, FENC incorporated the ESG Portal, which digitized the forms that used to be delivered through emails. Now, the forms can be completed, submitted and reviewed on the portal with reminders sent for overdues.

The ESG Portal streamlines the data collection process. Its built-in analysis, control and compilation functions screen and filter data in advance for the subsequent data integration process on the portal. The design greatly reduces time and efforts spent on communication and coordination. While adding operational efficiency, the portal also ensures data accuracy and integrity.

The enhancement of the ESG Portal will continue into 2023. In addition to phasing all survey mechanisms online, data collection for the GHG inventory and TCFD report will also be incorporated into the functions of the ESG Portal.



TCSA Top 10 Taiwanese Companies Sustainability Model Award, First Among Traditional Manufacturing

FENC received eight awards from the 2022 Global Corporate Sustainability Awards (GCSA) and Taiwan Corporate Sustainability Awards (TCSA), a raving achievement for FENC's outstanding ESG records. Among the awards FENC received, the Most Prestigious Sustainability Awards — Top 10 Taiwanese Companies Sustainability Model Awardand Platinum for Corporate Sustainability Report Award from TCSA put FENC at the top spot in the traditional manufacturing sector.

FENC's decades-long devotion to circular economy has made it possible to recycle not only PET bottles, but waste textiles. The Company also puts its green products under the international spotlight. In 2022, the sports jerseys made of FENC's ocean recycled polyester filament made their FIFA World Cup debut, becoming the uniform for multiple national teams. This exceptional recycling and upcycling capability won FENC its sixth Circular Economy Leadership Award. In order to reach net zero by 2050, FENC established five major carbon reduction strategies, including improving energy efficiency; adopting low-emission fuel alternatives; developing renewable energy; utilizing carbon capture, utilization and storage; fostering raw material transition. The Company built the first net-zero rPET plant in Japan. These efforts brought FENC the Climate Leadership Award. FENC also received its fifth People Development Award for prioritizing workers' rights and developing FENC-wide human resources strategies.

Additionally, by turning industrial waste gas into recycled polyester, FENC and its brand customers pioneered the first apparel products with waste gas as the raw material. This innovation reduces the world's reliance on petrochemical materials while cutting carbon emissions dramatically. For this remarkable breakthrough, FENC was honored with the TCSA Innovative Growth through Innovation Award and GCSA Best Practice Award for World Market- Great Practice of 2022.





About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

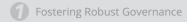
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable



Special Report





2022 Highlight **Target and Progress** Material Topics

- 2.1 Instigating Production and Product Innovation
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- 4 Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Enabling Unlimited Innovation

- 2.1 Instigating Production and 61 **Product Innovation** 2.2 Developing Green Products 62
- 2.3 Honing Product Management 64 2.4 Building Customer Rapport



- Employee / Labor Union
- Business Partner (Supplier / Contractor)
- Direct Customer

☐ Government

- External Audit Agency
- Shareholder / Investor / Financial Institution











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



Special Report





2022 Highlight Target and Progress **Material Topics**

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- **G** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

2022 Highlight



Green Product Revenues NT\$45.976 Billion 20% Growth



Developing Energy and **Carbon Reducing**

PET Shrinkable Film and Nylon 56 Tire Cord Fabric







Polyester Applications in **EV** and **Green Energy Industry Chains**



Digital Applications

Building VR Factoryscape Service Platform



Technological Breakthrough Nylon 66 Solution Dye Filament **Shipment Doubled**



Team Uniform (See Special Report 1)



Patent Approvals



First in Taiwan with Ministry of Health and Welfare Approval to Produce rPET Food Container

Supplying rPET to Brand Customers in 2023 to Introduce the First Water Bottle in Taiwan

Made of 100% rPET (See Special Report 1)



Supplying rPET to Brand Customers to Introduce the First Soft Drink Bottles in Vietnam Made of 100% rPET (See Special Report 1)



FIGP Largest Single Bid in Japanese History for PET Bales (See Special Report 1)

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



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation

2022 Highlight **Target and Progress** Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- **G** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Target and Progress



Note: Growth in Green Product is set with 2015 as the base year.

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

2022 Highlight Target and Progress **Material Topics**

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Material Topics



Instigate Production and Product Innovation



Develop Green Products



Hone Product Management



Build Customer Rapport

Significance and Purpose of Management for FENC

Innovation is the core value that has been guiding FENC. With tremendous R&D momentum, we develop forward-looking products and transition into smart production and product services, making sustainability a reality through innovation, and generating green opportunities with circular economy.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish R&D Center and continue to infuse resources into the research and development of innovative products and production.
- Generate business opportunities through differentiation, value-adding and advantage in green products.

Significance and Purpose of Management for FENC

To respond to the risks and opportunities posed by climate change while helping brand customers fulfill their green commitments, a total green transformation has begun at FENC. The Company revolutionized the product lineups with climate-mitigating features as in the eco-friendly series to foster sustainable development.

Management Approaches and Effectiveness Evaluation Mechanisms

- Focus on recycle, replace and reduce as well as develop eco-friendly products.
- Obtain green product labels and certifications.

Significance and Purpose of Management for FENC

FENC supplies to major international brands worldwide. With multiple production sites offering a wide spectrum of products, FENC satisfies customers with products of the highest quality.

Management Approaches and Effectiveness Evaluation Mechanisms

- Ensure product certification and compliance with international standards.
- Conduct life cycle assessments to understand potential environmental impacts posed by FENC products and mitigate such impacts through improvement measures.
- Establish a management mechanism governing materials and applicable issues to ensure full product compliance.

Significance and Purpose of Management for FENC

We establish committed dialogues with customers to help them achieve sustainability goals, and maintain rapport by providing diverse and innovative products with quality and the best after-sales service, building the reputation as a corporation that fosters both revenues and sustainability.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish Regulations Governing Customer Relationship Management as the principle guiding customer relations.
- Participate in industry expos to showcase the latest products and document progress, including customer information gathered, orders received and new business developed.
- Managers of business units are to monitor the interaction between sales and customers and conduct customer satisfaction surveys to maintain customer orders.

- Production Units
- R&D Center

Authority

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

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





2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and Product Innovation
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- 3 Navigating a Green Future
- Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

2.1 Instigating Production and Product Innovation

FENC is driven by the urge to develop next-generation sustainable materials, integrating and focusing internal R&D resources on green and highly functional products. The Company hones its digital competitive edge by incorporating AI into production and management and building smart platforms, solidifying its status as the leader in the global polyester industry.

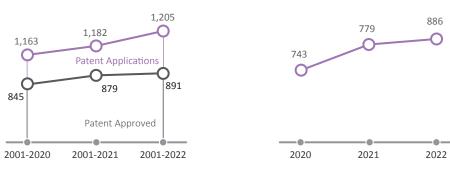
Diverse Innovative Momentum

- 1. Dedicated R&D units: Far Eastern Group R&D Center (R&D Center) in Taiwan and Sharon Center in the U.S. are dedicated to product research and development. Synergizing their resources and expertise, the two entities focus on the development of highly specialized products as well as the advancement and applications of recycling technologies. Product categories span high-functional polyester, environmental protection and recycling, health and medical services, automotive materials as well as functional apparels. R&D Center, being the largest research center in Taiwan for polyester materials, has been an endless source of innovations for FFNC.
- 2. Product development departments within each business unit: With a diverse product lineup, FENC established product development departments under each business unit to accelerate customer engagement and product launch. The Company also founded Innovation Direct to Market (IDM) and a cross-industry technological platform to align with the R&D resources from brand customers and fast-track the commercialization of innovative products.

Performance in R&D and Innovation



Unit: NT\$ Million



Note:

- 1. R&D Center was founded in 2001.
- FENC acquired Sharon Center in the U.S. in 2018, and the transfer of patent ownership has been ongoing. Sharon Center received approval on 559 patents. As of the end of December 2022, ownership for 483 of them has been transferred.





Nylon 66 Solution Dye Filament, a Technological Breakthrough Doubling Product Shipment

During the production of Nylon 66 Solution Dye Filament, the conventional dyeing process, which requires water, is replaced by adding color masterbatches during spinning. This water- and energy-efficient breakthrough echoes the environmental trend by reducing the consumption of dyes and chemicals, thus minimizing pollution. Compared with the more matured dope-dyed technology, color options for the masterbatches of nylon 66 filament are limited. Technological thresholds for this product are also higher than those for polyester filaments. Additional challenges for the production include a higher purity in terms of raw materials and highly detailed color specifications from brand customers. The slightest defects may affect production efficiency and tarnish product quality.

FEFC works with prominent international material manufacturers on the development of color masterbatches for nylon 66 filament with specifications that match the color, intensity and shade required by customers. The plant pushed through production bottlenecks with exceptional spinning technology. While meeting customers' quality standards, the plant has acquired the technological know-how for mass production during the process. Shipment for this product doubled in 2022.

Accelerating Digital Transformation

To facilitate industry transformation and evolution, FENC is weaving a comprehensive net of AI technology to cover all aspects of its operation and improve production and management efficiency. Smart applications incorporated include robotics, automated production, integrated perception smart system and cloud applications for the big data platform. Completed projects include a product quality forecast model, smart electricity management system, intelligence management bulletin board, VR training and cloud coordination operation. FENC is also developing additional forward-looking technologies such as data visualization, big data analysis platform as well as IIoT edge computing.

Additionally, to enhance employee awareness and digital transformation skills, the Company optimized the existing information management platforms in 2022 with additional applications and functions. Microsoft's SharePoint, for instance, offers information search and sharing among employees with more speed and precision. The collaborative editing function is added to boost efficiency. A digital transformation portal is also added to the information management platform for employees to share the latest updates and collaborate on promoting digital transformation.

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

2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



VR Factoryscape Service Platform at Hsinpu Chemical Fiber Plant

Hsinpu Chemical Fiber Plant constructed the VR factoryscape service platform in 2022. The platform contains images filmed throughout the plant premise, including the factory exterior, equipment, conduits, roads and workstations. The images were enhanced through calibration and removal of background noises and uploaded to the digital platform to be integrated into the various functions and components of the platform. The platform helps new recruits familiarize themselves with the plant environment and equipment. It also reinforces their skills and safety awareness, which reduces occupational hazards. The visualization element is a great tool for providing instructions and demonstrations, which is useful for facilitating efficient and effective communication during meetings. The platform is also integrated with other digital applications, such as the virtual bulletin board, which displays the current inventory status of raw materials and helps decision-making during production scheduling and material procurement. Another application involves the integration with the surveillance system, which monitors plant-wide conditions in real time, optimizing the efficiency of digital operation and management.



2.2 Developing Green Products

To embrace the risks and opportunities brought by climate change and help global brands fulfill their green commitments, FENC has focused its core strengths on green innovations and initiated a full-fledged green transformation. The Company is cultivating green competitiveness with 3R - recycle. replace and reduce as product strategies, developing eco-friendly products while safeguarding environmental sustainability.

Climate Mitigation Series

Product development focuses on the mitigation of climate change with replace, recycle and reduce at its core.

- 1. Replace fossil fuels: FENC devotes long-term research and development efforts to biomass as a replacement for fossil fuels to minimize their environmental impacts. Products that are most representative of the fruit of this effort are bio PET, which is made of biomass materials, and FENC®TOPGREEN®Bio3 PET Filament, which is made of recycled waste gas.
- 2. Recycle waste materials: FENC leads the global rPET industry with multiple innovations, including rPET resins made of recycled PET bottles. While rPET itself is value-adding, the production process reduces GHG emissions by 63% compared with that of virgin PET, Applications of rPET are wide-ranging. including food and non-food packaging, functional apparels, footwear and automotive materials as well as household goods. In recent years, the Company went on to develop textile recycling and chemical recycling technologies for polyester to expand the materials that can be recycled.
- 3. Reduce energy and resource consumption: FENC improves the energy and resource efficiency of the entire value chain. The Company reduces energy consumption during production, processing, delivery and usage to minimize GHG emissions associated with its products, which range from fast reheat PET resin, light-weight PET preform, refillable resin and dope-dyed filament.



Developing Nylon 56 Tire Cord Fabric with Innovative Green Materials

Tire cords are an integral part of a tire and account for over 30% of its production costs. Their quality has a direct effect on the tire performance. With the demand for green materials rising among global tire manufacturers, OTIZ has also been focusing on developing green materials. Its innovation, nylon 56, is made of fermented bio-materials. As a replacement for nylon 66 for the tire cord fabric, OTIZ is alleviating the world from its reliance on fossil fuels. As a replacement for nylon 66, nylon 56 further reduces the world's reliance on fossil fuels. Nylon 56 has higher moisture regain, environmental sensitivity and thickening rate compared with nylon 66, making it difficult to stabilize the spinning process. Without any prior examples as guidance, OTIZ collaborated with R&D Center for the material testing. By applying its technological know-



how and calibrating production parameters, OTIZ was able to identify the most ideal manufacturing conditions to deliver nylon 56 with consistent quality that exceeds customer demands. The production process costs less and emits 30% less GHG emissions than that of nylon 66, making nylon 56 an environmentally sustainable material.



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

2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix





Energy and Carbon Reducing PET Shrinkable Film

The production of conventional PVC shrinkable film has lower thresholds for glass transition temperature and equipment requirements. The unique shrinkability and flexible processing options also make replacing PVC outright very difficult. However, environmental awareness is on the rise. In light of the harmful environmental and health effects caused by PVC, the international community is tightening restrictions on the use of this material for packaging.

By capitalizing on its research on differences in material qualities, the vertically integrated industry chain as well as the repolymerization and shrinkable film production technologies, FENC has created such replacement – PET shrinkable film. The Company overcame several obstacles during production. It is challenging to cool and transport high-temperature plastic materials and to maintain a consistent process during which melted high-temperature PET materials must be cooled and stabilized to be pressed and extended into shrinkable films. The PET shrinkable film is highly shrinkable under low temperatures with good aging resistance, making it an ideal substitute for PVC shrinkable film. The product has been certified by the Association of Plastic Recyclers, and sales and revenues from this product grew exponentially in 2022. A larger market share means that more PVC films will be replaced and that FENC is making significant contribution to environmental sustainability.



Eco-Friendly Series

FENC has developed an impressive lineup of eco-friendly products. By using organic raw materials as well as toxin-free auxiliary materials, catalysts and additives, the Company aims to reduce pollutants derived from production and minimize negative environmental impacts. Featured products in this series include TOPGREEN®Sb free PET. FENC®TopClean and PFC Free Nylon 66 Filament.

Green Product Revenues

FENC's green products generated NT\$46 billion in revenues in 2022, a 20% jump from the previous year and a record high. The progress fueled growth momentum for the Company.

Green Product Revenues





Green Product Certification



Global Recycled Standard (GRS) Version 4.0



SCS Recycled Content Certification Version 7.0



Recycled Claim Standard (RCS) Version 2.0



Unit: NTS Million

The Association of Plastic Recyclers (APR)

Carbon Footprint of Products ISO 14067:2018 Based on Life Cycle Assessment ISO 14060:2006 ISO 14044:2006

Water Footprint of Products ISO 14046:2014 Based on Life Cycle Assessment ISO 14060:2006 ISO 14044:2006



Taiwan Green Mark



bluesign® Standard

OEKO-TEX® STANDARD 100

OEKO-TEX® Standard 100 Tested for Harmful Substances

Registration, Evaluation, Authorization and restriction of Chemicals (REACH)



Global Organic Textile Standard (GOTS-NL) Version 6.0



Organic Content Standard (OCS) Version 3.0



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

2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Green Initiatives

We are seeking a balanced approach in economic and environmental development with active participation in green initiatives. By engaging in conferences and forums, we communicate with our customers, building consensus in the development goals for the future. The following is a list of the green initiatives that the Company has taken part in:

- Taiwan Circular Economy 100 (TCE100)
- Packaging Recycling Organization Vietnam (PRO-Vietnam)
- The National Association for PET Container Resources (NAPCOR)
- The Association of Plastic Recyclers (APR)
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Textile Exchange (TE)

Resource Recycling Label for OGM During the First Regulated Recyclable Waste Industry Review

On November 16, 2022, the Environmental Protection Administration (EPA) held an award ceremony to honor excellence in resource recycling. This is the first review EPA conducted over the recyclable waste treatment industry targeting regulated waste. The review covers the entire waste treatment sector and qualified recycling businesses. Exemplary practices were recognized during the ceremony as a model of best practice for the industry.

With over three decades of waste treatment experience, OGM has a notable track record in developing the circular economy. The plant has obtained multiple certifications, among which are ISO 9001/14001/45001, Global Recycle Standard (GRS), Halal certification as well as international certifications from Coca-Cola,



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資源循環基石標章

Pepsi and Suntory. OGM has also completed ISO 14064 for quantifying and reporting GHG emissions. Such exceptional performance in resource recycling was recognized by the EPA.

OGM also recycles and reuses the waste generated on site and invested NT\$180 million in the construction of heat recovery boilers. Once completed, thermal energy generated from burning waste such as used labels and organic sludge will be captured to replace that generated from natural gas. Operation of the heat recovery boilers is scheduled to begin in 2023, turning waste into energy and reducing approximately NT\$5 million in monthly waste treatment fees.

2.3 Honing Product Management

FENC has a diverse product structure that caters to leading international brands in the food, household goods, apparel and automobile industries. With worldwide market distribution, FENC must supply quality and competitive products that are tailored to customers' high standards while complying with local regulations. FENC believes there is always room for improvement, never ceasing to optimize production and product quality and seeking to strengthen product management by integrating digital technology.





Conducting Life Cycle Assessment with PEF

The Product Environmental Footprint (PEF), which is introduced by the European Union, is a quantitative assessment of the environmental impacts from a product throughout the entire life cycle stages. PEF is consistent with the principles of the ISO 14040 and 14044 life cycle assessment. In 2022, Plant 2 of OPTC collaborated with the Green Energy and Environment Research Laboratories of the Industrial Technology Research Institute (ITRI) on quantifying the environmental impacts of PTA products, including depletion of water resources and fossil fuels, carbon footprints and particulate matter/respiratory Inorganics. The results serve as the basis for formulating strategies to mitigate PTA-related environmental impacts, such as using reclaimed water for domestic consumption to reduce impacts from depletion of water resources. The study also evaluates the installation of reverse osmosis devices at the cooling tower and reduction of natural gas consumption through energy-conserving measures; explores the feasibility of hydrogen fuel production and applications; examines the control and optimization of operational parameters for AI in the reactor to reduce energy consumption during production.

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

2022 Highlight

Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Life Cycle Assessment

To comprehend the degree of potential environmental impacts caused by raw materials, FENC conducts life cycle assessments in accordance with the ISO 14040 and 14044 standards or Product Environmental Footprint (PEF), quantifying environmental impacts caused by raw materials, energy, resources and GHG emissions during the product life cycle with systematic approaches. Among FENC products covered in the life cycle assessment, the boundary for PTA, polyester filament, recycled polyester filament, bio PET filament, dope dyed filament and polyester tire cord fabric is cradle-to-gate, including processes such as raw material acquisition and production. The boundary for PET and rPET is extended to delivery. The assessment covers processes from raw material acquisition through the end of delivery. The result indicates lower environmental impacts from rPET and rPET filament, which are made of recycled PET bottles, in comparison with petroleum-based virgin PET.

In the future, the Company will gradually expand the product life cycle assessment process to more products and broaden the boundaries. A clear assessment of the scale and significance of potential environmental impacts from FENC products will help the Company tackle these impacts from product management, R&D and design.

Life Cycle Assessment

Business	Product	Boundary	
Petrochemical Business	РТА	Raw material acquisition, manufacturing	
Polyester Business	Solid state polymer: PET, rPET	Raw material acquisition, manufacturing, distribution	
	Fiber: polyester filament, recycled PET filament, bio PET filament, dope dyed filament	Raw material acquisition, manufacturing	
Textile Business	Industrial fiber: polyester tire cord fabric	Raw material acquisition, manufacturing	

Product Quality and Safety Certification



Concerned Substance and Issue Management

- 1. Products, raw materials and production processes at FENC do not involve (not applicable) genetic engineering, nanotechnology, stem cell research, conflict minerals, animal testing or endangered species.
- 2. Safety Data Sheet (SDS) is provided for all FENC products in compliance with regulatory requirements, and managed and updated by designated personnel. Hazard assessment is conducted through the requirements listed on SDS, which cover risk identification, implement, required documentation, information provision and communication. The assessment ensures the safety of product usage, storage, delivery and disposal.
- 3. None of the products produced by Polyester and Textile Businesses are under hazard categories 1 and 2 of Globally Harmonized System of Classification and Labeling of Chemicals (GHS). PTA, a product under Petrochemical Business, is classified under health hazard category 2 (serious damage / Category 2B of eye irritation: the effects are fully reversible within 7 days of observation; Category 2 for reproductive toxicity: suspected human reproductive toxicant.)
- 4. During the reporting period, there were no incidences or disputes involving inappropriate usage, storage, transport or waste disposal regarding Company products.





FIGP Joining the Traceability and Visualization Project for Plastic Bottle Recycling Chain

Asahi Kasei, a Japanese chemical company, developed the BLUE Plastics project. which is a data visualization platform for the plastic recycling chain. By leveraging blockchain technology, the project prevents falsification and ensures the traceability of data collected from the recycling chain. Being the largest rPET supplier in Japan and already equipped with remarkable product traceability and recycling capabilities, FIGP has been chosen by Asahi Kasei as the partner to recycle and turn PET bottles into rPET.

The demonstration trial was conducted between September and November 2022 at FamilyMart stores in Katsushika City of Tokyo, Japan. After consumers deposit cleaned waste PET bottles into the recycling bin at the convenience stores, they can scan the QR codes from the bin with smartphones to document the quantity of bottles, trace at which recycling stages the recycled bottles are and carbon emissions they help avoid. The project boosts consumers' desire to recycle and forms a more robust product traceability system.

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



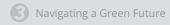
Fostering Robust Governance



Enabling Unlimited Innovation

2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport





- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix





Presentation on Total Quality Assurance System Implementation at Hsinpu Chemical Fiber Plant

Hsinpu Chemical Fiber Plant held the presentation on Total Quality Assurance System Implementation on September 14, 2022. The event featured quality improvement projects that had been implemented to help participants understand best practices in total quality assurance and develop analytical thinking as well as



problem-solving skills. Recognitions were given to outstanding projects.

The presentation covers four categories - Continuous Process Improvement, Digital SOP Application, Quality Data Visualization and Creative Quality Slogan. Among the 205 entries, 180 are submitted under the Creative Quality Slogan category and High Distinction Awards and Excellence Awards were presented. A total of twenty-five entries were submitted under the remaining three categories. Three Excellence Awards and three Honorable Mentions were presented. Winning entries include projects for equipment inspection and maintenance; digitization of equipment replacement SOP; reduction of packaging and waste treatment fees.

The event enhanced the awareness of and skills in quality management among employees and gave them the opportunity to learn from one another. Participating teams also demonstrated their ability to improve quality performance through digital management. Future presentations will be expanded to facilitate exchanges among FENC sites worldwide to maximize the synergistic effect of these exemplary projects.

2.4 Building Customer Rapport

FENC is a multinational conglomerate that spans the petrochemical, polyester and textile industries with a vertically-integrated production and sales framework that allows it to adapt to market changes swiftly. Such agility is reflected in FENC's R&D strategies and powered by multitudes of customer engagement channels, including physical and virtual meetings, correspondence, product launch meetings and corporate visits. FENC is also a regular invitee to vendor's meetings held by major international brands, during which FENC assesses customer needs and strengthens partnerships.

For a clear assessment of customer satisfaction towards its products and services, FENC conducts one to two customer satisfaction surveys yearly. The survey mechanism is designed and implemented by the production and sales departments. All customer feedbacks are examined during internal review meetings with follow-ups on improvements.

FENC's Customer Relations



Identify Customers

- Formulate sales strategy
- Observe industry condition
- Increase product visibility



Sell Products

- Share industry trends Offer product
- innovation Establish long-term relationship



Provide After Sales Service

- Administer satisfaction survey
- Deliver customize service
- Optimize product

Compliance with Customer Requirements

We have signed agreements with brand customers, and abide by the ethical, safety and procurement rules set forth while aspiring for further self-improvement.

- Ethics provisions from brand customers and SEDEX Members Ethical Trade Audits (SMETA)
- Fair Trade Certified USA (FTC USA)
- Social & Labor Convergence Program (SLCP)
- Safety compliance standards of brand customers
- Green supply chain management



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

2022 Highlight Target and Progress Material Topics

- 2.1 Instigating Production and **Product Innovation**
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



Introducing FENC's One-Stop Green Solution at TITAS 2022

The 2022 Taipei Innovative Textile Application Show (TITAS) was held between October 12 and 14 in Taipei Nangang Exhibition Center with a total of 367 suppliers from ten countries in attendance, drawing approximately 33,000 buyers to the event.



During the event, FENC also debuted the first ever ocean recycled anti-bursting jersey to the world. Made of recycled PET bottles from the ocean, the jersey was chosen as the uniform by multiple national teams during the 2022 FIFA World Cup. Also featured were FENC's green solutions to air pollution, including varns made of recycled waste gas. The product, paired with FEFC's nylon 66 dope dyed technology, has won multiple international awards.







Chartering Polyester Frontiers into EV and **Green Energy Chains**

The electric vehicle (EV) industry is gaining growth momentum and OTIZ has been partnering with Autoliv, a major Swedish auto safety system manufacturer, in the development of polyester yarns for airbags, which is now part of the Tesla supply chain. The product is used in the airbags of Tesla's Model Y series, helping the U.S. EV maker reduce carbon emissions through weight reduction. This lightweight polyester varn is the fruit of repeated communications and testing. It helps extend the vehicle's mileage performance. It also lays the groundwork for future EV applications. Meanwhile, FEIS collaborates with Gurit, a global supplier for advanced composite materials, to develop PET foam boards installed on the blades of wind turbines. Replacing PVC with recyclable PET is an environmental move that also enhances the physical property of this wind power application. Product shipments continue to increase. FENC has formed alliances with customers in the EV and green energy industries. As the Company marches towards the net zero vision, it will continue to expand polyester applications with quality green products and forge the polyester industry into an integral link of the green industry chain.







About This Report

Message from the Chairman

Sustainability Strategy Blueprint

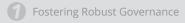
FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable







Navigating a Green Future

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix



Target Readers:

■ Government

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



















About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

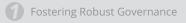
Identification of Stakeholders and Material Topics

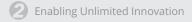
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable



Special Report







2022 Highlight

Target and Progress Material Topics

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

2022 Highlight



Total Energy Consumption ↓7%









Total Water Consumption



Water Conservation Projects Saving 6% of Total Water Withdrawal



Water Recycling Rate



Total Air Pollutant Emissions ₁7%



Waste Recycling and Reuse Rate



FEAV and FENV Production Waste Recycling and Reuse

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

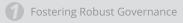
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report







2022 Highlight Target and Progress

Material Topics

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- A Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Target and Progress

	Reducing Energy Consumption per Unit of Production	Reducing Water Withdrawal per Unit of Production	Reducing Waste (Non-Recycling and Non-Reuse)	Reducing Air Pollutant Emissions	Reducing GHG Emissions	Increasing Installed Capacity of Renewable Energy
2030 Target	↓ 20 %	↓ 20 %	↓ 20 %	↓ 20 %	↓40 %	400 GWh
2025 Target	↓ 10 %	↓ 10%	↓ 10%	↓ 10%	↓20 %	300 GWh
2023 Target	↓6 %	↓6 %	↓6 %	↓ 6 %	_	120 GWh
2022 Target	↓4 %	↓ 4%	↓4 %	↓ 4%	_	100 GWh
2022 Progress	↓0.3 %	↓ 5% Completed	↓ 32% Completed	↓3 %	↓14 %	Completed 110 GWh
Action Plan	Optimize production and facilities. Incorporate innovative management approaches.	Continue with efforts in reducing water withdrawal at the source. Increase the percentage of recycled water utilized.	 Optimize waste recycling and classification. Enhance waste recycling and reuse. 	 Monitor and control air pollution. Replace outdated equipment. 	 Improve energy efficiency. Develop renewable energy. Adopt low-emission fuel alternatives. Utilize CCUS. Foster raw material transition. 	Build additional solar stations and biogas generators. Purchase renewable energy certificates (RECs).
Target Base Year	2020	2020	2020	2020	2020	
Base Year Data	3.07 GJ / metric ton of production	3.15 kiloliter / metric ton of production	23,238 metric tons	1,606 metric tons	2,432 ktCO ₂ e	
	7 AFFORMET AND 12 RESPONSIVE CONSIDERITY AND PRODUCT THE AND P	6 AUGUSTATER 12 AUGUSTATER AUGUST	3 GOODHAATH 12 REPROBLE CONCERNENTS AND RELEASED AND RELE	3 GOODELITH 12 GOODELITH ONESMATIN ONDODUCTIN ONDODUCTIN	12 RESPONSE CONCEINED NO PRODUCTION OF THE PRODU	7 ATTORNAGE AND 12 RESPONSED BY ACTION ACTIO

Note: The scope of disclosure covers 21 FENC production sites, which accounts for 100% of the production sites covered in this report.

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

2022 Highlight

Target and Progress

Material Topics

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Material Topics



March Towards Net Zero

Significance and Purpose of Management for FENC

FENC evaluates the risks and opportunities brought by climate change and responds with concrete strategies. The Company implements a broad range of projects aiming to avoid GHG emissions. By forging alliances with its global partners, the Company strives to mitigate global warming. Disclosures on GHG management performance include emissions: reduction targets and progress; renewable energy use and implementation; carbon trading; regulatory compliance.

Management Approaches and Effectiveness Evaluation Mechanisms

- Conduct regular evaluation of climate-related financial
- · Establish GHG reduction targets, formulate strategies and track project performance.
- Continue to expand the scope and category of GHG
- Obtain international certifications such as ISO 14064-1.
- Introduce innovative low-carbon production facility.
- · Replace fossil fuels with low-carbon alternatives.
- Increase the use of renewable energy.
- Research and develop green products.

Authority

- Energy Task Force
- All production sites



Elevate Energy and Resource Efficiency

Significance and Purpose of Management for FENC

FENC believes that natural resources are meant to be shared among all humanity, hence regarding energy and resource efficiency as the means to prevent resource depletion. FENC monitors the management approaches, reduction targets, strategies and implementation on the consumption of energy, water and raw materials. All practices are carried out in accordance with regulatory requirements with regular tracking on performance in areas such as energy and water efficiency.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish targets for reducing energy and resource use.
- Appropriate budget and establish intercompany authority.
- Implement reduction projects and regular performance tracking.
- Obtain international certifications such as ISO 14001 and ISO 50001

Authority

- Energy Task Force
- All production sites



Steer Environmental Management

Significance and Purpose of Management for FENC

FENC values all beings on Earth. With a strong commitment to protecting natural habitats and resources from pollution, the Company has been introducing innovative products that are made of recycled waste from the land and ocean. The objective is to protect natural resources, ensure biodiversity and safeguard environmental sustainability. Its corporate sustainability disclosure covers data on pollution related to air, soil, noise as well as solid and toxic waste; preventive and control measures; leakage occurrences; targets; implementation; management.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish air pollution and waste reduction targets.
- Introduce innovative production and facilities.
- Conduct environmental impact analysis prior to plant construction.

Authority

- Energy Task Force
- All production sites

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

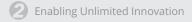
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report







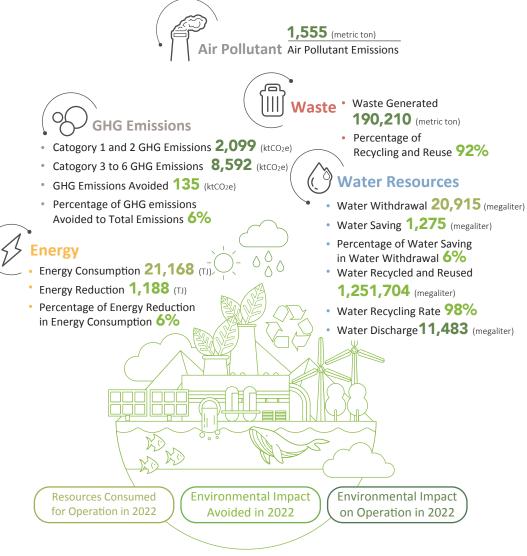
2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

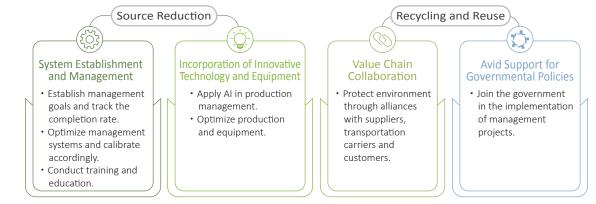
Overview of Environmental Performance

FENC has a consistent track record in fostering environmental sustainability. With source reduction and recycling as the two major strategies, the goal is to enhance efficiency in resource consumption and mitigate the effects of climate change and steer environmental management. It is our unwavering commitment to preserve the beauty of mother nature for future generations.



- 1. Please refer to the chapter content for details.
- 2. The percentage of GHG emissions avoided (%) is calculated based on the total GHG emissions of Category 1 (Scope 1) and Category 2 (Scope 2).

© Strategies and Guidelines on Environmental Sustainability

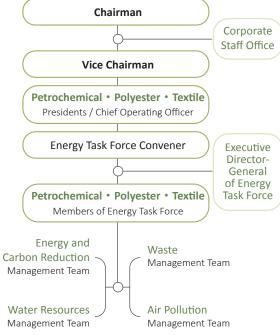


Environmental and Energy Management Authority: Energy Task Force

FENC established the intercompany and interdepartmental Energy Task Force in 2010. As the Company expands its territory, the Energy Task Force has also expanded its scope of management to cover production sites in Taiwan, mainland China, Vietnam, Japan, the U.S. and Malaysia. As environmental sustainability gains traction, management issues also arise and require attention. FENC created environmental management teams under each Business to establish the environmental review and management mechanism, including the Water Resources Management Team, Air Pollution Management Team, Waste Management Team and Energy and Carbon Reduction Management Team, which covers the management of GHG emissions. renewable energy and new carbon reduction technology. FENC also reset the company-wide environmental management goals in 2022.

The Company built the Energy and Carbon Reduction Circular Economy Management Platform, an online database that systematically collects environmental data from all FENC production sites, which would be reviewed and tracked during the monthly energy management meetings. Every September, a special briefing on energy and carbon reduction is conducted with the convener and committee members of the Energy Task Force presenting annual performance and future plans to corporate executives such as the Chairman, Vice Chairman and President of each Business in attendance.

Organizational Framework of Energy Task Force



72

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix

Percentage of FENC Operational and Production Sites With Sustainability-Related ISO Certifications

Certification Standards	Coverage Rate	Verification Agency
ISO 14001	68%	BSI, DNV, SGS, TUV
ISO 50001	41%	BSI, DNV, SGS, TUV
ISO 46001	5%	SGS

ISO Certification Dates and Validity Periods

Special Budget for Energy Reduction and Environmental Protection

Since 2010, FENC has been appropriating budgets for conservation and environmental protection purposes to implement projects furthering the objective of improving environmental performance and fulling its sustainable vision. In 2022, FENC leaped towards the transition for net zero emissions in full force, devoting NT\$10.69 billion to energy and carbon reduction and NT\$1.44 billion to environmental protection projects between 2023 and 2025.

Regular Environmental Management Meetings with Brand Customers

Customer feedbacks are of paramount value to FENC. The Company engages brand customers regularly through meetings to share its environmental management and performance. FEAZ, for instance, utilizes learning community meetings to share the measures the plant implements on energy efficiency improvement, water resources management and waste reduction. The environmental performance demonstrates FEAZ's commitment to and fulfillment of its sustainable promises to customers.



Green Building Recognitions

In 2022, Plant 2 of OPTC obtained the Bronze certification of Green Building Label awarded by the Ministry of the Interior in Taiwan. The certified project is unique in that the plant renovated an existing building and integrated a smart management system into the existing structure to manage the lighting, air conditioning, fire safety and electricity. After the rooftop solar panels were completed in 2022, the plant's Green Building Label leveled up from the Certified status to Bronze. The certification is the result of hard work and dedication from the entire team, and it brings FENC the second green building recognition since its 2019 Silver certification from Leadership in Energy and Environmental Design (LEED).

3.1 Marching Towards Net Zero

FENC is the leader in the global polyester and textile industries with long-term dedication to corporate sustainability. The Company has been implementing company-wide GHG inventory and control and established the short-, mid- and long-term GHG reduction targets. Pledging to net zero emissions by 2050, FENC went further by establishing five major low-carbon transition strategies - improve energy efficiency; adopt low-emission fuel alternatives; develop renewable energy; utilize carbon capture, utilization and storage (CCUS); foster raw material transition. The aim is to mitigate environmental impacts caused by GHG emissions and preserve the natural habitat and environmental sustainability. Targets and strategies were presented to the Board of Directors in 2022. In March 2023, FENC signed and submitted the Science Based Targets Call to Action Standard Commitment Letter to Science Based Targets Initiative (SBTi), committing to achieve the near-term targets and be net-zero committed. The letter has been accepted by SBTi. For details, please refer to Special Report 2. Reaching Net Zero Through Low-Carbon Transition 📉 .

3.1.1 Building Climate Resilience

The effects of climate change and global warming are growing severe. To mitigate and adapt to climate risks, FENC adopted the Task Force on Climate-related Financial Disclosures (TCFD) assessment in 2019. Each year, the Company discloses the results in its annual Sustainability Report and on the Company website. In 2023, the Company issued its first TCFD Report. Leveraging the TCFD framework and sustainability disclosure standards from Draft IFRS S2 Climate-related Disclosures, the report is an assessment of climate-related financial risks and opportunities on FENC Businesses and production sites with which the Company wishes to cultivate a resilience mindset. TCFD Report :

Climate Governance

FENC's climate governance is led by the Board of Directors, which oversees the company's climaterelated strategies and management guidelines. FENC also set up a functional committee at the Board level, the Sustainability Committee. In addition, the Sustainability Implementation Committee was established under the company's organizational structure, with the President of Corporate Management serving as the convener. The committee consists of representatives from the production sites and business units of each Business, and the administrative department, collaborating to promote the company's climate-related risk mitigation, adaption and low-carbon transition. The Energy Task Force is in charge of matters related to greenhouse gases and energy management. The Sustainability Team of the Corporate Staff Office is responsible for compiling sustainability performance data and reporting to the Board of Directors and the Sustainability Committee. The Presidents. Chief Operating Officers of each Business and the Energy Task Force report to the Board of Directors and internal meetings on a regular basis.

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



Fostering Robust Governance

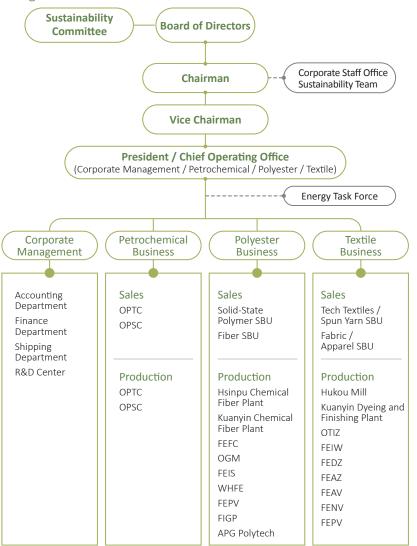


Navigating a Green Future

2022 Highlight
Target and Progress
Material Topics
Overview of Environmental
Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

The Organizational Chart of Climate-Related Risk and Opportunity Management



Climate-Related Risk and Opportunity Management System

In order to fully grasp the impact of climate-related risks and opportunities on the company, FENC has established a climate-related risk and opportunity management system. The Sustainability Implementation Committee is responsible for promoting the management of climate-related risks and opportunities and formulating a bottom-up risk and opportunity reporting system to implement a top-down tracking and supervision mechanism by the Board of Directors.

© Climate-Related Risk and Opportunity Management Procedure

Identifying Climate-Related Risks and Opportunities

- Research and analyze international scientific reports and relevant laws and regulations of various countries; regularly assess climate risks and opportunities related to the company.
- Cross-functional communication and assessment among business units, production units and administrative departments.
- Identify the company's material risks and opportunities.

Assessing the Extent of Impact and Formulating Management and Response Measures

- Conduct financial impact analysis specific to the top three material risks and opportunities identified.
- Formulate risk and opportunity management strategies and response measures.

Reporting and Tracking

- Regularly report to the Sustainability
 Committee and the Board of Directors on
 the outcome of climate-related risks and
 opportunities identification, impact
 analysis, strategies and response measures.
- Internal meetings are held regularly to report to members of the Board and senior executives on the management status of climate-related risks and opportunities.

Identifying Climate-Related Risks and Opportunities

Based on the TCFD framework, FENC established a comprehensive workflow to identify climate-related risks and opportunities. First, climate-related issues are collected. The climate risks and opportunities are then identified and screened using the Representative Concentration Pathway 8.5 (RCP8.5) and Net Zero Scenario (NZE) analysis to arrive at 18 that are most relevant to FENC. The risks and opportunities are assessed for impacts based on the time horizon, likelihood of occurrence and degree of impact for the prioritization of major climate risks and opportunities.

© Climate-Related Risks and Opportunities Identification Process

Information Gathering on Climate Issues

 Gather information of international reports and create a list of climate issues.



Identifying Material Risks and Opportunities

- Develop an assessment methodology.
- The business units related to any specific issue should conduct internal interviews, collect data through questionnaires, and converge the results.



Completing the Screening of Material Issues

 A Screening process is conducted to determine material issues, based on the likelihood of occurrence and extent of impact.

Scenario for Risks and Opportunities

Scenario	RCP8.5 (Emission Scenario)	NZE (Net Zero Scenario)
Туре	Physical risks	Transition risks and opportunities
Detail	The RCP8.5 scenario is presented in the IPCC's Fifth Assessment Report (AR5) under the assumption of absence in climate actions from all countries, which would result in the highest $\rm CO_2$ concentration. The RCP 8.5 scenario could be regarded as the most stringent climate scenario. Adopting the RCP8.5 scenario would help FENC assess the degree of impacts under the most extreme climate challenges.	The NZE scenario is published by IEA. To limit the global temperature rise to 1.5°C, the NZE scenario represents a path to net zero emissions by 2050 for the world and is considered the most extreme reduction scenario. As the surge of carbon reduction policies sweeps through the world, adopting the NZE scenario would help FENC gain competitive advantages by taking preemptive strikes.

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







2022 Highlight Target and Progress Material Topics Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

List of Climate-Related Risks and Opportunities

No.	Туре	Risk and Opportunity Issues	Potential Financial Impact	Time Horizons
1	Transition Risk	Regulations on greenhouse gas reduction and renewable energy	To meet regulatory requirements, FENC has expanded the deployment of its renewable energy installations, resulting in an increase in operating costs.	Medium term
2	Transition Risk	Carbon pricing mechanism	The regions where the company's production sites are located have implemented carbon pricing policies and imposed carbon fees/taxes on carbon emissions. It is estimated that the rising operating costs from carbon fees or taxes may peak in 2050.	Long term
3	Transition Risk	Carbon border tax	To avoid carbon leakage, countries have formulated carbon border taxes for imported products. FENC's operating costs will rise due to the import duty imposed on its exports.	Medium term
4	Transition Risk	Transition to low-carbon technologies and fuels	In order to achieve low-carbon transition, FENC has replaced existing conventional equipment and machines of high energy consumption and high carbon emissions with high-efficiency and low-carbon ones, resulting in an increase in both capital expenditure and production cost.	Medium term
5	Transition Risk	Research and development in net zero technologies	In the face of market demand, FENC has continued to develop net-zero technologies and green and low-carbon products, resulting in an increase in its R&D cost.	Medium term
6	Transition Risk	Changes in customer behavior	Considering the impact of climate change, customers prefer to use lower-carbon products and demand FENC should reduce carbon emissions. Failure to meet customer requirements may result in customer attrition and revenue loss.	Medium term
7	Transition Risk	Loss of investment attractiveness	Due to the inability to maintain good ESG performance, the willingness of investors to invest (or finance) will be reduced, resulting in a decline in FENC's market value or an increase in funding costs.	Medium term
8	Transition Risk	Industry stigmatization	With the rising awareness of environmental protection, any negative publicity related to carbon emissions may cause government and people living in the surrounding area to demand FENC cut down or even stop production, resulting in reduced production capacity and revenue.	Long term
9	Physical Risk	Increased severity and frequency of extreme weather events such as cyclones and floods	Damage to equipment caused by extreme weather events may reduce production capacity or increase maintenance costs.	Long term
10	Physical Risk	Rising sea levels	Under the impact of climate change, if the company's production site is located in a high-risk area prone to sea level rise, it may cause the assets and equipment to be submerged, leading to asset damage.	Long term
11	Physical Risk	Increased severity and frequency of extreme weather events such as cyclones and floods (supply chain)	The locations of suppliers or the shipping routes are affected by climate change, causing raw materials to not arrive at the factory on schedule, resulting in a reduction in output.	medium term
12	Physical Risk	Rising mean temperatures	Outdoor operations need to be suspended due to high temperatures, leading to prolonged working time and an increase in labor costs.	Long term
13	Physical Risk	Changes in precipitation patterns and extreme variability in weather patterns	Extreme precipitation patterns, such as an increase in consecutive dry days, heighten the risk of water shortages. In order to enhance the resilience of water resources, FENC has invested in water-saving facilities and initiated water conservation measures, resulting in an increase in capital expenditure and operating costs.	Short term
14	Opportunity	Reduced water usage and consumption	When water shortages occur, FENC's water resources management measures with better resiliency, compared to its peers, help to avoid a decline in production output or delayed shipments, thereby increasing sales revenue.	Medium term
15	Opportunity	Use of lower-emission sources of energy	By using renewable energy or other low-carbon energy sources to meet customer requirements, FENC can increase product price bargaining power or order volume, thereby increasing sales revenue.	Medium term
16	Opportunity	Development or expansion of low emission goods and services	The company continues to reduce product carbon emissions, meeting customers' emission reduction requirements, increasing product price bargaining power or order volume, thereby increasing sales revenue.	Short term
17	Opportunity	Development of new products or services through R&D and innovation	Through the research and development of green products, FENC can meet customer requirements, thereby increasing sales revenue.	Short term
18	Opportunity	Access to new markets	As recycling policies are promoted and implemented in various countries, the overall environment is conducive to FENC's expansion of its market for recycled products, thereby increasing sales revenue.	Short term

Note: Short term refers to the period between 2022 and 2025; medium term 2026 and 2030; long term 2031 and 2050.

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

2022 Highlight Target and Progress

Material Topics

Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix

Identification Outcome of Material Climate Risks and Opportunities

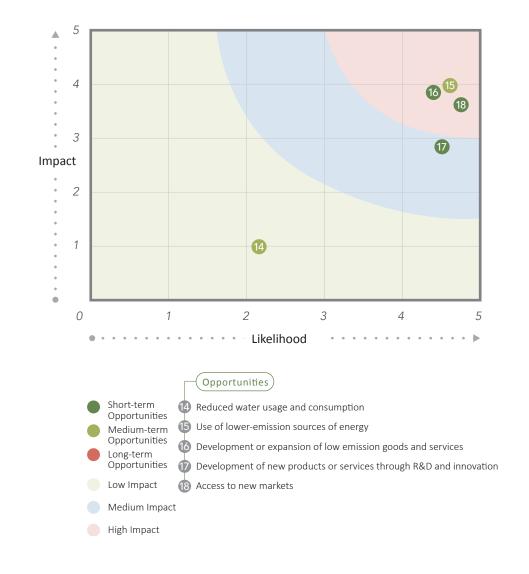
Carbon pricing mechanism, carbon border tax and changes in customer behavior are identified in the assessment as the top three material risks; access to new markets, use of low-emission sources of energy, and development or expansion of low-emission goods and services are the top three material opportunities. FENC conducted quantitative financial analysis targeting the six issues and formulated management strategies with implementation measures to galvanize FENC's climate resilience.

FENC Climate-Related Risk Matrix





FENC Climate-Related Opportunity Matrix



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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Material Climate-Related Risks and Opportunities: Strategies and Response Plans

Strategies and Response Plans

Carbon pricing mechanism

FENC has launched the ISO 14064-1:2018 GHG inventory, monitored the GHG emissions of each production site, and formulated five low-carbon transition strategies to achieve the GHG reduction goals set by the Company. These strategies include improving energy efficiency, adopting low-emission fuel alternatives, developing renewable energy, utilizing CCUS, and fostering raw material transition. The Company is set to reduce 20% of GHG emissions by 2025, 40% by 2030, and reach net zero emissions by 2050. In addition, FENC continues to analyze and evaluate the trends on international carbon pricing to assess its strategy on internal carbon pricing.

Carbon border tax

The financial impact is positively correlated with the carbon emissions per unit of production. To mitigate the risk, FENC will implement strategies, such as expanding the use of alternative low-carbon materials, improving energy efficiency, adopting low-emission fuel alternatives, and deploying more renewable energy facilities to reduce the carbon footprint of its production processes.

Changes in customer behaviors

In response to customers' demand for low-carbon products in the value chain, we will aggressively reduce GHG emissions per unit of production, and GHG emissions in the production processes by improving energy efficiency, adopting low-carbon fuels, and using renewable energy.

Use of loweremission sources of energy

FENC continues to deploy renewable energy facilities, including solar, biogas and wind power generation, and collaborates with other renewable energy suppliers. It is estimated that the installed capacity of its solar power facilities will reach 90MW by 2025, a five-fold increase from 2022, and the annual electric output can reach 100 GWh. In addition, starting in 2023, FENC will purchase a minimum of 100 GWh of renewable energy each year, endeavoring to meet the expectations of customers.

Development or expansion of low emission goods and services

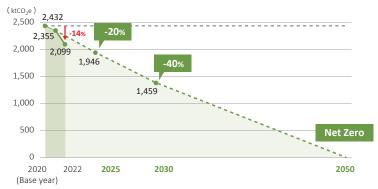
FENC continuously promotes the research and development of technologies related to green products, including products which can replace petroleum-based raw materials (Replace), and can be recycled (Recycle), as well as reduce energy and resource consumption (Reduce). FENC has been expanding its green product production capacity to meet the needs of customers in the value chain.

Access to new markets

FENC keeps on researching and developing circular recycling technology and the applications of multiple recycling products, while paying attention to the trend of recycling-related laws and regulations in various countries. It has deployed all-encompassing circular technology on land, ocean and air, and expanded its production capacity of recycling and circular products with optimal capacity planning, aiming to become the World No. 1 in rPET production capacity.

Climate Risk Metrics and Targets

Target and Progress of GHG Reduction



Please refer to 3. Navigating a Green Future – Targets and Progress 💢 for additional climate targets and progress.

Five Major Low-Carbon Transition Strategies



Improve **Energy Efficiency** FENC improves energy efficiency by optimizing the production process, facilities and energy management. Energy projects in the pipeline include a new cogeneration system, capitalizing on thermal and electrical power by recycling and reusing waste heat. Please refer to 3.2.1 Energy Management 📉 for details.



Adopt **Low-Emission Fuel Alternatives**

FENC's short-term carbon reduction plans call for replacing high-emission fuels such as coal or heavy oil with low-emission alternatives such as natural gas and biofuels. The midto long-term plans are to be fully transitioned, replacing natural gas completely with hydrogen fuels. Please refer to Special Report 2. Reaching Net Zero Through Low-Carbon Transition 🖔 .



Develop ___ Renewable Energy

FENC is investing heavily in renewable energy equipment and increasing the percentage of renewable energy yearly in its energy mix. Please refer to 3.1.3 Renewable Energy Use for details.

- Installed capacity for renewable energy: The 2025 capacity is projected to grow 500% to reach 90MW from the 2022 capacity of 15MW. The projected power generation with this capacity is 100 GWh.
- Purchased renewable energy: Starting in 2023, FENC will purchase a minimum of 100 GWh of renewable energy each year.



Utilize CCUS

FENC plans to capture and reuse carbon from the boiler exhaust to reduce carbon emissions.



Foster Raw Material Transition

FENC adopts low-carbon alternatives with focuses on recycling and biomass. The Company has been applying its core strengths towards the development of environmentally friendly and low-emission materials and expanding the applications of these innovations. Please refer to 2.2 Developing Green Products is for details.

Note: The statistics include category 1 (scope 1) and category 2 (scope 2) emissions of all production sites in this report

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental

Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

3.1.2 GHG Inventory

GHG Management Guidelines and Measures



System Establishment and Management

- Comply with the ISO 14064-1 and GHG Protocol standards in the development of direct and significant indirect GHG inventory.
- Disclose GHG emissions regularly and report to the authority.
- Set GHG reduction targets and strategies.



Incorporation of Innovative Technology and Equipment

- Construct solar power stations.
- · Install biogas generator.
- · Build hybrid power stations with a combined cooling. heating and power system.
- · Build cogeneration systems.



Avid Support for Governmental Policies

- · Increase use of renewable energy
- · Comply with Climate Change Response Act and Renewable Energy Development Act in Taiwan.
- Comply with the carbon credit requirements set forth in Trial Procedures of Shanghai Municipality on Carbon Emission Administration.

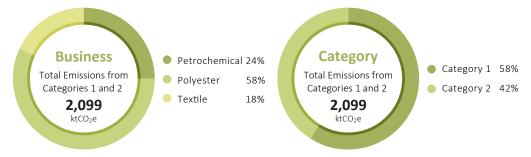


₹○} System Establishment and Management

All FENC production sites conduct GHG inventory in accordance with the ISO 14064-1:2018 standards. The Company references the GHG Protocol published by World Business Council for Sustainable Development (WBCSD) as the basis for developing emission categories and divides categories 3 to 6 (scope 3 of GHG Protocol) into 15 reporting categories related to indirect emissions, such as purchased goods and services, fuel-and energy-related activities, upstream and downstream transportation and employee commuting. The next phase entails more frequent third-party verifications, up from once every three years to annual verifications to ensure the credibility of the inventory.

The results are analyzed to identify emission hot spots to be monitored regularly, and FENC adjusts its carbon reduction approaches accordingly to reach the reduction goals. Additionally, the Company is in the process of introducing internal carbon pricing as a management tool. Currently, the focus is on studying global trends as well as internal and external carbon costs in order to determine appropriate internal charges for carbon emissions. Aside from being an incentive for carbon reduction, the measure will support special projects that further the cause and R&D in new technologies that will lead FENC forward on its carbon reduction pathway.





- 1. Data collection on categories 1 and 2 (scopes 1 and 2) accounts for 100% of the scope of this report.
- 2. Category 2 emissions are accounted according to the market-based method.

Direct and Energy Indirect GHG Emissions (Market-Based)

Unit: ktCO2e

		Pet	rochem	ical	P	olyeste	r		Textile			Total	
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Direct Emissions	Category 1	364	389	352	771	805	742	137	146	124	1,272	1,340	1,218
Energy Indirect Emissions	Category 2	195	152	150	655	537	484	310	326	247	1,160	1,015	881
To	otal	559	541	502	1,426	1,342	1,226	447	472	371	2,432	2,355	2,099

Direct and Energy Indirect GHG Emissions (Location-Based)

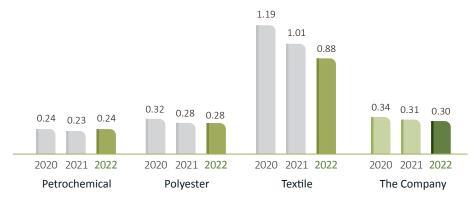
Unit: ktCO2e

		Pet	rochem	ical	P	olyeste	r		Textile			Total	
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Direct Emissions	Category 1	364	389	352	771	805	742	137	146	124	1,272	1,340	1,218
Energy Indirect Emissions	Category 2	195	152	150	655	537	500	310	326	247	1,160	1,015	897
To	tal	559	541	502	1,426	1,342	1,242	447	472	371	2,432	2,355	2,115

Note:

- 1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
- 2. GHGs include CO2, CH4, N2O, HFCs, PFCs, SF6 and NF3. ISO 14064-1:2018 categorizes emission sources into direct (category 1, emission source from directly owned or controlled by the organization) and indirect (category 2, indirect GHG emissions from imported energy such as electricity, heat and steam).
- 3. In 2020, 100% of the emission data passed the internal audit; 66% passed the third-party verification for the ISO 14064-3 standards or local regulations, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, OPTC, OPSC and FEIS.
- 4. In 2021, 100% of the emission data passed the internal audit and third-party verification for the ISO 14064-3 standards.
- 5. In 2022, 100% of the emission data passed the internal audit; 71% passed the third-party verification for the ISO 14064-3 standards, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Kuanyin Dyeing and Finishing Plant, OPTC, FEFC, OTIZ, the polyester plant of FEPV and the knitting and dyeing plant of FEPV.
- 6. In 2022, the total direct and indirect emissions (categories 1 and 2) from four FENC production sites in Taiwan are 713 ktCO₂e.

Direct and Energy Indirect GHG Emissions per Unit of Production
 Unit: tCO2e / metric ton of production



Note: The Textile Business does not include FEAZ, FEAV and FENV.

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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Direct and energy indirect emissions (categories 1 and 2) in 2022 dropped by 11% compared with the previous year, which is a testimony to the performance of the FENC's GHG reduction projects. Through energy conservation measures and increase in renewable energy use, energy indirect emissions were cut by 134 ktCO2e in 2022. Direct emissions were also down by 120 ktCO₂e due to equipment improvements and the switch to alternative fuels.

Other Indirect GHG Emissions in 2022 (Category 3 to 6)

Unit: ktCO2e

	Petrochemical	Polyester	Textile	The Company
Purchased Goods and Services (Category 4)	2,484	4,382	692	7,558
Capital Goods (Category 4)	20	34	3	57
Fuel- and Energy-related Activities (Category 4)	89	259	70	418
Upstream Transportation and Distribution (Category 3)	66	40	6	112
Waste Generated in Operations (Category 4)	7	4	3	14
Business Travel (Category 3)	0.04	0.86	0.28	1.18
Employee Commuting (Category 3)	0.47	19	11	30
Upstream Leased Assets (Category 4)	2	0.51	0.48	3
Downstream Transportation and Distribution (Category 3)	74	294	30	398
Downstream Leased Assets (Category 5)	0.10	0.06	0	0.16
Franchises (Category 5)	0	0	0	0
Investments (Category 5)	0	0	0	0
Total	2,743	5,033	816	8,592

Note:

- 1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
- 2. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the
- 3. FENC focuses on the production of polyester and raw materials with an array of terminal applications. The GHG emission generated from the processing, use and end-of-life treatment of sold products must be calculated based on specific scenarios. Due to the lack of objectivity and reference value, the data is excluded.
- 4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.

FENC-wide GHG emissions per unit of production were further reduced and the Textile Business cut GHG emissions per unit of production by 12% from 2021. The use of electricity generated through renewable energy is the main contributing factor to the decrease.

Other Indirect GHG Emissions (Category 3 to 6)

Unit: ktCO2e

	2021	2022
Purchased Goods and Services (Category 4)	7,754	7,558
Capital Goods (Category 4)	53	57
Fuel- and Energy-related Activities (Category 4)	431	418
Upstream Transportation and Distribution (Category 3)	239	112
Waste Generated in Operations (Category 4)	12	14
Business Travel (Category 3)	1.66	1.18
Employee Commuting (Category 3)	24	30
Upstream Leased Assets (Category 4)	50	3
Downstream Transportation and Distribution (Category 3)	429	398
Downstream Leased Assets (Category 5)	0.07	0.16
Franchises (Category 5)	0	0
Investments (Category 5)	0	0
Total	8,994	8,592

Note:

- 1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
- 2. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the GHG
- 3. FENC focuses on the production of polyester and raw materials with an array of terminal applications. The GHG emission generated from the processing, use and end-of-life treatment of sold products must be calculated based on specific scenarios. Due to the lack of objectivity and reference value, the data is excluded.
- 4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
- 5. In 2021, 100% of the emission data passed the internal audit and third-party verification for the ISO 14064-3 standards.
- 6. In 2022, 100% of the emission data passed the internal audit; 71% passed the third-party verification for the ISO 14064-3 standards, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Kuanyin Dyeing and Finishing Plant, OPTC, FEFC, OTIZ, the polyester plant of FEPV and the knitting and dyeing plant of FEPV.

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental

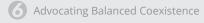
Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management











Recognition for Excellence in GHG Reduction at Hsinpu Chemical Fiber Plant

To encourage carbon reduction among industries, the Industrial Development Bureau of Ministry of Economic Affairs (MOEA) gives public recognitions to entities for exemplary practices each year. On November 23, 2022, Hsinpu Chemical Fiber Plant was recognized by the Bureau for excellence in GHG reduction.

Hsinpu Chemical Fiber Plant has devoted considerable efforts in carbon reduction with projects ranging from improvements on equipment efficiency, adoption of fuel alternatives and installation of solar power equipment. The plant incorporated the ISO 50001 energy management system and completed 54 carbon reduction projects in 2021, which amounted to NT\$28 million in investments and 6,728tCO2e in annual GHG reduction. By 2025, the plant will complete the construction of solar power facilities with 5,000kW of installed capacity. With NT\$170 million in total investments, the project will help the plant avoid 6,250tCO2e in GHG emissions a year. The recognition is a vote of confidence from the government to Hsinpu Chemical Fiber Plant for its long-term dedication to reducing GHG emissions.



: Incorporation of Innovative Technology and Equipment

OGM invested NT\$180 million in the treatment of the sludge and waste labels the plant generated. At the end of 2022, OGM constructed the heat recovery boiler plant and began incinerating 450 metric tons of waste labels as well as 140 metric tons of sludge a month. The heat generated during incineration took the place of the natural gas boiler as an alternative energy source. In addition to reducing waste treatment fees, another benefit is that the recovered heat produces steam that can power the plant facilities. In the pipeline for 2023 is the installation of rooftop solar panels with 273kW in capacity, which brings the total installed capacity of solar power to 764kW, taking OGM closer to net zero.

OGM is the first waste recycling plant in Taiwan to install its own solar power facility. By 2025, the plant will reach 1.700kW in installed capacity for renewable energy. On November 16, 2022, OGM received the High Distinction Award for Subsidized Entities as well as the Resource Recycling Label from the Environmental Protection Administration of Executive Yuan!

Avid Support for Governmental Policies

The enactment of Trial Procedures of Shanghai Municipality on Carbon Emission Administration in 2013 puts a cap on carbon emission for OPSC and FEIS. The two subsidiaries ensure regulatory compliance by formulating various carbon reduction and monitoring measures and establishing energy conservation and carbon reduction goals at each year end for the coming year. The progress is reviewed monthly during energy conservation meetings, where improvement measures are also proposed with designated lead agency for action. Each day, staff track the fluctuation of carbon pricing and report the observation during monthly meetings.

The Chinese government mandates corporate efforts in carbon reduction through its national emission trading scheme, and the emission allowance allocated in the system has been decreasing by the year. The COVID-19 pandemic prompted OPSC to switch to low-load operation in 2022, resulting in lower residual heat generated and higher demand for boiler steam produced from natural gas. OPSC exceeded the carbon emission cap and had to replenish the allowance with unused carbon balance. OPSC completed the steam turbine retrofitting project during the year and installed a rooftop solar station with 400kW in capacity. OPSC will continue to improve upon its equipment and production while expanding solar power facilities in anticipation of the decreasing carbon allowances the Chinese government will be issuing. FEIS implemented multiple energy conservation projects during this period. The plant reduced carbon emissions through constructing hybrid power stations with a combined cooling, heating and power system and purchasing renewable energy certificates. The plant plans on purchasing renewable energy certificates each year and adding solar power stations with 26,300kW in capacity, which will supply approximately 12% of the total electricity consumed by FEIS.

Carbon Quotas and Emissions of OPSC and FEIS

Unit: ktCO2e

		2020	2021	2022
OPSC	Quota	161	109	100
UP3C	Actual Emissions	150	115	118
FFIC	Quota	328	207	208
FEIS	Actual Emissions	309	219	184

- 1. The quota in 2022 were estimated emissions; the actual quota is yet to be verified by the government
- 2. The 2021 carbon allowance was updated to reflect the actual allocation by the authority. Actual emissions in 2021 were updated to reflect the data approved by the authority. The 2021 allowance and actual emissions both decreased due to government adjustments on the carbon emission factors for electricity and steam

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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

3.1 Marching Towards Net Zero

- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix

3.1.3 Renewable Energy Use

Installation of Renewable Energy Facilities

"Develop renewable energy" is one of the five major strategies propelling FENC forward along its march towards net zero. The Company has been intent on investing in and installing a broad mix of renewable energy facilities. Solar, biogas and wind power generators will be installed in Taiwan, mainland China, Vietnam, Japan and the U.S. FENC is supporting renewable energy use and GHG reduction with actions while minimizing environmental impacts from its production activities.

Since 2016, FENC has been installing solar power stations at its production sites in mainland China, which have generated a total of 69,275 MWh of solar power accumulatively. In 2022, a total of 14,199 MWh of solar power was generated at FENC sites in Taiwan, mainland China and Vietnam, of which 87% was consumed by FENC and a total of 6,876 tCO2e GHG emissions were avoided. During the same period, Hsinpu Chemical Fiber Plant, Hukou Mill, FEFC, OPSC and FENV added solar power facilities with a total of 2,647 kW in capacity. Additional solar facilities will be added at all production sites, bringing the projected installed capacity FENC-wide to 90MW in 2025, a soaring 500% growth from 2022 that would generate 100 GWh of power annually.





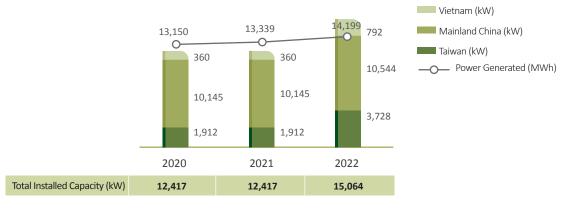
Avid Support for Renewable Energy Development Act

Regulations for the Management of Setting up Renewable Energy Power Generation Equipment of Power Users above a Certain Contract Capacity under the Renewable Energy Development Act mandate that energy-heavy industries in Taiwan must install renewable power generation equipment to supply 10% of their own contract capacity. As a show of support for the government, FENC has been gearing up on the promotion of renewable energy with planning and installing additional facilities. As of the end of 2022, FENC production sites in Taiwan have installed solar stations with 3,728kW in capacity and expansions on the way. It is anticipated that by 2025, the installed capacity for solar power will reach 19MW.

In addition to ongoing installation of solar power facilities. Plant 2 of OPTC will complete the installation of biogas generators in 2024. Utilizing the biogas generated from its own anaerobic treatment system, the plant will generate approximately 16 GWh in total annual capacity, which will satisfy 10% of its electricity consumption. This is a climate action that demonstrates its contribution to mitigating environmental impacts caused by global warming.

Five of the FENC production sites subject to the mandates on energy-heavy industries started to conduct an inventory of areas suitable for building renewable power stations. Considering power generation performance and shading requirements, it was determined that a total of 130,000 square meters would be ideal for rooftop solar panels. By the end of 2022, installation for 10% of the said area has been completed, and installation will continue into the next three years. Early implementation would give FENC the eligibility for discount offered to energy-heavy industries.

Renewable Energy Generation and Installed Capacity



Procurement of Renewable Energy

FENC has been purchasing green power since 2015. When the trading of Taiwan Renewable Energy Certificate (T-REC) started in 2018, FENC purchased T-REC from the Southern Region Campus of ITRI in 2019. In 2020, FENC accumulated 1,190 MWh of T-REC with additional purchase from National Penghu University of Science and Technology. In 2022, five FENC production sites in mainland China and Japan purchased 97.9 GWh of renewable energy certificates and avoided 57,390 tCO₂e of GHG emissions. FENC plans to purchase a minimum of 100 GWh of renewable energy certificates per year in the future to further reduce energy indirect GHG emissions.





FIGP's Renewable Energy Purchase



Electricity use accounts for over 80% of total emissions at FIGP, and therefore, its GHG reduction strategies focus on improving energy efficiency and incorporating renewable energy. Beginning in the second half of 2022. FIGP has been making monthly purchases of certificates of carbon



offset from Tokyo Electric Power Company Holdings, Inc. The purchased certificates cover electricity usage for the entire plant and have avoided 11,750tCO2e in GHG emissions. FIGP will continue its two-pronged approach of purchasing certificates of carbon offset and enough renewable energy to supply the plant-wide electricity usage in the future, making FIGP a net-zero plant.

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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

3.2 Elevating Energy and Resource Efficiency

3.2.1 Energy Management

Energy Management Guidelines and Measures



System Establishment and Management

- Expand ISO 14001 and ISO 50001 management systems.
- Optimize the management system and incorporate energy-saving performance into the reward system.
- · Conduct training and promotion.



Incorporation of Innovative Technology and Equipment

- Apply AI in energy management. Develop alternative
- fuel sources. Implement energy and emission reduction projects.

Value Chain Collaboration

- Collaborate with brand customers on energy and carbon reduction projects.
- Brand customers track energy data and the performance of energy conservation measures regularly.

The overall energy consumption in 2022 dropped by 6% from the previous year while the energy consumption per unit of production increased by 4%. The increase is attributed to decrease in production, which

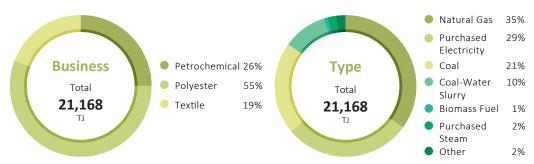
led to reduced thermal energy generation during the production process, hence cutting down the thermal energy



Avid Support for Governmental Policies

· Achieve 1% annual energy saving rate, which exceeds governmental requirement.

Energy Consumption in 2022



that could be recycled. FENC plans to continue implementing multiple energy conservation projects to maximize energy efficiency.

Renewable energy consumption at FENC in 2022 accounts for 3.4% of total energy consumption and 6.5% of total electricity consumption. Total renewable energy consumption in 2022 is 466 TJ.

Energy Consumption

		Petrochemical			Polyester			Textile			Total	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Purchased Electricity	1,274	1,137	1,106	3,231	3,712	3,085	1,642	1,785	1,522	6,147	6,634	5,713
Purchased Renewable Electricity	0	0	0	0	0	134	0	0	218	0	0	352
Self-generated Renewable Electricity	1	1	4	6	6	7	32	33	34	39	40	45
Total Electricity Consumption	1,275	1,138	1,110	3,237	3,718	3,226	1,674	1,818	1,774	6,186	6,674	6,110
Natural Gas	4,244	4,079	4,225	2,245	2,538	2,455	822	809	738	7,311	7,426	7,418
Heavy Oil	0	0	0	309	285	247	0	3	8	309	288	255
Diesel	3	4	3	13	9	13	0	2	0	16	15	16
Coal	0	0	0	3,722	3,900	3,445	1,168	1,216	1,039	4,890	5,116	4,484
Coal-Water Slurry	0	0	0	2,252	2,298	1,952	104	144	111	2,356	2,442	2,063
Biomass Fuel	214	201	192	0	0	24	0	0	101	214	201	317
Purchased Steam	2	18	22	319	297	264	375	246	219	696	561	505
Total Energy Consumption	5,738	5,440	5,552	12,097	13,045	11,626	4,143	4,238	3,990	21,978	22,723	21,168

Unit: TJ

^{1.} The statistics take into account energy consumed during the production process only. 2. The calorific value is based on the factors of calorific value from all production sites.

^{3.} External energy consumption is not taken into account. 4. Data collection on energy consumption accounts for 100% of the production sites within the scope of this report.

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



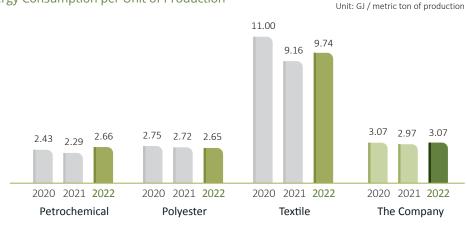




2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Energy Consumption per Unit of Production



Note: The Textile Business does not include FEAZ, FEAV and FENV.

{ఀ్డ్ System Establishment and Management

As FENC expands its business territory, it also expands the scope covered by the ISO 50001 energy management system. Following the Plan-Do-Check-Act (PDCA) cycle, the Company implements the following five major energy management policies:

- · Implement energy management.
- · Continue improving energy efficiency.
- Comply with applicable energy regulations.
- Procure energy conservation apparatus.
- Build consensus on energy and carbon reduction.

1. Internal Energy-Saving Incentives

To excel further in energy management, FENC is aware of the need to encourage collaboration among its affiliates. By learning from one another, these corporate entities may acquire energy conservation approaches that will inspire technological advancement and increase energy efficiency. Since 2005, the Far Eastern Group has been presenting Far Eastern Energy Awards to encourage and recognize excellence in improving energy conservation technologies and practices. In 2022, FENC submitted 16 projects, accounting for 37% of the total entries. Implementation of energy conservation projects will be continued to control energy costs.

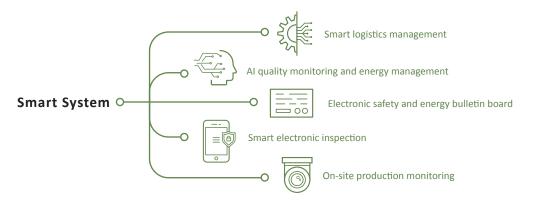
2. Incorporation of Energy-Saving performance Into Remuneration

Starting in 2016, a number of production sites have established Regulations Governing Energy Efficiency Rewards, which officially incorporates energy conservation performance into the evaluation criteria in the bonus system.

- Incorporation of Innovative Technology and Equipment

As the 5G and AI technologies flourish and the world races towards net zero emissions, digital transformation and smart evolution are inevitable paths ahead of the manufacturing industry. FENC has committed tremendous energy into the development and application of such development. With digital transformation as the strategy, FENC production sites have gradually incorporated Industry 4.0 and used AIoT to elevate the efficiency of quality forecast and energy management to build smart factories.

Smart Manufacturing



- 1. FEIS utilizes ultrasound to measure air flow. The results are analyzed using AI to detect any gas leak and prevent energy waste. Currently, the plant is in the process of incorporating AI to automatically adjust boiler parameters and optimize boiler combustion control. The technological advancement ensures that the boilers are operating under optimal parameters, thus conserving over 1% in fuel consumption.
- 2. APG Polytech installed an automatic monitoring device at the boiler to ensure safety. Using a deep believe network, the system monitors the operational status of boilers throughout the heating system in real time, which is highly reliable and effective. Operation began in November 2022. Monthly electricity consumption was down by 39%, saving approximately NT\$107.3 million in annual costs. The project also includes the replacement of an air preheater, which improves the combustion efficiency of the natural gas boiler and reduces natural gas consumption by 9%.

Value Chain Collaboration

The nine production sites under the Textile Business engage brand customers frequently to implement energy and carbon reduction projects and help them achieve GHG reduction targets based on the 1.5°C scenario. Data and progress are reported monthly on the customer platform for project tracking, management and review.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

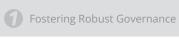
Identification of Stakeholders and Material Topics

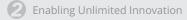
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report







2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**



FENC production sites subject to the 1% energy reduction mandates for energy-heavy industries from the MOEA have been reporting energy conservation rates on a regular basis. The policy period is extended to 2024. In the past seven years, all production sites have delivered higher energy conservation rates than the regulatory requirements.

Measures and Performance in Energy and Emission Reduction

Energy-Saving Rate at Production Sites in Taiwan



Note: Since 2015, the annual electricity saving rate has exceeded 1%.

FENC continues to promote energy and emission reduction measures with 67 projects completed and 135.168 tCO2e of carbon emissions avoided in 2022. The 19% jump from 2021 marks a record performance in the past five years. Major project focuses include replacement of dated equipment as well as improvement on energy efficiency and equipment.

© 2022 Energy and Carbon Reduction Projects

Production Improvement



Changes of production parameters, such as temperature, pressure and operating period.



Optimization, upgrade and replacement of air conditioning, air compressors, boilers, power generators, motors, lighting and production equipment, such as replacing air compressors and retrofitting the energy-efficient blower vacuum for the spinning machine.

Energy Management



19

Revamping of inverter air compressor, improvement of cooling system, adjustment of operating hours and discontinuing operation.

Energy Conservation and Emission Reduction Project in 2022

		Energy Conservation	GHG Emissions	Avoided (tCO2e)
		(L1)	Category 1	Category 2
	Production Improvement	28	0	3,979
Project	Equipment Improvement	1,013	17,517	93,188
	Energy Management	147	0	20,484
	Petrochemical	253	0	34,690
Business	Polyester	838	17,517	69,757
	Textile	97	0	13,203
	Total	1,188	17,517	117,651

- 1. The estimate of energy efficiency is compared against the energy consumption with original production process and equipment prior to project
- 2. The calculation of calorific value is based on the factors of calorific value from all production sites.
- 3. Natural gas is the source of category 1 (scope 1) emission and purchased electricity for category 2 (scope 2) emission.
- 4. Emission factors for electricity: The factor for production sites in Taiwan is 0.509 tCO2e/MWh as published by the Bureau of Energy, MOEA. The factor for production sites in mainland China is 0.420 tCO₂e/MWh, based on the local electrical grid. The factor for production sites in the U.S. is 0.306 tCO₂e/ MWh, based on the local electrical grid.
- 5. Emission factors for natural gas: The factor for production sites in Taiwan is 2.0088 tCO₂e/1000 m³, measured by mass balance approach. The factor for production sites in the U.S. is 1.9225 tCO₂e/m³ as published by the local government.
- 6. GHGs avoided include CO2. CH4 and N2O.

• Energy Conservation and Emission Reduction Projects in the Past Three Years

	2020	2021	2022
Actual Investment (NT\$1,000)	61,959	268,365	204,725
Savings (NT\$1,000)	40,958	85,467	64,121
Energy Conservation (TJ)	557	754	1,188
GHG Emissions Avoided (tCO2e)	78,955	114,048	135,168



Retrofitting the Air Compressor System



Air compressors are responsible for the majority of energy consumption at production sites, making it necessary for regular performance check and replacing with under-performing efficiency. To ensure high-efficiency operation, the air and pressure conditions must also be taken into account.



Plant 2 of OPTC puts safety first while prioritizing environmental protection and consistent production. The plant implemented a three-stage production adaptation and equipment replacement project by building the model for the cooling water system, adjusting water consumption and replacing the equipment. In February 2022, the plant retrofitted the water supply system for the air compressors. The project investment amounts to NT\$20.33 million, reducing 836 GWh in electricity consumption, NT\$20.89 million in electricity costs and 4,253 tCO2e in carbon emissions, reaching a 23.3% reduction rate.

The energy requirement for air compressors at Hsinpu Chemical Fiber Plant constitutes 11% of the total electricity consumption. By utilizing the online flow meter and electricity meter, the plant is able to monitor the energy consumption per unit of production for the air compressor in real time. In 2022, one of the air compressors was replaced with a newer and more efficient model, reducing electricity consumption by 188 GWh and carbon emissions by 957 tCO₂e annually. Kuanyin Chemical Fiber Plant also replaced one of its air compressors with a more efficient model, reducing electricity consumption by 194 GWh and carbon emissions by 987 tCO₂e annually. FEIS replaced an air compressor with a new one, improving energy efficiency by 12.7%. OTIZ also replaced the old with the new in 2022, reaching 12% in energy efficiency while decreasing electricity consumption by 23 GWh and carbon emissions by 133 tCO₂e annually.

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**

Energy and Emission Reduction Project Highlights

Production Site	Project and Performance
FEIS	Control valve relocation: The control valve for the factional column is relocated. The relocation reduced approximately NT\$4.3 million in costs and 813 tCO ₂ e in carbon emissions annually.
OTIZ	Infrared heating for the extruder screw: The switch to one-way infrared heating increased the thermal efficiently. The project reduced electricity consumption by 128 MWh, reaching 36.4% in energy conservation rate. It also lowers electricity costs by approximately NT $$3.5$ million and carbon emissions by 744 tCO ₂ e annually.
OTIZ	Nitrogen supply integration for the north and south plants: Nitrogen pipelines were rerouted to supply nitrogen from the north plant to the south plant. The rerouting saves approximately NT\$2.67 million in electricity costs and 500 tCO ₂ e in carbon emissions annually.
FEDZ	Replacement with new high-efficiency water pump: The new high-efficiency water pump reduced carbon emissions by 300 tCO $_2$ e and water costs by approximately NT\$1.33 million annually.
The knitting and dyeing plant of FEPV	Reusing cooling water from the high-temperature dyeing machine: Reusing cooling water from the high-temperature dyeing machine reduces unnecessary energy waste. The energy conserved is the equivalent of $5,414\ \text{tCO}_2\text{e}$ in carbon emissions.
Hsinpu Chemical Fiber Plant	Energy conservation for the new injection molding machine: A new motor and insulation are added to the drying system to reduce heat loss. The modification saves approximately NT\$1.8 million in electricity costs, reduces 650 MWh in electricity consumption and avoids carbon emissions by approximately 329 tCO ₂ e annually.
Hsinpu Chemical Fiber Plant	Optimization of the cooling system control at the cogeneration plant: The optimization of the cooling system reduces electricity consumption by 170 MWh, electricity costs by approximately NT\$4.8 million and carbon emissions by approximately 883 tCO2e annually.

3.2.2 Raw and Packaging Material Management

FENC devotes ongoing efforts to monitoring raw material usage while improving the production process and technology. By incorporating innovative technology and systems, the Company reduces raw material consumption while increasing the recycling rate. With standards more rigorous than the industry norm, the selection of raw material suppliers strictly follows the internal procurement management process and operational guidelines. FENC forms partnerships with those who abide by governmental regulations and sustainable guidelines, and commissions independent testing companies to examine the raw materials. To stabilize product supply, FENC procures raw materials from multiple suppliers, which ensures agility amid the capricious market conditions. Meanwhile, the Company interviews the suppliers and collects market information to assess their operational conditions and stay ready to respond swiftly in times of change.

Packaging materials are tailored based on production, marketing, customer types and delivery approaches. Priority consideration is given to packaging materials or operations that involve recycling, reuse or less material consumption. Safety is also assured in terms of management. The recycling quantity, recycling rate and completion rate are tabulated monthly. Unmet goals are examined. Managing the recycling of packaging materials may extend material life cycle while reducing consumption, costs and waste. In addition, FENC combines forces with suppliers and customers, working together and expanding our influence to create optimal packaging design that promotes recycling.

Raw and Packaging Material Management Guidelines and Measures



System Establishment and Management

- · Conduct trainings on raw material management.
- · Develop safety management system for hazardous materials.
- · Establish recycling targets for packaging materials and regularly track completion rate.
- Establish a proposal Improvement system for the use of raw materials.



Incorporation of Innovative Technology and Equipment

- Incorporate a smart scheduling system to reduce wear and tear with optimized scheduling.
- Establish AI quality forecast mode to reduce defect rate.
- Establish real-time production management data and optimize warehouse product management system.
- Adopt an automated warehouse system for raw material storage.



Value Chain Collaboration

- · Implement supplier evaluation to improve the quality of raw materials.
- Improve packaging material
- selection and package methods.
- Conduct dialogues with customers to reach consensus on simplifying product packaging.
- Share success stories on the recycling of packaging materials with customers and suppliers.

Management Procedure for Raw and Packaging Materials

Quality Control for Raw Materials

- 1. Establish annual production plans and goals.
- 2. Reduce waste by conducting regular reviews on consumption rates of primary and secondary raw materials as well as new products and production technology, improving production efficiency as well as recycling and reusing raw materials.
- 3. Hold a minimum of one management review meeting annually.
- 4. Evaluate suppliers to ensure material quality and maintain yield rate by reducing substandard products.
- 5. Reduce packaging for raw materials.

Training and Inspection

- 1. Annual policy regarding raw material management is announced in the beginning of each year.
- 2. At least once a year, training on raw material management is conducted in accordance with Company policy.
- 3. During the mid-year mark, training results are examined.
- 4. Quality control units conduct random inspections on packaging materials and improve the size and method of packaging.

Supply Chain Engagement

- 1. Planning and preparation of packaging materials are based on customers as well as the discussions from sales and marketing meetings.
- 2. Packaging materials are prepared with safety, environmental protection, quality assurance and efficiency as the principles.
- 3. Engage customers on packaging reduction.

Packaging Material Recycling

- 1. Recycling and reuse are implemented on-site.
- 2. Packaging materials are recycled from domestic customers.
- 3. Qualified suppliers are commissioned for off-site recycling.

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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**

FENC production sites provide estimates of the raw material consumption per unit of production in the annual budget and conduct bi-weekly meetings to review the consumption, adjust production parameters and optimize operation. The production sites also reduce raw material consumption per unit of production through production improvements from the annual capital investment plan. Management approaches are as follows:

- 1. Routine maintenance and forecast: Regular maintenance and equipment monitoring help ensure proper operation and prevent stop work caused by malfunctioning, which may lead to waste of raw materials.
- 2. Production management: Production efficiency may be improved through production planning, scheduling and inventory management. Loss resulted from fluctuating raw material costs may also be reduced.

FENC engages customers consistently on recycling packaging materials such as pallets, paper tubes and peg boards to establish a robust recycling management system. In 2022, the average recycling rate for packaging materials from the production sites within the scope of this report reached 80%. The average recycling rate for in-house recycling is 62% while that for recycling through external programs is 99%.

There were no leakages of raw materials, oils or fuels from FENC sites in 2022. One chemical leakage occurred at Kuanvin Chemical Fiber Plant, where 9.73 metric tons of PTA powder leaked out due to tank truck container rupture during an unloading operation that involved the air compressor. PTA is not a hazardous chemical, and the leakage caused no harmful effects. To be more prudent, the plant has modified the standard operating procedure to require that the driver and the transportation personnel go through and sign off on the pre-operation checklist together to avoid future occurrences.





Monitoring Raw Material Use with Visualization Software

FEFC conducts regular reviews on the use of raw materials and strives to improve the production process and technology. Raw material efficiency is improved by recycling and reusing the unspun yarns and packaging materials as well as thoroughly cleaning the spinneret. The plant also incorporates Industry 4.0, using real-time information and the warehouse management system to improve production management. In 2022, FEFC utilized the visualization software, TIBCO, to manage yarn recycling and classification. The smart data analysis tool provides clear data visualization on the usage of unspun yarns and ensures accurate classification. The tool also rapidly cross-checks year-to-year and monthto-month changes. Monthly KPI for yarn recycling is examined and reviewed to improve operational efficiency and reduce raw material waste.

Recycling Measures for Raw and Packaging Materials



Raw Materials

FENV adds long-acting auxiliary into the printing paste to prolong its usage. The mixture can be recycled and reused through filtering on the following day and being added to new pastes. The plant reached a 38% recycling rate in 2022 and the products have been scientifically verified as meeting customer requirements.



Paper Boxes

Hsinpu Chemical Fiber Plant used to place used cardboard boxes from customers in outdoor storage, which damaged some boxes beyond reusable conditions and resulted in a 46% average recycling rate. With efforts in customer engagement in 2022, the plant convinced the customers to store the boxes indoors and arranged for trailer trucks with gull-wing doors to collect them, which increased their reusability and the recycling rate to 86%.



Paper Tubes

Recycled paper tubes are susceptible to seasonal changes in temperatures and humidity. The varied lengths of the tubes tend to cause production issues. FEFC requests that the suppliers adjust the tubes based on local climate during production. The tubes tend to shorten due to high temperatures at the current storage area. FEFC is planning to rearrange the storage for paper tubes to maintain their quality and increase the reusable rate.



Packaging Materials

APG Polytech focuses on the production of PET resins. In the beginning of 2022, the plant had plans for transporting all customer shipments with leased motor trolleys, which would not require any packaging materials, and each trolley could save 107 bulk bags. With ongoing customer engagement, APG Polytech was able to transport 84% of its products through motor trolleys and 14% through packaging-free bulk trucking in 2022. The plant will continue its customer engagement efforts to minimize the use and purchase of packaging materials.

When it comes to production and distribution, OPSC's customer engagement focuses on reducing bulk packaging materials by shipping through tank trucks. In 2022, the plant shipped 90% of its products through tank trucks and reduced bulk packaging by 50% from the previous year.



Hsinpu Chemical Fiber Plant recycles the wooden pallets and reuses them after inspection and repair. The inspection and repair are performed by specialists, and the pallets are returned to production areas to be reused. FEIS replaced the wooden pallets with plastic ones, which reduced pallet breakage. In 2022, no new pallet purchases

Value Chain Collaboration

were made.

OGM values the safety of raw material use and promotes bulk bag recycling, which has also been a long-term focus of its customer engagement. The plant has a reliable recycling mechanism in place, and all secondary materials are currently stored in recycled bags. To reduce the use of packaging materials, the plant increased tank truck shipping in 2019. When the PET resin plant began operation in 2022, 70% of the finished products were stored in the tanks and shipped directly to customers, which drastically cut the use of bulk bags. OGM also monitors the quality of the bales from suppliers and enhances inspection during factory feed. Results are shared during supplier engagement to seek improvements and to reduce impurities in raw materials and production loss. Semi-finished products, which used to be treated as waste or sold as secondary materials, are recycled and reused to reduce raw material loss.

OPTC switched to recyclable square tubes and ropes which can be reused by customers to fasten goods in its cargo containers. The practice is so effective that customers have inquired about the specific approach. OPTC has successfully created a reproducible recycling practice favored by customers.

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental

Performance

3.1 Marching Towards Net Zero 3.2 Elevating Energy and Resource

- Efficiency 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**

3.2.3 Water Resources Management

FENC regards water as a shared resource. We value local water resources and their surrounding environment at all production sites. We have established reduction goals and continue to reduce water withdrawal and consumption per unit production. Working with our customers, we strive to mitigate the depletion of water resources. FENC has a water resources management plan in place. It includes water recycling and reuse and covers 100% of its production sites. The plan takes governmental policies, corporate development, industry evolvement as well as the needs of local residents into consideration to ensure that water resources are managed and distributed reasonably and efficiently. The Company strives to reduce consumption and maximize the efficiency of water storage and use. At FENC, the approach and quantity of water withdrawal do not pose any significant negative impacts on the local habitat and residents near water sources.

Water Resources Management Guidelines and Measures



System Establishment and Management

- Establish water resources reduction targets.
- · Manage risks involving water
- Classify water management by type
- Monitor water quality and prevent
- Track water consumption and water conservation performance regularly. Expand the ISO 46001 water
- efficiency management systems.

Incorporation of Innovative **Technology and Equipment**

- Apply AI in water resources management.
- Incorporate energy saving equipment such as low liquor ratio dyeing machine.

results and implementation will continue to be refined to optimize water efficiency.

Avid Support for **Governmental Policies**

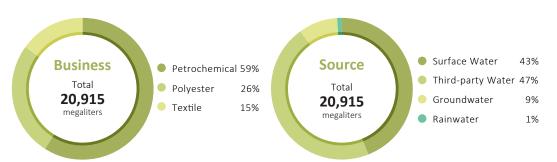
- Commit to including domestic reclaimed water as source of water withdrawal.
- Switch to smart meter to provide real-time data on water resources.

Water Recycling and Reuse

- Treat, recycle and reuse effluent.
- Optimize the operation of reclaimed water recycling system. Increase rainwater
- Water withdrawal dropped by 10% in 2022 compared with the previous year and total water consumption is down by 12%. Water withdrawal per unit of production throughout FENC decreased by 0.7% due to the decrease in production and modification in equipment operation. The Textile Business, however, increased recycled water quantity by installing effluent recycling equipment, reducing water withdrawal by 23% and water withdrawal per unit of production by 14% from the previous year. The Company's water conservation projects have delivered

recycling.

Water Withdrawal in 2022



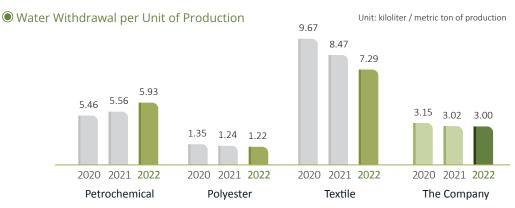
Water Withdrawal and Water Consumption

Unit: megaliter

	Pet	Petrochemical			Polyester		Textile			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Surface Water	6,812	6,386	5,932	1,954	2,047	1,743	2,583	1,995	1,390	11,349	10,428	9,065
Third-party Water	6,077	6,745	6,417	1,916	1,976	1,774	1,172	1,995	1,702	9,165	10,715	9,893
Groundwater	2	54	0	1,931	1,794	1,723	68	89	81	2,001	1,938	1,804
Rainwater	13	12	12	144	144	122	28	49	19	185	205	153
Total Water Withdrawal	12,904	13,197	12,361	5,945	5,961	5,362	3,851	4,128	3,192	22,700	23,286	20,915
Total Water Consumption	6,859	6,986	6,109	3,069	2,921	2,656	785	801	667	10,713	10,708	9,432

Note:

- 1. Surface water includes water from rivers, lakes and streams. Third-party water refers to tap water as well as wastewater from external organizations. Groundwater includes well water.
- 2. The difference between water withdrawal and effluent discharge is considered water consumption, which is mainly the result of evaporation at the cooling tower. Loss during production is a minor contributor.
- 3. The concentration of total dissolved solids (TDS) across the water withdrawal categories are under 1,000 mg/L.
- 4. No quarry water, seawater, or produced water that enters an organization's boundary as a result of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material, and has to consequently be managed by the organization is used at any of FENC production sites.
- 5. In 2022, OPTC Plant 2 used the water recycled by OPTC Plant 1 (169 megaliters), which is categorized under wastewater from external organization within the third-party water.
- 6. Data collection on water resources management accounts for 100% of the production sites within the scope of this report.



Note: The Textile Business does not include FEAZ, FEAV and FENV.

System Establishment and Management

Plant 2 of OPTC is fulfilling its commitment to improve water efficiency through systematic management. The plant improved its workflow by following the ISO 46001 standards for water efficiency management system and leveraging the PDCA method. It established corresponding strategies and actions targeting water risks and opportunities as well as goals, implementation, operational plans and control for water efficiency. In March 2022, the plant became one of the first ten entities in Taiwan to receive the ISO 46001 certificate. In the future, more FENC production sites will be incorporating ISO 46001, and certification will be expanded.

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental

Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**

Water Use Planning Procedure

Input

- · Type of water use
- · Environmental factors affecting water source
- Past and president water use. activities and functions
- Variables affecting major water
- Water efficiency performance

Review

- Water use analysis
- · Definition of major water use activities and variables
- Definition of opportunities improving water efficiency

Output

- · Water use and consumption trend
- · Forecast of future water use
- Opportunity for improving water efficiency
- Maior water use
- · Water efficiency indicator and baseline
- Target and action plan

1. Emergency Water Supply Backup Plan

FENC activates water response measures based on water alerts issued by local authorities, for instance, the Water Resources Agency in Taiwan. All production sites have emergency water supply backup plans in place to keep production activities uninterrupted even when water supply is scarce. In 2022, there were no occurrences of stop work caused by water shortages. FENC's emergency water response measures are as follows:

- Regulate discharge from water towers and air conditioning units to reduce discharge and recharge.
- Recycle effluent and activate the reverse osmosis (RO) membrane system as a backup water supply.
- Activate water supply evaluation for alternative supply (well water or groundwater) within the production site when the water level in the retention pond falls to the lowest point.

Incorporation of Innovation Technology and Equipment

Hsinpu Chemical Fiber Plant is utilizing LoRa, a low-power wide-area wireless communication technology, to transmit electricity and water flow data from the deep-water wells, which are scattered in various outdoor locations, to the database. Different from the manual meter reading practice, LoRa allows remote monitoring and control over the equipment and operation, which helps the plant reduce energy consumption and maintenance costs.

Water conservation efforts at FENC focus on reducing water loss caused by the wind drift and evaporation at the cooling tower. With production management and control, the Company aims to increase the concentration of recirculating cooling water, reduce water consumption and construct water recycling and reuse systems to achieve water conservation.

Water Conservation Project in 2022

	Actual Investment (NT 1,000)	Water Saved (kiloliter / year)	Percentage of Water Saving in Water Withdrawal
Petrochemical	28,159	281,388	2%
Polyester	11,554	275,016	5%
Textile	82,996	718,248	23%
The Company	122,709	1,274,652	6%

Note: Water saved is calculated by before the project with the same facility and same production procedure.

The knitting and dyeing plant of FEPV installed a water recycling system in 2022. The system transforms recycled effluent, which is first treated to reach level A discharge standards, into purified water through the RO system. The purified water is then looped back towards the dyeing and finishing process, which reduces water consumption by 596,848 kiloliters annually.

Kuanyin Dyeing and Finishing Plant replaced five low liquor ratio dyeing machines in 2022. Conventional dyeing machines rely on water circulation to operate. The new smart high-temperature dyeing machine with speed control is powered by conveyer belts, which reduces water and energy consumption. The replacement saves NT\$1.57 million in water expenses and conserves 45,828 kiloliters of water consumption annually.

Water Recycling and Reuse

Recycled water quantity in 2022 is consistent with that from previous year at a FENC-wide water recycling rate at 98%.

Water Recycling Rate

	2020	2021	2022
Petrochemical	98%	98%	98%
Polyester	99%	99%	99%
Textile	91%	91%	93%
The Company	98%	98%	98%

- 1. Water recycling rate = total water recycled and reused ÷ (total water withdrawal + total water recycled and reused) × 100%
- 2. Data collection on water recycling and reuse accounts for 100% of the scope of this report.

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Water Recycled and Reused

		Petrochemical		Polyester			Textile			Total			
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Circulating	Cooling Water	728,309	704,250	700,497	476,094	502,117	491,854	34,858	33,106	39,274	1,239,261	1,239,473	1,231,625
Water	Other	15,577	16,067	14,668	893	836	859	0	0	0	16,470	16,903	15,527
Recycled	Recycled Water Excluding Reclaimed Water	359	346	284	896	741	660	997	1,054	448	2,252	2,141	1,392
Water	Reclaimed Water	2,083	1,782	1,140	154	178	210	928	1,405	1,548	3,165	3,365	2,898
Other		292	266	262	0	0	0	0	0	0	292	266	262
Total Wa	ater Recycled and Reused	746,620	722,711	716,851	478,037	503,872	491,367	36,783	35,565	41,270	1,261,440	1,262,148	1,251,704

- 1. Recirculating water refers to water that cannot be discharged after being used within a water unit and is recirculated within the same water unit for reuse.
- 2. Recycled water refers to water units recycled after being used, discharged and recycled.
- 3. Other recirculating water includes water from the boiler, production process, turbine condensate and low pressure condensate and low pressure and low pressure and low pressure and low pressure condensate. Recirculating water at Hsinpu Chemical Fiber Plant and OPTC is from the boiler. At OPTC and WHFE, the recirculating water is recovered from the production process. At OPSC, the turbine condensate and low pressure condensate are the sources of recirculating water.
- 4. The "Other" category includes produced water which enters the company premise as a result of the production process.

1. Rainwater Recycling

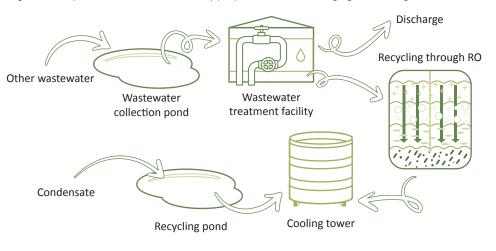
- Plant 1 of OPTC recycles water through the stormwater pond within its when the testing results meet all water quality standards. Water sources for the pond include water overflown from water features and rainwater within the plant, recycled water from rinsing operation during the later production stages and replacement water from the temporary pond. In 2022, water recycled through this stormwater pond reached approximately 199,000 kiloliters.
- · OPSC added a rainwater recycling facility which pumps the water collected in the rainwater pond to the inhouse wastewater treatment facility for recycling and reuse. The plant recycled approximately 12,900 kiloliters of rainwater in 2022.
- FEAV takes advantage of the six-month monsoon season in Vietnam. With approximately 15 rainy days a month and 23 kiloliters recycled daily, the plant recycled a total of 2,070kiloliters of water in 2022. The plant also installed a rainwater collection pond with 100kiloliters in capacity in September. It is projected that 5,000 to 9,000 kiloliters of rainwater will be recycled in 2023, and purposes for the recycled water include toilet flushing, landscape irrigation and cleaning canteen floors.

2. Recycling and Reuse

• FEIS recycles the condensate from air compressors, air conditioning and steam. Each year, the plant recycles 50,000 kiloliters of the condensate and saves approximately NT\$670,000 in water charges.

3. Reclaimed Water Reuse

- OPSC installed a reclaimed water recycling system. The effluent is treated at the in-house treatment facility and then reused as part of the water supply. The system recycled approximately 750,000 kiloliters of water in
- Kuanyin Chemical Fiber Plant used to collect wastewater through a stage one underground collection pond and discharge it directly to the wastewater treatment plant without recycling or reuse. In 2022, the plant retrofitted the wastewater collection pond, separating the storage tank into a wastewater pond and a recycling pond, where the condensate is recycled and looped back to the cooling tower. The plant recycles approximately 1,095 kiloliters of water annually. Its effluent is treated at the in-house treatment facility and then discharged to Shulin River. When the water quality meets testing standards, the effluent is recycled through the RO system and reused for sanitary purposes and for recharging the cooling tower.



Unit: megaliter

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

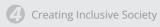


Navigating a Green Future

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management



Cultivating Compassionate Bonds

Advocating Balanced Coexistence

Appendix



To support governmental policies and reduce corporate water consumption, all FENC production sites implement the water resources management system, utilizing water conservation technologies and reusing water resources to help the government achieve water conservation goals. OPTC signed a reclaimed water contract with Taoyuan City Government in support of circular economy. Phase one is scheduled for completion in 2024 and OPTC will be consuming approximately 15,000 kiloliters of reclaimed water daily.

Effluents Management

FENC has adopted a three-pronged approach for effluent management methods and implementation plan:

- 1. Effluent source management: Modify and optimize the production process to reduce oil and surfactant discharge.
- 2. Treatment efficiency management: Gradually replace outdated equipment, regularly replace filter membranes, and establish real-time management through an intelligent central control system to adjust the operating parameters of wastewater treatment equipment in synchronization with
- 3. Environmental impact management: Continue to build wastewater treatment facilities that reduce noise, odor and pollution to improve the quantity of recycled water and to actualize the recycling and reuse of natural resources.

The Company has a comprehensive wastewater treatment standards and SOP in place to treat the wastewater discharge. With established treatment procedure, wastewater quality is regularly tested for pollutants to ensure compliance with governmental standards. The Company also obtains industrial wastewater discharge permit prior to discharging into water bodies where permitted. Wastewater from FENC is not utilized by any other organizations.

Beginning on February 1, 2023, Taiwanese government started issuing water conservation charges for users consuming over 9,000 kiloliters of water during dry seasons. Considering that seven of its production sites in Taiwan will be subject to this policy, FENC will continue to implement water conservation measures, reuse reclaimed water and increase water recycling rates to obtain favorable conditions for reduced charges or deduction.

Total effluent was down by 8% in 2022 compared with the previous year while effluent per unit of production increased by 3%. The main contributing factor is lower production. FENC plans to continue adding effluent recycling and reuse systems to increase water efficiency per unit of production.

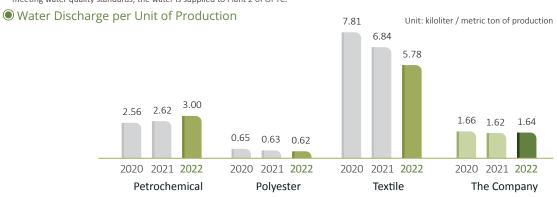


Water Discharge

Unit: metric ton

	Petroc		rochemi	cal	ı	Polyester		Textile			Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
TDS	Freshwater (TDS≤1,000 mg/L)	0	0	0	944	966	889	727	847	827	1,671	1,813	1,716
103	Other Water (TDS>1,000 mg/L)	6,045	6,211	6,252	1,932	2,074	1,817	2,339	2,480	1,698	10,316	10,765	9,767
	Surface Water	1,555	1,253	1,228	1,857	2,000	1,703	27	34	32	3,439	3,287	2,963
Destination	Off-Site Wastewater Treatment Facilities	4,490	4,784	4,855	1,019	1,040	1,003	3,039	3,293	2,493	8,548	9,117	8,351
	Other Purpose	0	174	169	0	0	0	0	0	0	0	174	169
	Total Water Discharge	6,045	6,211	6,252	2,876	3,040	2,706	3,066	3,327	2,525	11,987	12,578	11,483

- 1. FENC does not discharge effluent directly to the seawater or groundwater / well water. Please refer to the table, Effluent Treatment Methods and Final Discharge
- 2. "Other Purpose" refers to: In 2022, Plant 1 of OPTC recycled a portion of the effluent. After being treated at the in-house wastewater treatment facility and meeting water quality standards, the water is supplied to Plant 2 of OPTC.



Note: The Textile Business does not include FFA7. FFAV and FFNV.

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







2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- 4 Creating Inclusive Society
- Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- Appendix

• Effluents Treatment and Final Discharge Destination

Business	Production Sites	Effluents Treatment and Final Discharge Destination
Petrochemica	OPTC	Wastewater at Plant 1 of OPTC goes through biotreatment, including anaerobic and super deep aeration treatments and discharged into Shulin River once it meets the effluent standards. At Plant 2 of OPTC, wastewater goes through biotreatment, including anaerobic and high-efficiency aeration treatments. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Kuanyin Industrial Park and finally discharged into Shulin River.
emical	OPSC	Wastewater is treated internally until reaching the required standards, and then discharged through the municipal pipelines to Fengxian District East Wastewater Treatment Plant. Once fully treated, the wastewater is discharged into Hangzhou Bay.
	Hsinpu Chemical Fiber Plant	Wastewater goes through biotreatment internally. Once reaching effluent standards, it is discharged into Fengshan River.
	Kuanyin Chemical Fiber Plant	Wastewater goes through biotreatment internally. Once reaching effluent standards, it is discharged into Shulin River.
	FEFC	Industrial and domestic wastewater goes through biotreatment (contact oxidation) and sedimentation internally. Once the water reaches the effluent standards, it is discharged into Shulin River.
	OGM	Wastewater is first treated in house. Once reaching the effluent standards, it is discharged to the wastewater treatment plant in the industrial park for further treatment, and then discharged into Shulin and Dajue Rivers.
Polyester	FEIS	Wastewater is treated internally until reaching the required standards, and then discharged through the municipal pipelines to Fengxian District East Wastewater Treatment Plant. Once fully treated, the wastewater is discharged into Hangzhou Bay.
	WHEF	Treated in the internal wastewater treatment facility first, the wastewater then goes through the municipal wastewater treatment facility. Once fully treated, it is discharged into the Yangtze River.
	FEPV	Wastewater is treated internally until reaching the required standards (through online testing), and then discharged into ecological pond no. 1 in Bau Bang Industrial Park. Once fully treated, the water is discharged to Thị Tính River.
	FIGP	Wastewater is treated internally until reaching the required standards and then discharged to Tone River.
	Polytech APG Polytech	Wastewater is treated internally until reaching the required standards and then discharged to Ohio River.
	Kuanyin Dyeing and Finishing Pla	nt Wastewater is treated in house, discharged to the wastewater treatment plant in the industrial park for further treatment, and then discharged into Shulin River.
	Hukou Mill	Wastewater goes through biotreatment (oxidation and aeration) internally and then discharged into Desheng River.
	OTIZ	Wastewater is treated internally until reaching the required standards, and then discharged through municipal pipelines to Hedong Wastewater Treatment Plant. Once fully treated, the water is discharged to the Jing-Hang Grand Canal.
	FEIW	Wastewater goes through Wuxi municipal sewage pipelines to the wastewater treatment facility. Once treated, the water is discharged into the Jing-Hang Grand Canal.
Textile	FEDZ	Wastewater is treated internally until reaching the required standards, and then discharged through municipal pipelines to Hedong Wastewater Treatment Plant. Once fully treated, the water is discharged to the Jing-Hang Grand Canal.
	FEAZ	Wastewater is treated internally until reaching the required standards, and then discharged through municipal pipelines to Chengnan Wastewater Treatment Plant. Once fully treated, the water is discharged to the Jing-Hang Grand Canal.
	FEAV	Wastewater is treated at the treatment center within the industrial park and then discharged to Saigon River.
	FENV	Wastewater is treated at the treatment center within the industrial park and then discharged to Song Be River.
	FEPV	Wastewater is treated internally until reaching the required standards (online monitoring), discharged to the wastewater treatment plant in the the No. 1 ecological pond of Baopeng Industrial Zone, and finally discharged to the Thi Tính River.

- 1. There is no significant impact from wastewater discharge on the water bodies and related habitat.
- 2. Wastewater at OPSC includes wastewater from the manufacturing process, domestic wastewater, lab wastewater from the cooling tower. Wastewater at Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, FEFC and FEIS is from the manufacturing process, cooling tower, domestic wastewater and cleaning water. Wastewater at OGM, WHFE, FEDZ the polyester plant of FEPV and APG Polytech is from the manufacturing process and domestic wastewater. Wastewater at OPTC is from the manufacturing process and the cooling tower. Wastewater at Hukou Mill, FEIW, FEAZ and FEAV is from domestic wastewater at the textile plant of FEPV and FIGP is from manufacturing process.
- 3. Total wastewater volume includes domestic wastewater. The domestic wastewater was 634 megaliters in 2020, 739 megaliters in 2021 and 867 megaliters in 2022.
- 4. Calculation of wastewater at Hukou Mill also includes the biomedical business unit of Oriental Resources Development Limited.
- 5. There is no significant impact caused by the effluent on water bodies and adjacent habitats.
- 6. Minimum wastewater discharge standards have been established at all production sites in accordance with local regulations and industry characteristics.
- 7. The discharge water treatment method and final discharge location have not changed in the past three years.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation



Navigating a Green Future

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Effluents Management Guidelines and Measures



System Establishment and Management

- Establish wastewater management system.
- Conduct regular wastewater quality inspection and report to authority.
- Promote water pollution prevention and
- Provide regular training for staff and obtain licenses and certification.

System Establishment and Management

would be reviewed to identify the cause and improvement.

and reduces excess discharge and water waste.

and the governmental standards are met.

of RO membranes to increase reclaimed water volume.

Walue Chain Collaboration

__ Incorporation of Innovation Technology and Equipment



Incorporation of Innovative **Technology and Equipment**

 Conduct regular facility maintenance.

OPSC installed online water quality analyzers at the effluent outlets. The devices, which are connected to the network

In addition, storm sewer inlets are controlled based on weather conditions, open on rainy days and closed on sunny days. Water samples are collected and analyzed when the water level in the retention pond is high. The water is discharged

The operational department at FEFC inspects wastewater management daily, taking three weekly samples at the

FENC continues to incorporate innovative effluent treatment equipment and reduce effluent discharge. Kuanyin

The polyester plant of FEPV installed an online effluent chemical oxygen demand (COD) monitor using optical and

OPSC engaged with suppliers of water treatment chemicals in 2022 and discussed approaches to prolong the duration

Chemical Fiber Plant monitors conductivity at the cooling tower with a conductivity controller, which remotely controls the

solenoid valve at the tower. The device provides a time- and effort-saving alternative to manually operating the valve on site

closed reflux methods. When the readings exceed the permitted level, the effluent will be automatically pumped to a

temporary pond. The effluent is to be discharged only after the anomaly is addressed, the system is functioning normally,

wastewater treatment plant, conducting semi-annual water quality testing through external agencies and holding regular

of local environmental protection authority, monitor the water quality in real time. With daily sampling and analysis at

multiple points and regular time, anomalies could be addressed immediately. When the water quality fails to meet the

standards, connection to discharge pipelines is cut off and the water is returned to the treatment facility. The occurrence

when water quality standards are met. Otherwise, the water is to be treated at the wastewater treatment plant.

testing training to prevent any negative effects to the receiving water body of effluent discharged from the plant.

· Introduce anaerobic wastewater treatment facility.



Value Chain Collaboration

 Engage suppliers on product improvements to optimize water efficiency.





Recycling Steam Condensate with New Aerodynamic Condensate Pump

OPSC replaced the electric pump with a new aerodynamic concentrate pump in 2022. The machine pumps the steam condensate back to the condensate system for reuse. While the replacement reduces both wastewater and water consumption, the thermal energy is captured and utilized during the process to reduce



electricity consumption. The NT\$1.16 million investment reduces annual water consumption by 32,000 kiloliters and electricity consumption by 24,000 kWh, which equate to NT\$850,000 in annual savings.





New MBR for the Wastewater Treatment System





FEIS revamped its wastewater treatment system in 2022 in hopes of improving the posttreatment COD. A typical approach would be to enlarge the aeration tank and prolong the aeration period. However, an assessment indicates that installation of a membrane bioreactor (MBR) would improve treatment efficiency and performance. Without enlarging the aeration tank, FEIS reduced



COD and suspended solids, increasing recycled wastewater by 75,000 kiloliters annually.





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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**

Water Risk Management

FENC assessed the water risk levels of areas at which its production sites are located using the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI). The 2022 results are identical to those from 2021. Seven of the FENC production sites are located within water stress zones. FENC aims to continue enhancing the operation and management of these sites and establish water resources management targets. The Company also aims to gain insight into the local social and environmental impacts, propose corresponding measures and protect the precious water resources.

WRI Water Risk Identification Results

Water Stress Region	Production Sites within Water Stress Zone
	OTIZ
Suzhou, Jiangsu Province, China	FEDZ
	FEAZ
Bình Phước Province, Vietnam	FENV
	FEAV
Bình Dương Province, Vietnam	FEPV-Polyester Plant
	FEPV-Knitting and Dyeing Plant

Note: Based on WRI's Aqueduct Water Risk Atlas, the 7 FENC production sites are located in areas where the total water withdrawal and supply of usable reclaimed water (baseline for water stress) are both high (high3-4).

1. Water Conservation Measures

Domestic consumption from employees constitutes the majority of water consumption at FEAZ. Thus, the plant calls on all employees to join its water conservation campaign. The plant affairs section as well as the equipment and energy section inspect the facilities for any leakage. FEAZ also meets with FEAV and FENV monthly to discuss and share their water conservation approaches and improvements.

OTIZ combines its endeavors in water conservation and pollution prevention and control, conserving the quantity while protecting the quality of water resources. The two goes hand in hand, managing effluent with comprehensive scientific approaches. The first focus for water conservation is avoidance. Strategies include increasing the concentration of cooling water, reducing the frequency of water softening and adjusting the time setting for sand filtration and softening cycles. The second focus is recycling and treatment with approaches such as recycling and reusing RO concentrate, larger pipelines for rainwater collection, increasing rainwater recycling during flood periods as well as recycling and zero discharge of production wastewater.

2. Value Chain Collaboration

In 2022, FEDZ held two meetings with brand customers to share its water conservation performance. Also invited are their suppliers as well as subcontractors and companies from the environmental sector to present the adopted and latest water conservation technologies. Also in attendance are suppliers of dyeing axillaries, with whom conversations were conducted on the use of low-COD and low-alanine chemicals to reduce pollution

To address water resources management, FEAV installed multiple water meters on the plant-wide water supply system to take sectional readings and control water consumption. The plant also installed water conservation devices and a rainwater recycling system, reducing water consumption by using the recycled rainwater for landscape irrigation and cleaning. The utility department conducts regular inspection and maintenance on the water supply system. The plant even replaced the underground sewage lines with transparent tubes. Increased convenience in making daily inspection and maintenance means repairs can be made in time to avoid waste.

3. Costs of Water-Related Risks

FENC production sites located in water stress zones devoted approximately NT\$55 million in water conservation projects in 2022. The projects have delivered NT\$5.5 million in benefits from water conservation and reduced water conserved by 710,000 kiloliters.





Reusing Recycled Water from the Cooling Tower

The polyester plant of FEPV reuses water recycled from the cooling tower to reduce water consumption. In the case of high conductivity in cooling tower water or backwashing the sand filter, wastewater is discharged to the treatment facility, put through sedimentation and reused. The plant determined that the recycled water can be used to recharge the scrubbing system of the flue gas desulfurization (FGD) tower to conserve water. To accomplish this, FEPV built the recycling pond and added a water pump with automatic control. Water discharged from the cooling tower would be used to recharge the scrubber in the FGD tower after going through sedimentation. The average monthly water recycled reached approximately 70kiloliters, conserving approximately 840kiloliters of water annually.





Participating in Governmental Water Conservation Management **Training**

Suzhou City Government requires quarterly water conservation reports and daily water meter readings from corporations. The authority conducted a two-day water conservation management training in 2022 on the subjects of water use audit, water balance, water conservation regulations and water saving techniques. One personnel attended the training on behalf of FEDZ and passed the exam to become certified as a water conservation manager.

93

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

2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix

Water withdrawal from production sites in water stress zones declined by 15% in 2022 compared with the previous year while water consumption increased by 7%. FENC will persist in the improvement of water efficiency, promoting reasonable distribution and utilization while fulfilling sustainable use and development of water resources.

Water Withdrawal and Water Consumption of Production Sites Within Water Stress Zones

Unit: megaliter

	2020	2021	2022
Surface Water	2,996	2,375	1,709
Third-party Water	797	1,603	1,309
Groundwater	0	0.1	28
Rainwater	28	49	19
Total Water Withdrawal	3,821	4,027	3,065
Total Water Consumption	992	891	714

Note: The scope of data collection includes 7 production sites within water stress zones. Data on total dissolved solids (TDS) across the water withdrawal categories are under 1,000 mg/L.

Water Discharge of Production Sites Within Water Stress Zones

Unity megaliter

Total Water I	Discharge	2,829	3,136	2,351
	Other Purposes	0	0	0
Destination	Off-Site Wastewater Treatment Facilities	2,829	3,136	2,351
	Surface Water	0	0	0
IDS -	Other (TDS>1,000 mg/L)	2,618	2,835	1,991
TDS -	Freshwater (TDS≤1,000 mg/L)	211	301	360
		2020	2021	2022
				Unit: megaliter

Note: The scope of data collection includes 7 production sites within water stress zones. Wastewater from these production sites is treated through internal wastewater treatment and discharged into municipal sewage systems after meeting discharge standards. The wastewater is then discharged to water bodies after public sewage treatment.

3.3 Steering Environment Management

3.3.1 Air Pollution Management

Air Pollution Management Guidelines and Measures



System Establishment and Management

- Establish air pollution control targets.
- · Conduct regular air pollution inspection and reporting to authority.
- Promote air pollution prevention and control.
- · Conduct regular training for staff and obtaining licenses and certifications.



Incorporation of Innovative Technology and Equipment

- Invest in Selective Catalytic Reduction (SCR) System for denitrification.
- · Switch to natural gas boilers.
- Install smoke purification system for the forming machine.



Value Chain Collaboration

 Include air pollution control in supplier on-site inspection.



Avid Support for Governmental Policies

· Comply with air quality indicators released by the government with proper responses.

Air pollutants emitted in 2022 dropped by 7% from the previous year while air pollutants emitted per unit of production increased by 3%. The main contributing factor to the increase comes from decreased production. FENC aims to strengthen its ongoing efforts in improving air pollution prevention and control with enhanced equipment and facility monitoring.

Air Pollutant Emissions

Unit: metric ton

	Petrochemical			Polyester			Textile			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
NOx	156	150	128	454	473	431	126	119	96	736	742	655
SOx	70	64	53	182	216	223	83	69	75	335	349	351
VOC	141	176	155	246	317	303	11	9	6	398	502	464
НАР	0	0	0	0.5	1	1	0	0	0	0.5	1	1
Particulate Pollutants	12	10	10	97	46	37	27	19	37	136	75	84
Total	379	400	346	980	1,053	995	247	216	214	1,606	1,669	1,555

- 1. Only emitted gases are listed.
- 2. Particle pollutants include suspended particle matters (PM), dust and smoke.
- 3. The collected data covers 3 categories, actual measured value, annualized sampling value and estimates. In 2022, actual measured values are collected at Hsinpu Chemical Fiber Plant (NOx, SOx, particle pollutants), Kuanyin Chemical Fiber Plant (NOx, SOx, particle pollutants), FEFC (NOx and SOx), polyester plant of FEPV, OPTC Plant 2, OPSC (NOx and SOx), WHFE, Kuanyin Dyeing and Finishing Plant, FEIW, FEDZ, FEAZ, FEAV and FENV. Annualized sampling values are collected from OPSC (VOCs), FEIS, OTIZ and the textile plant of FEPV. Estimates are collected from OPSC Plant 1, Hsinpu Chemical Fiber Plant (VOCs), Kuanyin Chemical Fiber Plant (VOCs), OGM, FEFC (particle pollutants), Hukou Mill, APG Polytech and FIGP.
- 4. Data on hazardous air pollutants (HAP) are collected at APG Polytech in the U.S. and FIGP in Japan. The 3 HAPs identified at APG Polytech are ethylene glycol, acetaldehyde and 1,4-Dioxane, which are regulated by U.S. Environmental Protection Agency. Acetaldehyde, which is on the list of HAPs regulated in Japan, is identified at FIGP.
- 5. Data collection on air pollutant management accounts for 100% of FENC production sites in the scope of this report.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

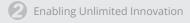
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report



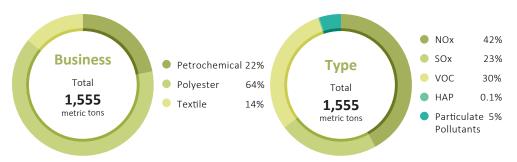




2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

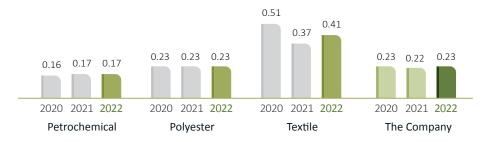
- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Air Pollutant Emissions in 2022



Air Pollutant Emissions per Unit of Production





Note: The Textile Business does not include FEAZ, FEAV and FENV.

Air Pollutant Emissions per Unit of Production in 2022

Unit: kg / metric ton of production

	Petrochemical	Polyester	Textile	Total
NOx	0.06	0.10	0.19	0.10
SOx	0.03	0.05	0.14	0.05
VOC	0.07	0.07	0.01	0.07
НАР	0.00	0.01	0.00	0.01
Particulate Pollutants	0.01	0.01	0.07	0.01
Total	0.17	0.23	0.41	0.23

Note: The Textile Business does not include FEAZ, FEAV and FENV.

FENC consistently introduces technology that enhances air pollution prevention and control, and examines existing facilities and production process regularly. The boilers and exhaust pipes are also inspected on a regular basis to ensure regulatory compliance and reach reduction targets.

System Establishment and Management



Management of **Gas Pollutants** (NOx, SOx)

To stabilize the production process, OPTC Plant 2 sends the parameters required on the operating permit for stationary pollution source to the central control for real time management. When changes occur during production, operational parameters for the prevention and control facilities can be adjusted immediately. The environmental protection units examine the parameters daily to ensure normal operation of all functions as well as effective and consistent removal of air

OGM improves the combustion efficiency inside the boiler furnace by adjusting the air-fuel ratio. The adjustment prevents damages while prolonging the lifespan of the boilers. Furthermore, it reduces the emission of NOx and SOx to the air.



Management of Particulate **Pollutants**

Taking Petrochemical Business as an example, the delivery of PTA starts with the storage tank, and the finished product is unloaded through back flow or filling equipment. The process constitutes the main source of particle pollutants. Details on tank truck unloading and transport pipeline improvement project at the production units:

- 1. Bulk bag packaging zone: Secure the bag filter housing with additional supporting legs to prevent the PTA powder spillage due to unstable filters.
- 2. Tank truck unloading zone: Modify the specifications for the unloading hose and the length of the drop tube to prevent clogging, which would result in PTA powder spillage.
- 3. Tank truck back blowing zone: Adjust the powder feed system and improve the design of the powder feeding pipeline and bag filter housing to recover the spilled PTA powder.



Management of **VOCs**

- 1. Equipment involving VOCs are visually inspected and documented weekly.
- 2. Production sites commission qualified testing agencies to conduct regular inspections quarterly and special inspections bi-annually on equipment components as stipulated in Regulations Governing Emission of Volatile Organic Compounds. Immediate measures are taken to address any insufficiencies, and VOC reports are filed with the authority on a regular basis.
- 3. Production sites conduct training for production staff on equipment operation and install VOC detectors to enable staff to check equipment with possible leakage to make more accurate determinations and repair in time.



- Management of Other Air **Pollutants**
- 1. Production sites install continuous emission monitoring systems (CEMS) to conduct relative accuracy test audit (RATA). Data collected is in compliance with regulatory requirement.
- Establish anomaly reporting mechanism and training.

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

2022 Highlight Target and Progress

Material Topics

Overview of Environmental

- Performance 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix



Incorporation of Innovation Technology and Equipment

- 1. To reduce air pollutants, Hsinpu Chemical Fiber Plant installed the selective catalytic reduction (SCR) equipment, which utilizes catalysts to reduce the NOx and ammonia mixture to nitrogen and water. The equipment removes 80% of the NOx in the water slurry boiler. All 6 sets of equipment has completed in 2022.
- 2. FEDZ installed low NOx burners for the boilers, which reduced NOx emissions by 66%.
- 3. Kuanyin Chemical Fiber Plant replaced the heavy oil boilers with natural gas boilers in November 2022 in hopes of reducing the emission of NOx, SOx and particulate pollutants.





Infrared Emission Monitoring System

Low wind speed and mixing layer height are factors hindering the dissipation of air pollutants, hence worsening the air quality or causing odors that lead to grievances from local residents. Without a real-time leakage notification system, factories within the industrial park often have to take the blame from authorities. In light of this, FENC production sites incorporate the continuous emission monitoring system to obtain accurate readings on the types of possible pollutants and trends in their concentration. The data is further analyzed against wind directions to identify the source of air pollutants. In 2022, Plant 2 of OPTC adopted the environmental analysis methods accepted by the Enviornmental Protection Administration and analyzed air pollutant concentration in the vicinity of the plant premise with infrared emission monitoring system. The system collects real-time data on the types and concentration of volatile organic compounds (VOC) as well as wind directions to analyze possible sources of the VOC. When leakage occurs within the plant, data is sent back to the control center for production staff to take immediate mitigation measures. The infrared technology is capable of long-term and continuous monitoring, which helps OPTC determine the types and sources of pollutants and respond swiftly.

Value Chain Collaboration

FENC engages customers and the supply chain and provides air pollution training. For instance, WHFE conveys the Company philosophy on environmental protection through the procurement process. Each year, the plant conducts approximately two on-site visits to evaluate the suppliers. The evaluation team consists of auditors, site engineers and quality control managers. In 2022, nine suppliers signed the air pollution environmental control commitment, which represent 70% of non-raw material procurement.



Avid Support for Governmental Policies

As stipulated in the governmental announcement, Public and Private Premises Requiring Dedicated Air Pollution Control Personnel and Dedicated Health Risk Assessment Personnel Placement, the area where terephthalic acid production takes place at Plant 1 of OPTC is considered a premise requiring designated personnel from the first announcement. On January 5, 2022, the plant added one dedicated personnel and one deputy. Due to the amendment of the Regulations Governing Severe Air Quality Deterioration Announcements and Emergency Prevention and Control on March 3, 2022 and the decrease in overall air pollutant emissions at Plant 1 of OPTC, the plant is no longer regulated under the Prevention and Control Plan for Air Quality Deterioration of All Levels at Public and Private Premises. The boiler production at Plant 2 of OPTC, however, is regulated under said plan and must submit an air pollutant reduction plan. The plant has prepared a prevention and control plan for approval the completed the first drill.

The City of Shanghai, mainland China updated HJ1230-2021 Volatile Organic Compound Leakage, Detection and Repair in Industrial Enterprises, which stipulates the inspection methods for a leak, detection and repair (LDAR) program as well as the selection criteria for inspected locations. FEIS conducts LDAR inspections annually and the 2022 inspection as well as the selection of inspection points were performed in accordance with the updated regulation.

3.3.2 Waste Management

FENC continues to optimize waste management at all production sites. The Company increases the efficiency of production resources with avoidance and reuse while promoting waste classification and recycling to create circular utilization of resources. The Company chooses licensed waste management companies to ensure the recycling and reuse of valuable waste, and that valueless waste is properly disposed of to prevent pollution. About upstream waste management mechanism, suppliers are monitored through inspections and the signing of Supplier Corporate Social Responsibility Statement. There were no waste leakage occurrences at FENC in 2022.

FENC's production waste management aims for boosting the recycling and remanufacturing rates of production waste and for reducing waste through avoidance. Waste treatment and declaration are completed in accordance with regulatory mandates and waste disposal is performed by qualified companies. The principle governing waste management is "classification to reduction; waste to earnings; earnings to valuables." Production units must strictly adhere to the implementation of waste classification. Waste materials with value shall be sold through procurement units as well as recycled and reused through external organizations or suppliers. Waste without values will be processed through qualified waste management companies. Waste treatment at FENC sites posed no significant impacts to the environment.

Waste Management Guidelines and Measures



System Establishment and Management

- · Comply with ISO 14001 **Environmental Management** System.
- Reduce waste at the source.
- · Recycle, classify and reuse waste.
- Sell valuable waste to businesses for recycling and reuse.
- · Commission licensed waste management companies to dispose valueless waste.



Incorporation of Innovative Technology and Equipment

- Incorporate smart waste management system.
- Introduce waste-to-energy technology.
- Install sludge treatment facilities.



Value Chain Collaboration

- Scrutinize credentials of waste management companies.
- Track waste treatment with GPS
 - Randomly inspect waste disposal practices.



Governmental Policies

 Submit the waste disposal plan to local authorities.



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





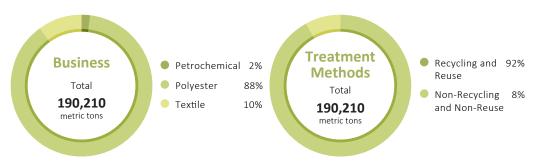


2022 Highlight Target and Progress **Material Topics** Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Compared with 2021, total waste dropped by 9% in 2022 and the reuse and recycling rate reached 92%, which is up by 1% from the previous year. Total waste generated per unit of production also went up by 1% mainly due to the decrease in production. Total production waste decreased by 7% and total domestic waste increased by 5% in 2022. However, the reuse and recycling rate of this category jumped by 8%. FENC will stay the course on establishing waste reduction and improvement plans, committing to waste reduction and resource circulation through avoidance, recycling and reuse.

Waste Generated in 2022



Waste Generated

		Pet	Petrochemical			Polyeste	r		Textile		Total		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Ireatment	Recycling and Reuse	5,928	4,234	1,418	132,327	170,227	157,202	11,271	14,857	15,872	149,526	189,318	174,492
t Method	Non-Recycling and Non-Reuse	3,348	3,660	2,761	12,384	9,455	9,629	7,506	6,156	3,328	23,238	19,271	15,718
Type	General Industrial Waste	4,556	4,844	3,289	137,141	167,552	156,880	13,747	18,712	17,903	155,444	191,108	178,072
	Hazardous Industrial Waste	4,720	3,050	890	7,570	12,129	9,952	5,031	2,301	1,296	17,321	17,480	12,138
То	tal Waste	9,276	7,894	4,179	144,711	179,681	166,832	18,778	21,013	19,199	172,765	208,588	190,210

Data of Waste

● Da	Data of Waste Unit: metric ton					
				2020	2021	2022
	General Industrial Waste	Production Waste	On-Site Recycling and Reuse	73,860	103,991	96,857
			Sold	25,394	25,709	23,309
General Industrial Wast			Off-Site Disposal	36,420	42,943	41,733
		Domestic Waste	On-Site Recycling and Reuse	3	2	0
al Ind			Sold	167	155	411
ustria			Off-Site Disposal	1,390	1,242	1,103
trial Wast	Hazardous		On-Site Recycling and Reuse	0	0	0
st	On-Site Recycling and Reuse Production Waste General Industrial Waste Domestic Waste Production Waste On-Site Recycling and Reuse Sold Off-Site Disposal Industrial Waste Energy Use Incineration Energy Use Incineration Industrial Waste Domestic Waste Domestic Waste Froduction Waste Domestic Waste Incineration Landfilling Other Disposal Operations Energy Use Incineration Landfilling Other Disposal Operations Energy Use Incineration Landfilling Other Disposal Operations Energy Use Incineration Landfilling Other Disposal Operations Energy Use Incineration Landfilling Other Disposal Operations Total Total	719	740	557		
		11,574	14,536	10,522		
	Total			149,527	189,318	174,492
			Energy Use	1,337	1,604	1,658
			Incineration	8,876	7,488	5,063
			Landfilling	343	134	0
			Other Disposal Operations	2,265	2,553	2,432
Hazar			Energy Use	373	361	215
snop			Incineration	1,014	1,187	1,131
Indu			Landfilling	2,661	2,249	2,336
strial			Other Disposal Operations	1,340	1,491	1,824
Wast			Energy Use	0	53	25
st	Industrial		Incineration	4,939	2,085	1,007
			Landfilling	2	0.3	0.2
			Other Disposal Operations	88	65	27
	Total			23,238	19,270	15,718
	Total Waste			172,765	208,588	190,210

Unit: metric ton

- 1. Waste materials are classified based on local governmental regulations. For instance, sludge generated from wastewater treatment is deemed hazardous industrial waste based on the definitions of Chinese and Vietnamese governments while it is deemed as general
- 2. Non-recycling and non-reused waste disposal are handled off-site by qualified waste treatment companies.
- 3. The data collection on waste management accounts for 100% of FENC production sites in the scope of this report.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

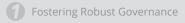
FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

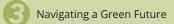
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



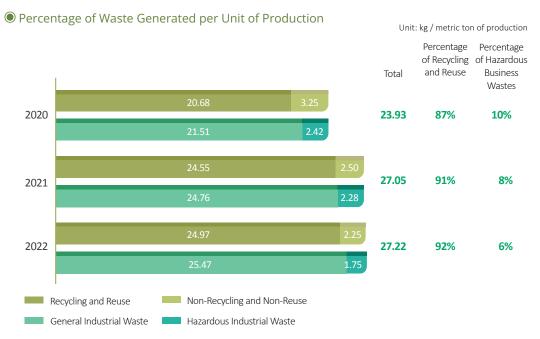






2022 Highlight
Target and Progress
Material Topics
Overview of Environmental
Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

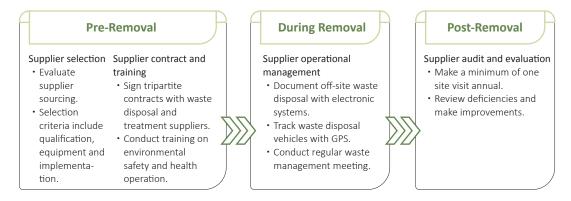


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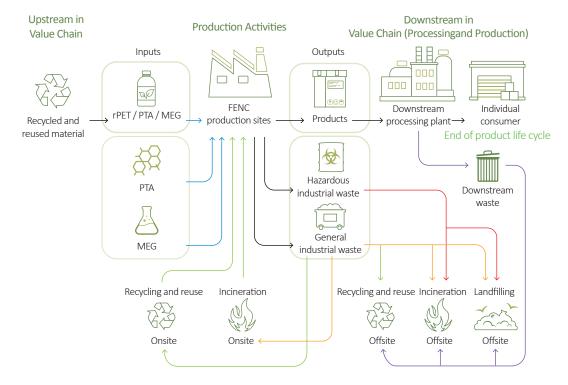
Waste Classification and Impact Assessment

Waste materials generated from the business activities at FENC can be broken down into 94% regular industrial waste and 6% hazardous industrial waste. The hazardous industrial waste includes used chemical bottles for testing, lubricant/oil and light tube/electrical batteries, which are processed by qualified waste management companies. To reinforce the requirement on hazardous waste management, the Company tracks the type, quantity, destination, storage, usage and treatment of the waste processed through these companies to ensure regulatory compliance. Due to customer demand, toxic chemicals were used to perform assays at Plant 1 of OPTC in 2022. The waste liquids were deemed as hazardous industrial waste, and therefore, the handling and reporting of the chemicals must be conducted in accordance with the Toxic and Concerned Chemical Substances Control Act. The plant filed an amendment to the business waste disposal plan at the EPA and added the code for the disposal of hazardous industrial waste. Waste storage, disposal and treatment are carried out in accordance with the Waste Disposal Act. The plant also sent staff to undergo training and obtain the qualification for Emergency Responders of the Toxic and Concerned Chemical Substances at the awareness level. The permit for handling toxic chemical substances was obtained on September 27, 2022.

Management Procedure for Waste Disposal Suppliers



Waste Treatment Process Flow



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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **Appendix**



OGM produces rPET from waste PET bottles. However, the non-PET parts such as bottle caps and plastic films are left out of this recycling and reuse cycle. After meeting with the production units and discussing the standards, OGM made gradual improvements on the equipment and provided classification training. The plant forms partnerships with suppliers on recycling and reuse, turning non-PET waste into refuse derived fuel (RDF). In 2022, 4,000 metric tons of non-PET waste were recycled, saving approximately NT\$28 million in waste disposal fees and avoiding 1,464 tCO2e in carbon emissions.

Value Chain Collaboration

Organic sludge and sludge mixtures are considered industrial waste monitored by the authority in Taiwan and should be processed by professional waste treatment plants. OPTC conducts annual site inspections to examine the environmental protection measures implemented at these waste treatment plants, including waste declaration; on-site environmental protection, prevention and control measures for air pollution and water resources; management of waste storage to ensure supplier compliance.

The management and production teams at FIGP audit three waste removal and treatment suppliers each year to ensure compliance in all waste treatment conducts associated with FIGP. In 2022, the plant conducted on-site inspections targeting the sludge and waste plastic treatment suppliers and found no violations.

FEIS conducts two training sessions each year for employees from waste treatment suppliers. A total of eight suppliers took part in the 2022 training. Kuanyin Chemical Fiber Plant conducted site inspections at seven waste treatment suppliers in the same year.

OTIZ provided safety training to general waste treatment suppliers in 2022. The training includes safety precautions during waste loading and plant security management system.









Waste Treatment Manufacturers Sustainability Leap Project

The polyester plant of FEPV implemented the Waste Treatment Manufactures Sustainability Leap Project to trace waste removed from the plant premise with precision, enhance supplier inspection efficiency and fulfill its due care obligation when commissioning waste disposal. The plant established a comprehensive supplier selection process, starting with a paper audit conducted by an inter-disciplinary team of procurement, waste management, environmental safety and legal staff. Credentials reviewed include company scale, risk assessments as well as permits and certificates. Site inspections are also conducted. Qualified suppliers must undergo weekly and monthly record review as well as quarterly and yearly site inspection in accordance with the Waste Treatment Supplier Review Program, which is a standard review system covering a checklist of 166 items under eight categories. The review checklist is updated yearly in response to regulatory changes and with annual review training provided. The suppliers are replaced annually based on Annual Waste Treatment Enterprise Evaluation.



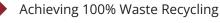












The year 2022 was a year of zero waste to landfill and zero incineration for FENV. All of its production waste was recycled by qualified waste treatment companies. This achievement is accomplished by turning recycled scrap fabrics into rags and cotton cloths; embossed paper, colored nylon, plastic spools and elastic bands into plastic particles; paper tubes and cardboard boxes into recycled paper. FENV has made 100% production waste recycling and reuse a reality.

FEAV partners with brand customers to reduce production waste, setting reduction targets and implementation measures for 2025. In 2022, the plant accomplished 100% recycling and reuse and set new waste reduction targets for domestic waste. The plant stepped up the promotion on avoidance, encouraging staff to dine in the canteen and avoid disposable food containers for takeouts. Waste classification is implemented and waste from the contractors, canteen and concession stand must be 100% recycled.



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

2022 Highlight Target and Progress **Material Topics**

Overview of Environmental Performance

- 3.1 Marching Towards Net Zero
- 3.2 Elevating Energy and Resource Efficiency
- 3.3 Steering Environment Management
- Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- **A**ppendix

OPSC commissioned new waste treatment suppliers to process general industrial waste and waste heat insulation cotton in 2022. Prior to commencing the waste treatment operation, OPSC conducted site inspections to assess the supplier's capability and ensure compliance. Once the contract was awarded, OPSC provided environmental safety and plant operation training for the truck drivers and carrier staff. Site audits were also conducted immediately after waste disposal to ensure proper waste management.

Avid Support for Governmental Policies

Waste management is strictly regulated in Japan under Waste Management Act. FIGP's environmental management system has been certified to the ISO 14001 standards. The plant manages all suppliers through a waste contract management table, ensuring that all required permits are valid. The plant also uses an electronic management system to ensure that waste disposal and treatment are completed by suppliers within the mandated periods. FIGP submitted the waste treatment plan to the authority in Ibaraki Prefecture in June 2022, and the total waste generated at FIGP in 2022 is 22% less than the target set for the year.

3.3.3 Ecological Protection

It is our pledge to devote every effort possible to keep production activities from impacting local biodiversity. All FENC production sites underwent multiple assessments in accordance with environmental regulations during the planning stage. Sites chosen are located within industrial zones permitted by the local governments. None of the properties are located within wildlife preservation areas or reserves, and no animals on site are listed on the IUCN Red List of Threatened Species or national conservation lists.

Biodiversity Management Guidelines and Measures



System Establishment and Management

 Conduct environmental impact assessment at the plant location.



Value Chain Collaboration

 Upcvcle land and ocean waste into brand new products.



Avid Support for Governmental Policies

- · Ensure compliance with governmental regulations regarding air pollution and wastewater discharge.
- · Promote waste management and reduction.
- Support initiatives protecting marine habitat.

System Establishment and Management

FEDZ commissions the soil and ground water analysis annually. All 2022 results are in compliance with the regulatory standards.

FIGP plans to expand its rPET plant in Himeji, Hyōgo Prefecture, Japan and operation is scheduled to begin in 2023. An environmental impact assessment (EIS) was conducted to ensure regulatory compliance and protect the environment for local residents and businesses. The EIS covered existing conditions regarding air, noise, vibration, odor and water pollution, including biochemical oxygen demand (BOD), COD and SS on site. Approval of the EIS was granted in July 2022.

Value Chain Collaboration

FENC purchases waste PET bottles collected from the coastal areas of island nations from Parley for the Oceans. The bottles are compressed into bales and delivered to OGM to be processed into recycled ocean polyester, which can then be used to manufacture high-value products such as athletic footwear and functional apparels.



Avid Support for Governmental Policies

To provide solutions to the growing threats from marine debris and pollution and to increase the efficiency of marine debris recycling and reuse, Taoyuan City Government established the marine debris recycling and reuse system, forming a circular loop to upcycle marine debris. On June 26, 2022, OGM joined six corporations and two professional teams in the signing of the memorandum of understanding for the Taoyuan Blue Ocean Recycling Alliance with Taoyuan City Government. Marine debris collected by the Taoyuan City Government will be reused by the private corporations, including OGM. Plant 2 of OGM will be responsible for cleaning the waste PET bottles for processing and turning them into new jogging suits. The operation creates a win-win for marine conservation and economic development. On July 14, 2022, the Taoyuan Blue Ocean Recycling Alliance was officially founded.



Recycling ocean waste PET bottles for reuse **Give back to Taoyuan City** Government

A total of 800 pieces of jogging suits



About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

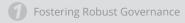
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

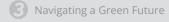
Enhancing Corporate Sustainable



Special Report









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
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence





Creating Inclusive Society

4.2 Fostering Employee Career Planning 119

4.4 Shaping Sustainable Supply Chain













134



■ Employee / Labor Union

■ Business Partner (Supplier / Contractor)

☐ Direct Customer

☐ External Audit Agency

■ Government

☐ Shareholder / Investor / Financial Institution

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

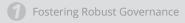
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable

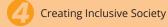


Special Report









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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

2022 Highlight





Female Managers in the Last Decade



Establish a Complete **Human Rights Management Process**



Annual Training Costs



Digital Learning of Total Training



19 ESG Series Courses Averaging 5 Courses Per Person



Promoting Organizational Knowledge Digitization Program



Average Regular Salaries from

than Market Salaries



Occupational Safety and **Health Training Hours**



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**

(As of the End of 2022)



Permanent Employees in Labor Union

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



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation



Navigating a Green Future



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence





Improving Employee Satisfaction Continuing to deepen employee Target satisfaction · Providing ongoing attention to 2025 employees' career development needs **Target** Reinforce expat employee assistance Expanding employee satisfaction survey to cover overseas sites Launching the preparation for Target employee assistance programs (EAPs) Expanding employee satisfaction 2022 survey to cover overseas sites Target Planning employee care mechanisms Conduct comprehensive

reviews based on evalua-

agencies and employee

satisfaction surveys.

Conduct career path interviews tailored

to employees' conditions and needs.

· Establish employee care mechanisms.

Expand employee satisfaction survey to

Establish an assistance program for

expat employees.

cover overseas sites

tions conducted by external

2022

Action

Plan

Completed

Progress

Establishing International Talent Acquisition Database Expanding the global talent platform

 Enhancing data visualization and present materials to the management for organizational planning and fostering corporate development

to cover FENC employees worldwide

 Adding ancillary information such as performance appraisals, projects, and functional aptitude test results



Joining the key personnel information of domestic and overseas subsidiaries



 Complete the input for phase one of the global talent pool, which covers overseas FENC sites.



- Import new personnel information, and add personal professional training records, professional license records, project results, annual management performance and other information.
- Used for key cadre rotation, linked to employees' individual development plan (IDP).













7%







· Offer cross-cultural training to

help smooth the transition to

Offer above-average salary and

benefits; improve expat living

standards and quality abroad.

Provide expat employees with

work-life balance assistance.

Offer pre-departure and

language training.

life abroad.

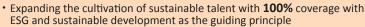
7%



- · Building the digital transformation team to promote production, marketing, human resources, R&D and finance
- Putting **50** facilitators into action



- Cultivating 100 internationalization talents
- Cultivating **300** digital transformation talents



- Increasing digital learning training hours by 10%
- Passing down the sustainability legacy by producing **50** organizational knowledge courses



- Leveraging the competency assessment system to implement individual development plan (IDP)
- Cultivating 300 international talents
- Increasing the percentage of digital learning to 30%
- Compile diverse learning records and prepare the learning progress dashboard using Microsoft Power BI for review by the management.
- A total of 423 employees participated in the International Talent Program.
- Digital learning accounts for **90%** of the overall training programs.
- Purchase digital learning platforms and courses with additional learning applications.
- Integrate resources from multiple platforms and customize learning programs that target weaknesses.
- Help managers from all levels to stay informed of employees' learning progress through real-time data from the training dashboard.
- Offer the digital and smart management program with Yuan Ze University (YZU).





103

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



Ravigating a Green Future



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
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence









		Zero Occupational Injuries for Employees and Contractors	Zero Occupational Illnesses for Employees and Contractors	Zero Fire and Chemical Leakage	Constructing Sustainable Supply Chain		
	2030 Target	Occurrence(s) at each business site: 0	Occurrence(s): 0	Occurrence(s): O	 Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: 100% 		
	2025 Target	Occurrence(s) at each business site: 2	Occurrence(s): 0	Occurrence(s): 0	 Main suppliers' ESG performance in line with the Company's sustainability development goals Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: 90% 		
		_					
	2023 Target	Occurrence(s) at each business site: 3	Occurrence(s): 0	Occurrence(s): 0	 Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: 85% 		
		_					
	2022 Target	Occurrence(s) at each business site: 4	Occurrence(s): 0	Occurrence(s): O	 Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: 80% 		
	2022 Progress	Occurrence(s) at each business site: 4 Completed Completed	Occurrence(s): O	Occurrence(s): O	 Percentage of suppliers signing Supplier Corporate Social Responsibility Commitment Statement: 83% 		
	Action Plan	 Implement safety and health coaching and audits. Enhance training and promotion regarding occupational safety and health among employees and contractors. Implement occupational safety and health management systematically. Establish smart safety and health management. Promote pre-work risk hazard recognition. 	 Avoid exposing employees to chemical, physical and ergo risks during operation. Provide health checks for employees engaging in regular operations or those posing health threats. Provide onsite employee health services. Implement programs related to health promotion. 	 Add lists of flammables as standards for risk prevention during construction. Conduct comprehensive review over contractor management rules. Strengthen review on control operation. Conduct training on risk factor identification and prevention. Enhance safety drills for fires and chemical leakage. Examine firefighting apparatus and personal protective equipment. 	 Conduct supplier engagement through multiple channels to improve sustainability awareness. Set Supplier Corporate Social Responsibility Commitment Statement as one of the selection criteria. Conduct supplier meetings to convey FENC's objectives in corporate sustainability. Conduct ESG campaigns and training. Increase green procurement each year. Implement and participate in social engagement activities with suppliers. 		
		3 GEOMETRIAN 4 GEOLATEN 8 ESTAN MORE AND EDUCATION SOME STATE OF S	3 GOODWEATHN 8 GEORGIAC CROWTH	3 GOODING ATH AND WILL HERED 4 GOULDTON 5 ECCENT WORK AND 6 ECCENT WORK AND 1 ECCENT WORK AND 1 ECCENT WORK AND	16 PAGE JUSTICE AND STRONG INSTITUTIONS 17 PARTICISARIES FOR THE GOLD IS WITH THE STRONG FOR THE		

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



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





Advocating Balanced Coexistence



7 Appendix

Material Topics



Foster Employee Career Planning

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.

- · 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

Significance and Purpose of Management

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

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**



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

- 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

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.

- 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

105

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



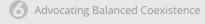
Creating Inclusive Society

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







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 rightsrelated 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.

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



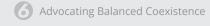
Creating Inclusive Society

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







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: 1. Working hours shall not beyond the maximum hours. 2. FENC promises to provide the minimum living wage. 3. Overtime pay shall not less than that required by law. 4. FENC follows a transparent salary policy and does not use salary deductions as punishment. 5. FENC protects employees' paid leaves, special care leaves and the mandatory benefits according to laws. 6. FENC ensures to provide the living condition which meet employees' basic needs. 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 Antidiscrimination	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 🥙

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.

and Human Rights Due Diligence

Scope of Salient Human Rights Issues Survey

Stakeholder Issues Child labor, free choice of profession and employment/forced or compulsory labor, freedom of speech, Employee health and safety, minimum wage/living wage, freedom of association, collective bargaining, privacy, acceptable living conditions, physical punishment and Supplier penalty, eliminating long working hours, anti-discrimi-

Local Residents

Air pollution, noise, waste management, water resources management, wastewater discharge, free choice of profession and employment/forced or

nation/anti-harassment, and equal pay for equal work.

O

	compulsory labor and freedom of speech.		
outcome of 2022 H	luman Rights Risk Assessment		
Stakeholder	Salient Human Rights Issues		
Employee	Eliminating long working hours Health and safety		
Supplier	• Health and safety		
Local Residents	Noise Waste management Waste management and wastewater discharge		

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



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







• 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	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.	 Monthly assessment is conducted on regulatory compliance with applicable units confirming compliance with regulatory and Company rules, and compiling attendance records. The monthly risk management meetings are held to examine overtime as well as gaps between workers' wages and the Company average. Wage equality is reviewed annually, and results are posted on the Company website. FENC provides regular health checks. Employee satisfaction surveys are conducted every 	
			Health and safety		two years with reviews over work conditions, compensation and benefits. Company policie are modified accordingly based on the results. 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.	
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.	 Review suppliers through document reviews or on-site evaluations. A grievance channel for suppliers is provided through the procurement system from the FEG Purchasing Center. 	
	Operational process	Local Residents	Noise	Violations of the mandated noise level due to plant operation, which may severely damage human health and activities from prolonged noise exposure.		
Local Corporation			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.	 The noise testing is conducted regularly. The air quality is monitored regularly. 	
			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.	3. Waste treatment and disposal are tracked regularly.4. Waste treatment suppliers are evaluated and audited.5. Water quality and effluent discharge flow are monitored.6. The grievance mechanism is in place.	
			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.

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



Enabling Unlimited Innovation



Navigating a Green Future



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
- Advocating Balanced Coexistence
- Appendix

	Salient Human Rights Issues	Mitigation Measure	Remediation Measure	Management Goal
	Eliminating long working hours	 Recruit a sufficient number of workers to meet production demand and prevent long working hours due to labor shortages. Establish a comprehensive working hour management system and set overtime alerts. Ensure the Company wages are compatible with the cost of living in Taiwan. 	 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. 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. Propose wage adjustment recommendations when the wages offered by the Company are lower than the market salaries in Taiwan. 	1. 0 grievance claims regarding long working hours.
Employee	Health and safety	 Establish occupational safety and health management policies. Incorporate the occupational safety and health management system. Establish occupational safety and health committees at all FENC sites with quarterly meetings to ensure safety and health management. Provide occupational safety and health training for workers. Establish rules governing hazardous chemical management and conduct regular testing on chemicals and hazardous substances. 	 Conduct investigation and cause analysis and propose improvement and prevention strategies. Provide health education and care with improvement recommendations for workers with areas of concern in their health reports. 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. Arrange the work schedules for workers with high health risks to avoid excessively frequent shifts and overtime. 	 Implement the occupational safety and health management system. 100% completion rate regarding occupational safety and health training. 0 occupational safety and health violations.
Supplier	Health and safety	 Require suppliers to manage employee health and safety in accordance with the Supplier Corporate Social Responsibility Commitment Statement. 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. 	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.	 1. 100% signing rate for Supplier Corporate Social Responsibility Commitment Statement. 2. 100% improvement rate on the negative impacts posed by suppliers.
	Noise	Conduct regular noise testing in the surroundings.	 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. Require improvement measures from the department responsible for the noises. 	 0 grievance claims regarding noises. Test the noise level within the peripheral boundary annually to ensure regulatory compliance.
	Waste management	 Establish waste management procedures. Incorporate recycling management for packaging materials to reduce waste. Implement avoidance and promote waste classification, recycling and reuse. Scrutinize the credentials of waste treatment suppliers. Track waste disposal through GPS. Conduct random checks on the waste treatment and disposal process. 	Establish emergency response plans and activate such plans immediately when contamination occurs to minimize the contaminated area.	1. 0 waste chemical leakages.
Local Residents	Air pollution	 Conduct regular testing on air pollutant emissions and report to the authority. Conduct regular retraining for designated personnel. Promote air pollution prevention and control. Establish air pollution management targets. Incorporate air pollution prevention equipment to reduce air pollutant emissions. 	 Establish emergency response plans and activate such plans immediately during polluting incidents to minimize the areas polluted. Commission qualified agencies to test air quality regularly. 	 O incidents regarding the emission of gaseous pollutants. Test the exhaust gas regularly to ensure compliance with governmental standards.
	Water management and wastewater discharge	 Implement water resources management and promote water conservation among all employees. Incorporate innovative effluent treatment facilities; increase water recycling and reuse rates; reuse the reclaimed water consistently; reduce effluent discharge. Install wastewater treatment facilities and improve wastewater treatment; monitor the effluent flow and quality regularly to ensure regulatory compliance. Implement water resources risk identification and establish water resources management targets. Conduct regular training for management personnel and help them obtain applicable certifications. 	 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. Commission qualified agencies to conduct regular testing. 	 0 wastewater discharge incidents. Test effluent quality annually to ensure compliance with governmental standards. 0 discharge of production wastewater.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 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



Male

Regular Employees

Company-Wide



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

Note:

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

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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

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

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



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







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

- 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 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.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

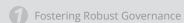
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report









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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



Number and Rate of New Employee Hires in 2022

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

- 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

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

- 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.

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.

Statistics from the Previous 3 Years

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation



Navigating a Green Future



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







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.

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.

Salary Ratio by Gender

		Taiwan		N	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	e Female to Male	0.94:1	1.05:1	0.96:1	0.83:1	0.83:1	0.82:1	1.11:1	1.17:1	1.11:1	0.90:1	0.93:1	1.01:1	1.02:1	0.97:1	0.99:1
Office Clerk	Female to Male	1.01:1	1.01:1	1.01:1	0.84:1	0.84:1	0.78:1	1.04:1	1.04:1	1.02:1	0.68:1	0.96:1	0.86:1	1.00:1	0.94:1	0.97:1
Factory Worker	Female to Male	1.21:1	1.22:1	1.22:1	0.94:1	0.91:1	0.91:1	0.96:1	0.95:1	0.94:1	0.84:1	0.93:1	0.91:1	0.97:1	1.00:1	1.00:1

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		Ma	ainland Chi	ina		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%	45%	3%	-2%	-10%	23%	44%	44%	1%	14%	35%	24%	26%	57%	19%	25%	34%
Entry-Level Salary over Minimum Wage	25%	25%	21%	127%	136%	136%	12%	12%	12%	140%	162%	199%	143%	146%	134%	89%	96%	100%

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.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence

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.



17 PARTNERSHIPS
FOR THE GOALS



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.



About This Report Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

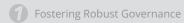
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

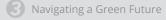
Enhancing Corporate Sustainable Image



Special Report









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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence







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.





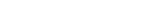
The Family Yoga Campaign at FEDZ

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.









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



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







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

Based on Labor Standards Act and the Act for Worker Protection of Mass Redundancy, employees Taiwan shall be notified prior to the termination of employment contracts. Applicable regulations are covered in the internal management documents within the Company. Labor Law of the People's Republic of China stipulates that employees shall be notified in writing Mainland 30 days prior to the termination of employment. Applicable regulations have been included in the China internal management document. 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 Vietnam under labor contract with a time limitation shall be notified 30 days in advance. Applicable regulations have been included in the internal management documents. Labor Contract Act stipulates that employers shall not terminate employment contracts without Japan objective circumstances. Employment relationships are presumed to be at-will under the U.S. labor law, where either U.S. U.S. party may terminate the contractual relationship at any time.

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



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation



Navigating a Green Future

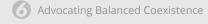


Creating Inclusive Society

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







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%
Total		16,723	95%

Note:

- 1. OGM, FEFC, FEPV and FIGP do not have labor union in place.
- 2. 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 guarterly 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



and Outcome

- · Regard "integrity" as the highest guiding principle for corporate management and development.
- 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.
- · Control business costs as well as manage internal and risk control.



Sustainable Management and Development

- Lead industry peers while pursuing sustainability and long-term profits by applying innovative thinking, cutting edge technology and excellence in management.
- · Continue developing new products and investing in new markets and new fields.
- Develop green products and production and reduce impacts from the value chain on the
- Provide high quality products and comprehensive services.
- 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.
- Maintain ongoing engagement with stakeholders, including the labor union, government, investor, supplier and customer while committing to social engagement and non-profit

Performance Review for Employees

Performance Review and Employee Development System



Job Performance and Regular Feedback System 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.



Competency and Employee Development Plan

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.

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.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 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.

Taiwan

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.

Mainland China

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.

Vietnam

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.

Japan

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%.

U.S.

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



Results



- 83% of the planned training sessions were held successfully.
- After-class satisfaction survey reached the scale of 4.43 out of 5.
- 80% attendance rate, up by 7% from 2021.



Learning

- Far Eastern Corporate Academy: 100% certification rate
- Organizational Knowledge Program: 87% assignment completion rate
- Learning Performance: Average score of 93.3 for the Digital Transformation



Behavior

- Employees formed 33 share groups within internal units.
 - Employees conducted 58 sessions of study group. Producing 42 courses with the digitization of organizational knowledge.
 - Reproducing results by disseminating organizational knowledge through Far Eastern Magazine.



Reaction

- 96% key talent retention rate
- 76% new recruit retention rate

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







3 Navigating a Green Future



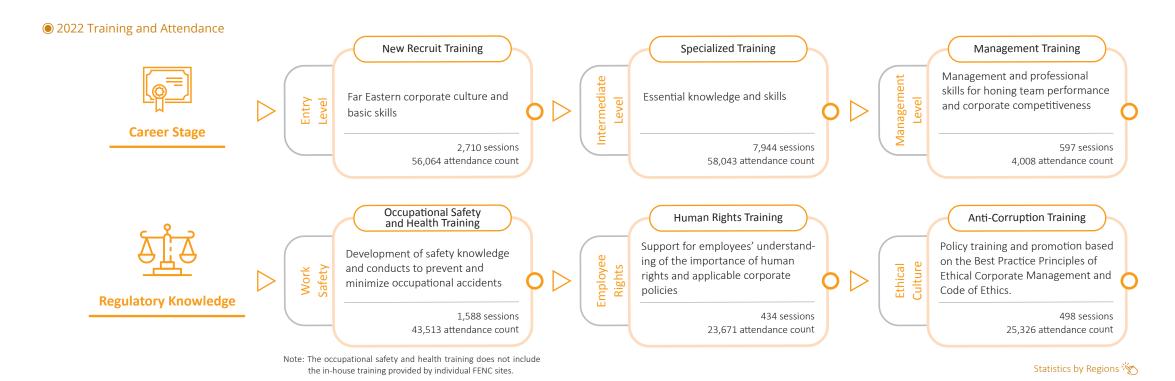
2022 Highlight
Target and Progress
Material Topics

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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence





2022 Strategic Talent Training Program

	Dig	ital Transformation Progr	am	International Talent Program	Sustainable Management Legacy Program					
Eligibility		upervisor's recommendati dividual application	on	 Supervisor's recommendation All employees in Taiwan and overseas Employees in preparation for implementing internationalization projects 		Supervisor's recommendationIndividual applicationTraining shift	า			
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			
Budget				NT\$12.77 million						

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



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





Advocating Balanced Coexistence



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 longlasting 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.

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

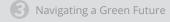
Enhancing Corporate Sustainable Image



Special Report









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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix

Training Framework

Executive Managers

(Assistant Vice President

and above)

Mid-level Managers

(Manager / Deputy Manager)

Junior Managers

(Supervisor / Section Chief)

General Employees

New Recruits

Centralized Training

Level Specific

Duty Specific

Professional Competency

Work Training

Self-development

Executive Manager Training

Management Competency

- Strategic decision Talent cultivation making Team building
- Reform leadership

- Talent cultivation
 Coaching Team building
 - Performance management

Mid-level Manager Training

Coaching Conflict management Performance • Communication skills

Junior Manager Training

management

Work Management Courses

- Work management
 Teamwork
- Analytical skills and Customer problem solving orientation

Language training

 Safety training (occupational and environmental safety and health)

Core Competency

- General courses (workplace psychology / innovation / methodology)
- Job skill training (computer / data analysis)

R&D Technological Training (R&D)

- Production management training
- (production management / quality management / site management)
- Business sales training (international trade / marketing management / sales)
- Administrative management training (human resources / finance and

accounting / procurement)

Sustainable Management Legacy Program (organizational knowledge)

Project Specific

Organizational Strategies

- International Talent Program (international management / foreign language communication)
- Digital Transformation Program (transformation leadership / data analysis and application)

Professionalspecific on-thejob training

- Work and workplace ethics
- Lectures on global trends
- Digital learning resources
- Books

New Recruit Training (π)

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	25.34
IdiWali	day / person	3.35	3.69	3.17
Mainland	hour / person	30.70	19.87	19.17
China	day / person	3.84	2.48	2.40
Vietnam	hour / person	16.29	13.97	29.22
vietilalli	day / person	2.04	1.75	3.65
lanan	hour / person	14.44	14.70	24.30
Japan	day / person	1.81	1.84	3.03
II C	hour / person	43.51	52.17	52.52
U.S.	day / person	5.44	6.52	6.57
Total	hour / person	21.80	19.12	26.37
Total	day / person	2.73	2.39	3.30

Average Number of Training Hours of Ranking and Gender

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

Average Number of Training Days of Ranking and Gender

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

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

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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 Polyster 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.

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



Creating Inclusive Society

2022 Highlight

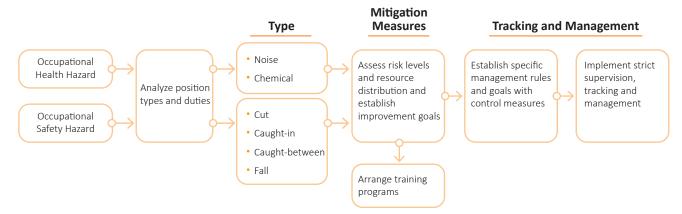
Target and Progress

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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



• 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

	Committee Members	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%

- 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.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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

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
Total	1,371	11,407	41,289

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
- 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
- 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.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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 Kuanvin 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.

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



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
- G Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 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	Identify the location of solar equipment.
Distribution Map of Solar System by Zone	 Prepare the distribution maps of solar panels as well as fire safety and disaster relief equipment.
PV-related Emergency Reporting Procedure	• Establish the reporting procedure, approach, content and contact.
Operating Procedure for Solar Power Insulation and Cut Off	 Prepare the illustrated operating procedures for insulating and cutting off the electrical circuit.
PV Related Emergency Response Procedure	Establish the emergency rescue, protection and evacuation procedures.
PV Related Emergency Response Personnel	 Establish the shift schedule for the personnel responsible for power cut off. Establish the self-defense and firefighting team for each jurisdiction.
Layout of Adjacent Firefighting and Disaster Relief Facility	Prepare the layout of firefighting apparatus for disaster relief purposes.

2. Installation of fire safety apparatus

Apparatus	Detail
Fire Extinguishing Equipment	 Install additional fire hydrants outdoors. Purchase portable pumps for disaster prevention and relief.
Personal Protective and Disaster Relief Equipment	 Purchase fire entry suits. (European specifications) Purchase respiratory protection equipment such as gas masks or breathing apparatus. Install emergency response cabinets to facilitate immediate access during disaster relief.
Fire Alarm Monitoring Facility	 Take the ambient wind into consideration and install thermal detectors at the converter area. Install CCTV with signals transmitted to the security office for monitoring and surveillance. Conduct manual inspections regularly with immediate reporting of and response to anomalies.

- 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.







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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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.

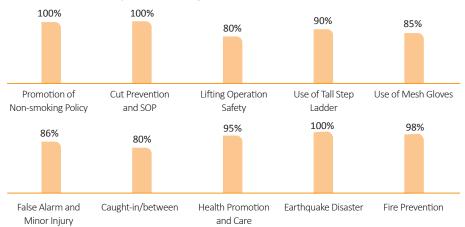
The implementation drastically reduced the time required for the annual compliance review when regulatory changes occurred. The system automatically sends notifications regarding the changes to avoid omissions and ensure the integrity of compliance audits.

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
Total	32	1,998	\$1,323,428

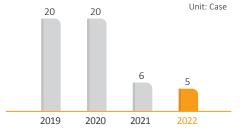
2. Enhance hot work audits.

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.

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 highrisk 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.

• Hot Work Deficiency Cases Identified between 2019 and 2022



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.

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



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





Advocating Balanced Coexistence



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:

1. On September 14, 2022, the Office of Labor Inspection of Taoyuan City Government invited Kuanyin Chemical Fiber Plant to cohost 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.



- 2. 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.
- 3. 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
2022	59	98.3

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.





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



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





Advocating Balanced Coexistence



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 crosscompares 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 hardto-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:



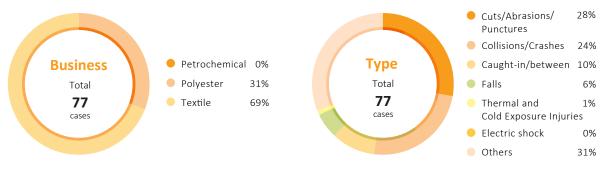
All improvements must be completed within 2 months. Facility improvements that require construction contracts shall be completed within 3 to 6 months.

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



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



Special Report



Fostering Robust Governance



Enabling Unlimited Innovation



Navigating a Green Future



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







Statistics on Occupational Injury

		Petrochemical		Polyester		Textile		Total					
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
	Male	4	2	0	35	37	22	37	29	38	76	68	60
Occupational Injury Cases	Female	0	0	0	7	10	2	35	20	15	42	30	17
	Total	4	2	0	42	47	24	72	49	53	118	98	77
Injury Rate	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
(IR)	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
	Total	0.71	0.34	0.00	0.74	0.76	0.39	0.44	0.33	0.29	0.52	0.45	0.31
Absentee	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
Rate %	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
(AR%)	Total	0.37	0.42	0.94	0.14	0.27	0.28	0.67	0.65	0.44	0.53	0.54	0.41
Lost Day	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
Rate	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
(LDR)	Total	0.00	0.00	0.00	18.07	5.85	5.79	9.03	4.60	4.26	11.09	4.83	4.55
Number	Male	0	0	0	1	0	0	0	0	0	1	0	0
of Work- Related	Female	0	0	0	0	0	0	0	0	0	0	0	0
Deaths	Total	0	0	0	1	0	0	0	0	0	1	0	0
Rate of	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
Work- Related	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
Deaths	Total	0.00	0.00	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.004	0.00	0.00

- 1. 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.
- 2. There were no occupational illnesses between 2020 and 2022.
- 3. 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.
- 4. AR(%) = Days of Absence ÷ Total Work Days × 100%.
- 5. LDR = Lost Days ÷ Total Work Hours × 200,000. Lost days do not include the day of injury and the day of work resumption.
- 6. 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.
- 7. 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.
- 8. 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 Petrochemical Industry Industry FR 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	

- 1. Disability injury frequency rate (FR) = total number of disabling injuries ×1,000,000 ÷ total manhours worked.
- 2. Disability injury severity rate (SR) = number of injured days off work × 1,000,000 ÷ total manhours worked.
- 3. 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
	Male	0	2	2	1	3	6	0	0	0	1	5	8
Occupational Injury Cases	Female	0	0	0	0	0	1	0	0	0	0	0	1
injury cases	Total	0	2	2	1	3	7	0	0	0	1	5	9
Number of Work- Related	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
Deaths	Total	0	0	0	3	0	0	0	0	0	3	0	0
Injury	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
Rate	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
(IR)	Total	0.00	0.32	0.41	0.06	0.30	0.67	0.00	0.00	0.00	0.04	0.26	0.50
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
	Total	0.00	0.00	0.00	0.17	0.00	0.00	0.00	0.00	0.00	0.12	0.00	0.00

- 1. 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
- 2. There were no occupational illnesses between 2020 and 2022.
- 3. 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.
- 4. 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.
- 5. 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.
- 6. 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

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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	Number of people being assessed		Tier 1 Management		Tier 2 Management		Tier 3 Management		Tier 4 Management	
items	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
lonizing 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

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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.



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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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

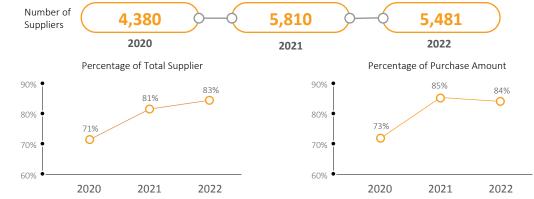
2. Procurement Regulations and Regulations Governing Supplier Evaluation

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"



- 1. The percentage of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" = the number of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" ÷ total number of suppliers x 100%.
- 2. The total number of suppliers varies from year to year.
- 3. The number of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement" of OPTC is 95%.
- 4. Description of the stages:
- (1) 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.
- (2) 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.
- (3) 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.

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



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







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

- 1. Local supplier is defined as a domestic supplier. In Taiwan, mainland China and Vietnam, local suppliers are unable to provide certain main
- 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	1,369
РТА	1,800	1,838	1,773
MEG and Bio-MEG	718	783	687
Cotton (Including Organic Cotton and Recycled Cotton)	39	40	25

Note: PTA procurement includes external procuremnet and internal transfer.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- 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 incorporat 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 credamages 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 scrappage.		
Climate Change	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).		
Risk	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.

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

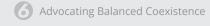


Creating Inclusive Society

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







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	 All transport suppliers shall comply with local and international regulations. 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. 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).
Management	 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. 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. 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.
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	 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. Based on the goods transported, transport suppliers must obtain required permits and licenses in accordance with governmental regulations and the weight limit.
Management	 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. 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. Incentivization: Transport suppliers incentivize drivers who conserve fuels and FENC incentivizes transport suppliers with early green vehicle adoption by allocating additional shipment.
2022 Performance	 Key discussions during the 2022 review meetings on transport safety and health: Assign additional unloading staff to process increasing import containers in order to reduce demurrage charges. Avoid spray painting the empty containers to prevent odor and customer complaints. Conduct regular maintenance and repair for vehicles, containers and tanks to ensure zero occupational accidents. Stress the precautions for loading and unloading operations within the plant, issue severe penalty for contrabands and request enhanced training from transport suppliers. In 2022, all FENC's land transport suppliers and random inspections were in compliance with the above standards.

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



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
- Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



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	 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. Vehicle operators work overtime and experience driver fatigue. Professional vehicle operators must provide required license for vehicles operated, and permit for transporting hazardous materials to carry out such operations. 	 Pre-work training and trial runs are provided for suppliers. Working hours are subject to local labor regulations. 		
Transport Equipment	 The selection of comprehensive transport equipment. The use of chemical tankers for chemical materials. The use of environmentally friendly vehicles to reduce CO₂ emissions. Regular maintenance and exhaust check at the inspection station. 	 Inspections are conducted before, during and after the transport. The GPS system is installed to monitor vehicle conditions. Heavy duty diesel vehicles in compliance with the governmental emission standards are used to minimize the emission of hazardous materials and microparticles (black smoke). 		
External Environment	 Weight limit. Road maintenance. Poor weather conditions that affect visibility. Dusty conditions and environmental pollution. 	 Vehicle capacity shall comply with the weight limit set forth in traffic regulations. Safety is priority. Transport operation shall be postponed during poor weather or road conditions. When transporting breakbulk cargo, lead with sprinkler truck to reduce dust. 		



&



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
- 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
- · 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.

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



- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society
- Cultivating Compassionate Bonds

2022 Highlight

- 5.1 Social Engagement at FENC Sites
- 5.2 Social Engagement by Corporate Foundations
- Advocating Balanced Coexistence
- Appendix





5.1 Social Engagement at FENC Sites 141 5.2 Social Engagement by Corporate Foundations 144

FAR EASTERN POLYTE

ERN POLYTEX











MÔ HÌNH TÁI CHẾ

Saigon

TÁI CHẾ RÁC T BẢO VỆ TƯƠNG



05/06/2022

NGÀY CUỐI

CUNC

TRAM CUỘC ĐỜI

CỦA NHƯA TÁI CHẾ RÁC THẢI KIẾN TẠO TƯƠNG LẠI

ĐỊA ĐIỂM: AEON MALL

LONG BIÊN











- Employee / Labor Union ☐ Business Partner (Supplier / Contractor)
- ☐ Direct Customer

☐ Government

- External Audit Agency
- ☐ Shareholder / Investor / Financial Institution

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

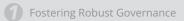
FENC's Contribution to UN SDGs $\,$

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

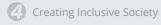
Enhancing Corporate Sustainable Image







Navigating a Green Future





2022 Highlight

- 5.1 Social Engagement at FENC Sites
- 5.2 Social Engagement by Corporate Foundations
- Advocating Balanced Coexistence
- Appendix

2022 Highlight



Social Engagement NT\$ 110 Million



Y. Z. Hsu Science Award Accumulating

Nearly NT\$ 180 Million





FENC Classic Marathon

Drawing Nearly 4,000 Runners to the Race



FENV's Sanitary and Water Purification Project

for the Remote Elementary School



FEG and YZU Establishing

Corporate Academy and
International Academy



YZU Hosted **R20xYZU**Climate Change Sustainability Summit



Far Eastern International Forum for Architecture Over 1,800

Online and On-site Audience 31,000 Views on YouTube



Far Eastern Architectural Design Award

Historic Tour Month

Acclaims from Nearly 600 Participants



FEPV at AEON's the World Environmental Day Event Sharing Recycling Knowledge



Y. Z. Hsu Innovation Forum Accumulating 5,800 Views
Online Coverage 960,000 Views

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

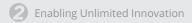
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

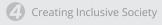
Enhancing Corporate Sustainable Image







Navigating a Green Future





2022 Highlight

- 5.1 Social Engagement at FENC Sites
- 5.2 Social Engagement by Corporate Foundations
- Advocating Balanced Coexistence
- Appendix

• Amount Invested in Social Engagement and Percentage to Profits After Tax

Amount Invested in	2020	2021	2022
Social Engagement (Unit: NT\$1,000)	238	108	106
Percentage to Profits After Tax	3.0%	1.1%	1.3%
FIGURE ALLEI TAX			

- 1. The total amount invested in social engagement includes the main subsidiaries on FENC's consolidated statement. Among them, FarEasTone Telecommunications, Co., Ltd publishes its own Sustainability Report.
- 2. The 2020 social engagement investment grew considerably by 71% compared to 2019 due to a donation totaling NT\$118.751 million for the establishment of Y. Z. Hsu International Conference Hall. Without this donation in 2021, the total dropped by 53% compared to 2020.

FENC has dedicated itself to non-profit and charitable causes for half a century with the belief of "benefiting from the society, returning benefits to the society". By tapping into the Company's core strength and infusing capital, we promote public wellbeing, expand on international perspectives and improve competitiveness for society as a whole, which will help us invent a new century.

5.1 Social Engagement at FENC Sites

FENC has long maintained a good relationship with local communities at its business locations, engaging community organizations and providing resources, such as offering venues for community assemblies or fire drills. We help the underprivileged members of the community. We also conduct beach cleanup campaigns and help schools and local neighborhoods clean their environment, fully utilizing our strength to raise public awareness of environmental protection and recycling. In 2021, the volunteer hours among the volunteers of all business sites amounted to 4,136 hours. The followings are the key events held in 2022.

The year 2022 is marked by meaningful social engagement for FENC. To name a few, the Company designed an environmental education program focusing on circular economy for the fifth and sixth graders. Beginning in 2023, the Company is offering free lessons at elementary schools adjacent to FENC production sites in Taiwan. OPTC collaborated with the local environmental education association for the disadvantaged, visiting underprivileged families in Kuanyin District and presenting care packages. FEAV provided financial assistance for 424 children in two orphanages. Some of them are orphans, some are minority children, and some are from families under hardship. At APG Polytech, staff lent a helping hand to families in need by donating food during Thanksgiving.



17 PARTNERSHIPS
FOR THE GOALS



FEPV at AEON's the World Environmental Day Event

FEPV collaborated with AEON Vietnam Co., Ltd. (AEON) on a PET bottle recycling project in 2022. The plant transformed the PET bottles recycled by AEON into rPET to be looped back into a new production cycle. In May, FEPV was invited to the World Environmental Day Event held by AEON, during which the plant interacted with the audience through lectures,





games and exhibition. FEPV shared the PET bottle recycling and reproduction process as well as its recycling technology, helping the public acquire proper recycling knowledge and learn the correct way to recycle. The plant provided 4,200 pairs of socks made of recycled PET bottles as gifts for those who recycled ten PET bottles, giving them instant and substantial gratification for recycling. The event drew nearly 10,000 participants, and 21,380 PET bottles were collected, demonstrating a successful partnership between FEPV and its stakeholder, which has planted the seeds of recycling through environmental education.



17 PARTIMERSHIPS FOR THE GOALS



Department of Textiles and Clothing, Fu Ren Catholic University Visiting Hukou



faculty members from the Department of Textiles and Clothing of Fu Ren Catholic University visited Hukou Mill. They were received by 20 representatives of Hukou Mill and led on a tour through the textile production system.



The tour began with cotton, the raw material, and moved on to rinsing, combing and drawing to arrive at the finished product, spun yarn. This highly technical process was put in layman's terms to help the students understand the craft of textile making.

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





- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society



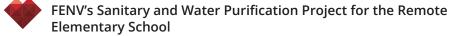
2022 Highlight

- 5.1 Social Engagement at FENC Sites
- 5.2 Social Engagement by Corporate Foundations
- Advocating Balanced Coexistence
- Appendix









FENV collaborated with its customer, lululemon, on Vendor Here To Be 2022. The project involves the installation of sanitary and water purification facilities at an elementary school in Bình Phước Province, Vietnam with the aim of providing the students with clean water and comfortable environment while helping them develop sanitary and hygiene awareness.

Though roughly 80% of the schools in Vietnam are equipped with water supply and sanitary facilities, many are not fully utilized or in need of repair. The Bu Gia Map Elementary School has an enrollment size of over 300 students. Despite its restrooms being dated and in insufficient quantity, the overall campus environment is well maintained, which speaks to the attentiveness of the school administration. The project team thus collaborated with a non-profit foundation under XYT to build a clean and safe restroom for the school. The project also helps school children develop sanitation and hygiene awareness through regular maintenance and educational programs.

The construction took place between March and September 2022 and the facility comes with a three-year maintenance and repair service. The improvement will help reduce diarrhea and diseases related to poor sanitary conditions among school children and help them maintain personal and environmental hygiene.







Protecting Nature With Pick-up to Clean-up at OTIZ

OTIZ's Human Resources Department established a team building division to plan activities that aim to build cohesiveness. Employees and their families were encouraged to participate and to enjoy fun and some quality time.

During the event, teams of families picked up discarded trash along the roads of Dongshan Village, Suzhou. The children followed their parents' lead and became guardians of nature, embracing the environmental education they received in school and focusing wholeheartedly on this task. It is the hope that through this campaign, the children are left with a profound understanding that environmental protection is a responsibility shared by

Almost every family in Dongshan and Xishan in Suzhou has fruit trees such as the loquat, date, pomegranate and tangerine in the garden. However, a predominate elderly population has made harvesting a trying task. To keep the fresh fruits from going to waste, OTIZ decided to lend a hand and started a campaign to help the farmers harvest the fruits. The elders shared tips on harvesting with the OTIZ staff, who then harvested and packed the fruits and loaded them onto the truck. The campaign helped them realize that team spirit is not just essential for an individual to thrive at work, but crucial for an entire corporation to flourish. Be it the trash pickup or fruit harvesting campaign, the staff at OTIZ and their families have learned the importance of protecting the environment and helping the community.







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

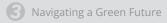
Image



Special Report











2022 Highlight

5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations













FENC Classic Marathon in the Teens

After being postponed for two years due to the COVID-10 pandemic, the FENC Classic Marathon returned on October 29, 2022 at Hsinpu Chemical Fiber Plant. This time. the organizer offered the 6K, 9K, 22K and 42K runs, drawing nearly 4,000 runners to the race. Despite strong gusts on the day of the event, the runners persevered and finished the race amid harsh conditions, a true embodiment of bravery and positivity.

Aside from promoting health through the marathon, FENC engaged in fundraising for the local elders with Huashan Social Welfare Foundation in Hsinpu. The two entities held a fair offering local produce and Hakka cuisine to the runners and visitors. While providing nutritious food choices to the runners, it was a great marketing opportunity for the local food.

FENC's running jerseys have always been a hit among runners. The 2022 collection focuses on the sustainable, odorless and drying elements. The jersey keeps the runners' skin dry by using fibers with anti-odor property and high wickability, creating a refreshing marathon experience. The jerseys are made of the sustainable fabric-to-fabric (F2F) recycled polyester. While promoting health and a sense of community among FENC employees and the local residents, the marathon also served as a medium for promoting the local cuisine and scenic landscape that drives community development and prosperity.







Hsinpu Chemical Fiber Plant's Support for Traditional Festivity and Cultural Development

January 20 on the lunar calendar is a day of celebration in the traditional Hakka culture. According to the Chinese mythology, it was the day goddess Nuwa repaired the pillars of heaven. Each year, Hsinchu County celebrates this day with a lantern festival in Hsinpu. After being halted for two years due to COVID-19, it finally resumed on February 10, 2023. Once again, Hsinpu Chemical Fiber Plant sponsored the main lantern and joined the parade with a float and a color guard. The 55 members in the color guard are employees and their families. The participation shows the plant's support for local events as well as the Hakka culture.

The celebration typically involves the worshipping ceremony for heaven. Crowds fight to be the first to place their incense sticks in the furnace and pray to the god of wealth. Lantern festivals are held throughout Taiwan along with other celebrations such as Yanshui Fireworks Festival, Bombing Lord Handan and the harbor cleansing ceremony. The lantern festival celebration in Hsinpu is another age-old custom. Local residents get to see the parade of floats every year with performances from local organizations, schools and clubs. It is becoming the most unique lantern festival celebration in Taiwan.

Hsinpu Chemical Fiber Plant has been bonding with local communities for years and takes part in this celebration every year. In 2022, the plant showed its support for the eighth time. Its staff and their families also expressed their passion for the community by participating in the color guard and the procession.

The main lantern display for the festival is sponsored by Hsinpu Chemical Fiber Plant. Its design, which echoes the Year of the Rabbit, is a vessel of wishes for a glorious future upon all and spectacular achievements ahead.





About This Report

Message from the Chairman

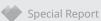
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Fostering Robust Governance



Navigating a Green Future





2022 Highlight

5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations

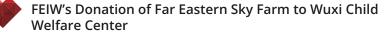












Wuxi Child Welfare Center was built in March 2022. In today's society, most children are raised in the asphalt jungle. To bring them closer to nature, FEIW decided to donate a sky farm to be built on the rooftop of the educational building, so that the children at the center get to experience nature, gardening and agriculture.

FEIW solicited the help of a professional team for the planning and design of the sky farm. The handover ceremony was held at the center on May 30, which was towards the end of the preparation stage. Construction began in July. Amid the scorching heat, the design staff and workers had to overcome additional challenges posed by the pandemic restrictions. Two months later, their hard work finally paid off. On September 8, the sky farm was completed.



5.2 Social Engagement by Corporate Foundations

FENC believes in "benefitting from the society, returning benefits to the society." The Company has been branching into charitable causes since the 1960s, devoting attention to education, arts, culture, healthcare and technology while dedicating corporate resources to humanitarian care for local communities. It is the hope that by providing long-term support in social engagement, FENC will bring warmth to all who are in need.

Vision and Direction for Social Engagement

Quality Healthcare

SDG 3.8



Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe. effective, quality and affordable essential medicines university. and vaccines for all.

Youth Talent

SDG 4.3



By 2030, ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including

Industry **Evolution**

SDG 8.2



Achieve higher levels of through diversification, technological upgrading and innovation, including through a focus on high value-added and labor-intensive sectors.

Social **Development**

SDG 11.3



By 2030, enhance inclusive productivity of economies and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

5.2.1 Quality Healthcare

Improving Quality of Medical Service with Medical Institutes: Far Eastern Memorial Hospital / Far Eastern Polyclinic

In the 1970s, Y. Z. Hsu, founder of Far Eastern Group (FEG), became aware of the lack of modern hospitals in New Taipei City. Back then, patients suffering major injuries or acute illnesses had to seek medical treatments in Taipei City. The distance often caused delayed treatment and ultimately tragedies. To prevent such unfortunate occurrences, FEG made donations to establish Far Eastern Medical Foundation, which was founded upon the missions to build hospitals; incentivize medical research; provide emergency and medical care as well as free clinics for underprivileged patients. The Group went further by building Far Eastern Memorial Hospital in Bangiao in 1981 and Far Eastern Polyclinic in Taipei City in 1988.



Far Eastern Memorial Hospital fulfilling its responsibility with continuous improvement in healthcare quality and efficiency

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

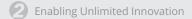
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report





Navigating a Green Future





2022 Highlight

5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations

Advocating Balanced Coexistence



Establishing the Non-Profit Organizations to Contribute to the Society

Tech Sector



Far Eastern Y. Z. Hsu Science and **Technology Memorial Foundation** (Chinese Website)

Established in 2001

Arts and Culture Sector



Far Fastern Memorial Foundation (Chinese Website)

Established in 1976

Educational Sector



Asia Eastern University of Science and Technology Established in 1968



Yu Chang Technological and Commercial Vocational Senior High School (Chinese Website)



Yuan Ze University Established in 1987

Established in 1980

Medical Sector



Far Eastern Medical Foundation Established in 1977



Far Eastern Memorial Hospital Established in 1981



Far Eastern Polyclinic (Chinese Website) Established in 1988





Today, Far Eastern Memorial Hospital has evolved into the only medical center in New Taipei City, and one that has been recognized with National Quality Award. Currently, the hospital houses 64 specializations, 2 centers and 1,174 beds, averaging 3,200 surgeries a month and over 5,000 daily out-patient visits. The hospital continues to develop patient-centered service. With the development of AI applications in medical research, Far Eastern Memorial Hospital is becoming a smart hospital that offers smart care and service to improve patient experience. Far Eastern Memorial Hospital (FEMH) has long been dedicated to the promotion of smart medicine. Its efforts in strengthening holistic care span from its outpatient, emergency, and hospitalization to home healthcare services with informatics and management. On September 15, 2022, the hospital became the first hospital in Taiwan to be certified by Healthcare Information and Management Systems Society (HIMSS) for the stage Six Electronic Medical Record Adoption Model (EMRAM). The certification measures clinical technological framework and content from the hospitalization perspective. In addition to data security and electronic medical records, the provision of closedloop processes, decision-making support and warnings for medication, assays, blood transfusion and human milk management are also evaluated.



Far Eastern Telemedicine Service by FEMH

To maintain healthcare capacity and quality as the COVID-19 cases soared, effective on May 26, 2022, those who tested positive using a home test kit may report their cases to the government upon obtaining a medical assessment. However, many were confused as to how to download and use telemedicine apps or which specialization to go to.



To make its telemedicine services more accessible, FEMH introduced the Far Eastern Telemedicine Service. With a few simple steps, patients could rest assured that a doctor would reach out to them at their own homes through a phone call.

The hospital arranged for doctors with appropriate specializations to call and diagnose the patients. If needed, the hospital also provided care and assistance through its call center to patients who were ready to end the quarantine period, which alleviated their stress.

Between May and July 2022, FEMH made a weekly average of 810 calls to diagnose COVID-19 patients: 4.116 calls to prescribe antiviral medication: 1.679 calls to prescribe medicine to treat the symptoms. The service was available nationwide and on the weekends.

The Far Eastern Telemedicine Service offers one-stop service for patients who contracted COVID-19. The service augmented medical capacity while minimizing barriers for patients who wished to report their cases and obtain antiviral medication. The service was crucial, especially among the elderly population and high-risk groups.

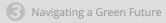
About This Report Message from the Chairman Sustainability Strategy Blueprint FENC's Contribution to UN SDGs Identification of Stakeholders and Material Topics Boosting Stakeholder Dialogue **Enhancing Corporate Sustainable** Image



Special Report











2022 Highlight 5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations





5.2.2 Youth Talent

Establishing Educational Institutes That Facilitate Diverse and Adaptive Learning: Asia Eastern University of Science and Technology / Yu Chang Technical and Commercial Vocational Senior High School / Yuan Ze University

FENC values diverse and adaptive learning, encouraging students to apply what they have learned to achieve self-fulfillment. Over the years, the Company has established the Oriental Institute of Technology, Yu Chang Technical and Commercial Vocational Senior High School and Yuan Ze University, providing students with options in terms of the right educational environment based on career development to bridge the gap between what students learn at schools and the skills required at the workplace. Since 2012, the affiliates of FEG expanded the practical training program for students. As of today, 805 students



Opening Ceremony of Asia Eastern University of Science and Technology's Malaysian High-Tech Talent Incubator

have participated in the industry-academia internship program and entered the companies after graduation. Such programs have created a win-win for students, corporations and society. (Please refer to 4.1.2 Recruitment and Retention.

Asia Eastern University of Science and Technology, formerly known as Oriental Institute of Technology, held the opening ceremony for Malaysian High-Tech Talent Incubator with the Overseas Community Affairs Council on September 27, 2022. The base will start offering two-year associate degree programs specializing in Application of 5G Technology, Electrical Engineering and Long-term Care. A minimum of 20 Malaysian students will be admitted each semester. The Overseas Community Affairs Council will be providing the resources needed and partnering with the Malaysian industry. The base will be the incubator of talents in the technological and long-term care industries for the Taiwanese corporations in Malaysia. On December 12, the university received a delegation of middle school principals and superintendents from Malaysia and helped them understand admission policies regarding overseas Taiwanese students. On December 14, the university received 170 Chinese Malaysian students from the Overseas Compatriot Youth Taiwan Study Tour.

The world is changing rapidly. At Yu Chang Vocational High School (YCVS), the educational focus is not solely on developing students' skills, techniques and innovative thinking. The school places equal importance on culture, humanity, sustainability and the development of a worldview. It is a cradle of talents for the industries. It is also the cradle of new-collar workers for the entire society. YCVS is preparing students with the ability to respond to challenges with agility. The curriculum for electrical engineering includes preparation programs for four certifications - interior wiring; computer hardware fabrication; network installation; industrial wiring. To give students a competitive edge, YCVS added courses and practical training for the certification of water supply piping. During the winter break in 2022, Director Jun-Liang Chen gathered 20 higher-level students who wished to obtain the certifications to attend the training. Their hard work paid off



Multi-Faceted Competitiveness for Students at Yu Chang Vocational High School

as all 20 students passed the exam. The certification, which is issued by the Ministry of Labor, gives the students the credential to undertake plumbing projects for the water supply system. An added benefit of the water supply piping certification is that students could use the certification to apply for a plumber's permit from the Ministry of Economic.

Yuan Ze University (YZU) is positioning itself as the incubator of global talents. In 2022, YZU established the Corporate Academy and International Academy. The Corporate Academy partners with FEG and offers a curriculum that caters to corporate needs. With both academicians and industry experts among its faculty, the academy matches students' employability with the corporate needs for talents. To consolidate and strengthen the English programs among all colleges, YZU founded the International Academy and recruited ten additional foreign teachers. English courses from the freshman to senior years at YZU are taught in an English-only environment at the academy with a focus on innovative concepts such as net zero, sustainability and smart applications. YZU also signed an MOU with Ardentec Technology Inc.



Corporate Academy by YZU and FENC

to establish the Semiconductor Academy, which will focus on R&D projects that are tailored to industry trends, benefitting both the students and the industry.

To call attention to climate issues, YZU co-hosted the climate summit. R20xYZU Climate Change Sustainability Summit on November 11, 2022. Michèle Sabban, Honorable President of R20 Regions of Climate Action and Chairperson of R20 Green Fund for Women, and Natasha Ilic. Secretariat General of R20 Green Fund for Women led a delegation to Taiwan.

During the event, Michèle Sabban shared the progress R20 Regions of Climate Action and R20 Green Fund for Women have made in the world. Linda Wang, Sustainability Manager of IKEA Group shared IKEA's journey to global sustainability. Tony Hsieh, Country Director of Google Cloud in Taiwan discussed the transition to Net Zero 2030. Also in attendance were Humphrey Cheng, President of Corporate Management of FENC; Eugene Chien, Chairman of Taiwan Institute for Sustainable Energy and Ambassador-at-large; sustainability managers



R20 x YZU Regions of Climate Action

and CEOs of top 100 corporations. The distinguished guests explored key issues related to climate change and sustainability and signed a climate proposal. Multiple affiliates of FEG were also in attendance.

Also included in the forum are segments on Net-Zero Transition and Opportunities as well as ESG and Civic Duties. While the former is a discussion on how domestic businesses could transform successfully to adapt to the net-zero era, the latter calls on youths' understanding that ESG is an obligation for global citizens. In addition to aligning with global trends, it is essential to cultivate civic literacy targeting ESG.

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

- 7 Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- Cultivating Compassionate Bonds

2022 Highlight5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations

- 6 Advocating Balanced Coexistence
- **A**ppendix



Incorporating Google Cloud Certification at YZU

YZU devotes longterm efforts to the cultivation of talents with global mobility as well as digital and interdisciplinary skills. In addition to fostering competitiveness

in the digital field for

students, YZU incorporates

interdisciplinary



educational programs with an emphasis on industry-academia collaboration to help students apply the knowledge they acquire in school. YZU is among the first universities in Taiwan to incorporate Google Cloud certification, using the Google Cloud Platform (GCP) to strengthen students' technological and professional capabilities and build a smart campus for YZU.

According to Dr. Ching-Jong Liao, the president of YZU, Google Cloud will provide a broad suite of resources, including the course content, presentation materials, exam questions, innovative and experimental courses as well as the global cloud certification. Students who complete the program and pass the exam will receive a certification and be listed on Google's digital talent pool, making them top candidates for Google Cloud.

YZU's Google Cloud certification program is a three-year program. The focus for the first year is course development and teacher training for Google Cloud Computing Foundation (GCCF). Courses officially begin in the second year with priority enrollment for YZU students. The program offers two advanced courses, Cloud Digital Leader (CDL) and Associate Cloud Engineer (ACE), which are suited for students who aspire to work in the digital industry. With a systematic program design, it is anticipated that a minimum of 500 students will be able to receive certifications at the basic level by the third year of this program.

By offering this program, YZU is now a Google Cloud ecosystem partner. The multimodal industry-academia collaboration will help the university apply artificial intelligence and machine learning more extensively. Also included in the program is the plan to build YZU into a smart campus with cloud resources for digital courses. The establishment of the cloud information system will make YZU an experimental field for this program.

Shining International Spotlight Onto Taiwan With International Competitions: Taiwan Young Student Physicists' Tournament

To build a solid foundation in science education among young students, Y. Z. Hsu Science and Technology Memorial Foundation started the Y. Z. Hsu Competition-Taiwan Young Student Physicists' Tournament in 2009 with the Department of Physics, National Taiwan Normal University. The competition is open to high school student teams around the nation. Students who perform well during the competition will be recruited to the national team, which will train with professors from National Taiwan Normal University and compete in the International Young Physicists' Tournament (IYPT).

The twelve questions for contestants of the Taiwan Young Student Physicists' Tournament are selected from the 17 questions published by IYPT. The tournament attracts students from top high schools each year. They conduct experiments or simulations based on each question; report and debate over their findings with other contestants during the tournament. As of 2022, the 13th year of the tournament, the event has attracted 1,955 contestants and awarded NT\$13.73 million in prizes. Y. Z. Hsu Science and Technology Memorial Foundation has been sponsoring food, accommodation and transportation for the IYPT national team members. The students were exceptional, winning 1 gold, 6 silver and 5 bronze medals.

The influence of the Taiwan Young Student Physicists' Tournament (TYPT) is far-reaching. The tournament prompted the establishment of physicist's clubs in Taipei Municipal Jianguo High School and Kaohsiung Municipal Kaohsiung Senior High School. The questions given during the tournament are also taught during the physics courses at the National Taiwan Normal University, Taipei American School, National Changhua Girl's Senior High School and Mingdao High School. Starting in 2014, the National Taiwan Normal University has been offering speculative physics, which discusses questions from the International Young Physicists' Tournament (IYPT) during a current year. The instructors guide students to navigate through the thought process of inference, speculation and research. Many science programs in Taiwan also started referencing the physics materials referenced during IYPT, such as the national competition for innovative science teaching aids; physics tournaments for high schools and colleges; national competitions for high school physics inquiry and practice; national and regional science fairs.

Inspiring Next Generation Talents to Embrace Emerging Fields With Platform of Exchange: Y. Z. Hsu Innovation Forum

Y. Z. Hsu Science and Technology Memorial Foundation hosted the first Y. Z. Hsu Innovation Forum in 2013 to encourage youth to enter the field of science and technology and create a new future for the next generation. In 2022, with the celebration of the foundation's 20th anniversary, five more Y. Z. Hsu Innovation Forum were held. FENC brought the forum to senior high schools, including Taipei Municipal Jianguo High School, Taipei First Girls High School, The Affiliated Senior High School of National Taiwan Normal University, Taipei Municipal Zhongshan Girls High School and National Experiment High School At Hsinchu Science Park. This arrangement gives high school students exposure to diverse technological fields. Winners of Y. Z. Hsu Science Award are invited as speakers and panelists to share their experience and legacy, inspiring young students to embrace emerging technological industries. Based on the satisfaction survey, participants are highly satisfied with the forum.



Forum in Chien Kuo senior high school



Forum in National Experiment High School a Hsinchu Science Park

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image





- Enabling Unlimited Innovation
- Navigating a Green Future
- Creating Inclusive Society



2022 Highlight

5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations

- Advocating Balanced Coexistence
- Appendix

• 14th Taiwan Young Student Physicists' Tournament—Thoughts from Students and Advisors



Chi-Ta Chia

Professor of Physics, National Taiwan Normal University / Founder of TYPT

TYPT exemplifies what establishing a firm foundation means. It is so cutting-edge that the subjects it explored are seven to eight years ahead of the new curriculum.



Jun-Ru Lin

Student, College of Electrical Engineering and Computer Science, National Tsing Hua University / IYPT National Team Member

Participating in IYPT has allowed us to understand how physics works in the real world and develop problem-solving skills. We also get to explore our interests during the tournament, which will help us choose the right major in the future.



Shu-Wei He

Student, Department of Electronics and Electrical Engineering, National Yang Ming Chiao Tung University / IYPT National Team Member

I feel fortunate for the opportunity to become acquainted with so many outstanding international students through this tournament. Their influence on me is still profound to this day, and I am grateful for the opportunity to expand my horizon.

Source: Interviews from the 14th TYPT

2022 Results of Y. Z. Hsu Innovation Forum

Theme	Explore Passion, Envision Future					
Session	Chien Kuo High School High School High School	Taipei First Girls Zhongshan Girls High School High School	National Experimental High School at Hsinchu Science Park			
Speakers	Chung-Wen Lan Professor, Department of Chemistry, National Taiwan University Winner of the 19th Y. Z. Hsu Science Chair Professor — Green Technology Category	Ching-Chow Chen Professor, Department of Pharmacy, National Taiwan University Winner of the 14th Y. Z. Hsu Science Chair Professor — Biopharmaceutical Category	Yung-Fu Chen Professor, Department of Electrophysics, National Yang Ming Chiao Tung University Winner of the 18th Y. Z. Hsu Science Chair Professor — Optoelectronics Category			
Influence	A total of 1,144 people watched the event, including 531 on-site participants and 613 online viewers. The program videos accumulated approximately 5,800 views with online coverages accumulating approximately 960,000 views.					

5.2.3 Industry Evolution

Encouraging Academia to Accelerate Technological Research, Development and Innovation: Y.Z. Hsu Science Award

Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation is founded on the mission to promote "technology and innovation." Since 2002, the foundation has been presenting Y. Z. Hsu Science Award to encourage academia for dedication to innovative research and development in the technological fields. The foundation consistently exerts efforts and resources into the cause, making Y. Z. Hsu Science Award one of the most prominent awards in scientific research in Taiwan. As this award marches into its 20th year in 2022, it is now one of the most significant technology awards in Taiwan and the number of applications reached 275. Over 260 scholars and experts participated in the peer review and chose 29 winners for Science Chair Professor, Science Paper Award, Yuan Ze Chair Professor and Outstanding Professor Award.



Chairman Douglas Tong Hsu with winners of the 20th Y. Z. Hsu

Among them, winners of Y. Z. Hsu Science Chair Professor received NT\$11.4 million. Over the 20 years of the award history, 441 awards have been presented with NT\$180 million in prize money, which is a remarkable record.

After devoting decades of effort and resources, the Y. Z. Hsu Science Chair is now one of the prominent science awards in Taiwan. Among past awardees, many went on to become the academicians of Academia Sinica, the most prestigious honor in the academic field, including academicians Lih-Juann Chen, Chung-Yuan Mou, Shie-Ming Peng, Li-Chyong Chen, Pan-Chyr Yang, Huey-Kang Sytwu, Soo-Chen Cheng, Ann-Shyn Chiang and Chien-Hong Cheng.

Y.Z. Hsu Science Award Categories



- Y. Z. Hsu Science Chair Professor
- Y. Z. Hsu Science Paper Award
- Y. Z. Hsu Technology Invention Award
- Nanotechnology • Information and Communication Technology
- Optoelectronics Technology
- Biotech and
- Pharmaceutical Green Technology

Science, Technolog

Medical Technology

and Humanity

- Being the highest honor, this award commends extraordinary contributions to the field of emerging technologies.
- The award encourages academic research and publications to further elevate the technological standards in Taiwan.
- The award promotes industry-academia collaboration to expand technological applications.

The award honors exceptional undertakings of professors and associate professors who teach at Yuan Ze University, Oriental Institute of Technology, Far Eastern Memorial Hospital and National Taiwan University Hospital to promote knowledge regarding science, technology and Humanity as well as to promulgate medical technology.

Y. Z. Hsu Yuan-Ze Chair Professor

The award recognizes full-time professors of Yuan Ze University with outstanding achievements in teaching and research to maintain and improve academic and educational competitiveness.

Y. Z. Hsu Scientific

The award recognizes outstanding contribution, influence or achievement in technological research and innovation; technological policy; promotion of Contribution Award technological applications and other accomplishments that promote social development and welfare.

Y.Z. Hsu Science Award 📉

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



Fostering Robust Governance



Navigating a Green Future





2022 Highlight

5.1 Social Engagement at FENC Sites

5.2 Social Engagement by Corporate Foundations

Advocating Balanced Coexistence



The year 2022 marks the 20th anniversary of the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation. This milestone was celebrated with a slew of programs and activities, including science forums featuring the head of scientific research institutes and past winners of the Y. Z. Hsu Science Chair as speakers. The forums explored the future of technology and Taiwan's digital competitiveness. The foundation also issued a special publication commemorating the event and produced a video celebrating the foundation's accomplishments over the past two decades.

Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation 20th Anniversary Publication (Chinese)

Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation 20th Anniversary Video (Chinese)

5.2.4 Social Development

Interdisciplinary Dialogue to Create Livable, Inclusive and Sustainable Environment: Far Eastern International Forum for Architecture

Far Eastern International Forum for Architecture, which is held by Y. Z. Hsu Science and Technology Memorial Foundation, approaches architecture through diverse perspectives. The 2022 forum, Architectural Concerto Architectural Assumption • Retrospection and Foresight, is a collaboration between the foundation and Da Ai Forum. While the experts look retrospectively at the past 30 years of architectural development in Taiwan, they also look into the next 30 years for possibilities.

 2022 Far Eastern International Forum for Architecture x Da Ai Forum, Architectural Concerto Architectural Assumption · Retrospection and Foresight



Douglas Tong Hsu Chairman. Far Eastern Group

Moderator



Eric Yao Founder. Founder, dX Group

Speaker



Kris Yao Founder, Kris Yao | Artech

Speaker



Speaker

JK Yao Chief Designer, chroma33 Architectural Lighting Design

The 2022 Far Eastern International Forum for Architecture invited a prominent trio in the architecture and design fields in Taiwan, Eric Yao, Kris Yao and JK Yao. The three brothers, who are experts in interior, architectural and lighting design, spoke on Architectural Assumptions in the Next 30 Years; Architectural Assumption, Retrospection and Foresight; 30 Years of Architectural Lighting Design. They explored the past and future of the three disciplines and sparked invigorating dialogues which broadened the audience's perspectives towards and awareness of architectural design and cultural development, bringing exciting cultural exchanges in post-pandemic Taiwan. Chairman Hsu, being an aficionado of the art of architecture, also engaged the speakers and audience from a macro perspective.

Architectural Assumption, Retrospection 30 Years of Architectural Lighting Three Decades | Eric Yao (Chinese)

Design | JK Yao (Chinese)

2022 Far Eastern International Forum for Architecture – Historic Reminiscence x Dialogue across Time and Space

The award kicked off with a visit to the historic Confucius Temple and the 250-year-old Baoang Temple in Taipei. Both are located in the historic Dalongtong area, which is known for its rich scholarly tradition. To create more lasting influence, experts and scholars were invited to share the stories behind these historic monuments on September 24.

Speakers of the Forum for Architecture – Historic Reminiscence x Dialogue across Time and Space



Speaker / Moderator Chien-Lang Lee





Speaker

Tsung-Hsien Chou Professor Emeritus. Tamkang University Architectural Historian



Speaker

Ching-Chih Lee Professor, Department of Architecture, Shih Chien University Architectural and Cultural Scholar



Panelist

Charles Lin Expert of Historic Monument Tour

Regardless of time and space, regardless of nationality, architecture is as relevant as ever and it still communicates to the world. In September 2022, prominent scholars and experts were invited to the Far Eastern International Forum for Architecture. Chien-Lang Lee, Tsung-Hsien Chou, Ching-Chih Lee and Charles Lin engaged in an exciting conversation on the importance of historic architecture and its significance towards cultural identity. The conversation shed profound insights regarding the revitalization and reuse of historic monuments. Far Eastern Architectural Design Award aims to promote environmental beauty and the art of architecture. It is the aspiration that the Historic Tour Month, Far Eastern International Forum for Architecture as well as the experts and scholars involved will give the supporters of culture and architecture an intimate encounter with the beauty of traditional architecture in Taiwan

Official Website of Far Eastern International Forum of Architecture (Chinese)

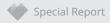
About This Report Message from the Chairman Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable



- Fostering Robust Governance
- Enabling Unlimited Innovation
- Navigating a Green Future
- 4 Creating Inclusive Society
- Cultivating Compassionate Bonds



2022 Highlight Target and Progress Material Topics 6.1 Optimizing Land Resources 6.2 Building Sustainable Community

Appendix



Target Readers:

☐ Employee / Labor Union ☐ Business Partner (Supplier / Contractor)

☐ Direct Customer

■ Government

■ External Audit Agency

☐ Shareholder / Investor / Financial Institution



















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





- 2 Enabling Unlimited Innovation
- Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds



2022 Highlight
Target and Progress
Material Topics
6.1 Optimizing Land Resources
6.2 Building Sustainable Community

Appendix

2022 Highlight

New Century New Vision, First Residential Project Completed at Tpark Architectural Planning and Design Award-

Residential High-Rise and First Prize, Golden Stone High Distinction Award for Architecture,

TCI Concrete Construction Award

Award of **Excellence** for Private Construction,

Golden Safety Award



TPKP, **First** All-Precast Parking Garage in Taiwan **High Distinction** Award for Architecture from 2022 TCI Concrete Construction Award





Social Engagement Investment
NT\$ 25.87 Million
66% Growth



Implementing Digital Transformation and Information Security Management





Cohosting Discovering
the Beauty of Tpark
with Main New Taipei City
Library





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





Enabling Unlimited Innovation

Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds



2022 Highlight **Target and Progress Material Topics**

6.1 Optimizing Land Resources

6.2 Building Sustainable Community

Appendix

Target and Progress

	Increase in Green Building Floor Area	Reduction of Electricity Consumption per Unit of Floor Area
2030 Target	Reaching 57 %	↓8 %
2025 Target	Reaching 55%	↓4 %
2023 Target	Reaching 50 %	↓1 %
2022 Target	New Goal	New Goal
Action Plan	 Stay informed on green building regulations and trends. Send applicable staff to undergo training regarding green building labels. 	 Identify the sources of electricity consumption and implement customized reduction measures to tackle each source. Replace equipment with low energy efficiency. Promote energy conservation to building tenants or occupants.
	7 AFFORMER AND 12 DESCRIPTION ON PRODUCTION ON PRODUCTION	7 AFFERDAGE AND 12 DESPROBLEM AND PRODUCTION AND PR

Material Topics



Optimize Land Resources



Build Sustainable Community

Significance and Purpose of Management for FENC

To revitalize and utilize its properties throughout Taiwan, FENC entrusts FERD with affairs in real estate development and management. Through integrated planning by professional managers, the Company continues to experience steady growth in its real estate business and asset performance.

Management Approaches and Effectiveness Evaluation Mechanisms

- Align property planning with the latest regulations and market demand.
- Procure green building materials and construction methods that minimize pollution.
- Establish standard operating procedures with tracking mechanisms for the construction environment and process.

Authority

• FERD

Significance and Purpose of Management for FENC

FERD holds a strong conviction in sustainable management. All operations, which span from land planning and development to real estate management are approached with environmental protection and low carbon as the ultimate objective. By leveraging advanced technology, FERD is on track to create a smart and green park campus that fosters sustainable development to strike a dynamic balance between the mankind and environment.

Management Approaches and Effectiveness Evaluation Mechanisms

- Enhance GHG inventory, management and reduction.
- Embody green building concepts in new constructions and aim for obtaining green building labels.
- Expand the channels and formats of stakeholder engagement.

Authority

• FERD

Note: 1. The scope of data collection for "Increase in Green Building Floor Area" covers buildings with titles registered under FERD.

2. The scope of data collection for "Reduction of Electricity Consumption Per Unit of Floor Area" covers TPKA R&D Building within Tpark with 2022 as the base year.

152

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







Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds



2022 Highlight Target and Progress **Material Topics**

6.1 Optimizing Land Resources

6.2 Building Sustainable Community

Appendix

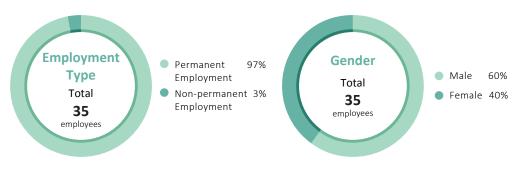
6.1 Optimizing Land Resources

6.1.1 About FERD

Far Eastern Resources Development Co., Ltd (FERD) is a wholly owned subsidiary of FENC, which consolidates and manages nearly 660,000 square meters of property. Comprised of the Development Operation Department, Administrative Management Department, Property Management Department and Engineering Department, FERD oversees real estate development, leasing and operational management, charting the development roadmap with a prudent and sustainable mindset to maximize stakeholder interests.

Administrative management, internal control as well as risk management and response at FERD are conducted in accordance with the rules and measures set forth by its parent company. During the reporting period, the Property Management Department established the Information and Intelligence Division to be in charge of affairs related to digital transformation as well as information security and management. There are no significant changes made to FERD's organizational structure, ownership, supply chain and headcount. In 2022, FERD paid NT\$49.35 million in house tax and NT\$540 million in property tax.

2022 Structure of Manpower at FERD



6.1.2 Progress of Major Development Projects

Taipei Far Eastern Telecom Park (Tpark)

Taipei Far Eastern Telecom Park (Tpark) occupies a 24-hectare site in Bangiao District of New Taipei City, where Far Eastern Textile Ltd. Co. once was. Prompted by the booming economy, the site has transformed into the first telecom park in Taiwan, ready to lead the next wave of economic development. The master plan for Tpark sets a clear course for its long-term development. The R&D buildings make up an industry cluster that will appeal to more high-tech talents. The park also offers residential, commercial and parking zones to satisfy all users.

R&D Office

R&D Office

TPKA

Completed in 2010, TPKA Building is the first R&D office building at Tpark.

In 2022, 97% of TPKA Building was leased.



Green Building Label (Taiwan)- Qualified

TPKD Building was completed in January 2020. In January 2021, Google officially opened its doors at Tpark. The building is Google's first and largest hardware development center outside the U.S.

TPKD



Green Building Label (Taiwan)-Diamond



Leadership in Energy and Environmental Design (LEED from U.S. Green Building Council-Gold



TPKE



Being the fourth R&D building in Tpark, TPKE Building was completed in the fourth quarter of 2022, and the occupancy permit was obtained in January 2023.

Certification (Taiwan)-Gold



Candidate for Smart Building Certification (Taiwan)-Bronze

Residential Building Zone

Eco Park (Residential Building Zone B)

Construction was completed and sales began at the end of 2022.

Architectural Planning and Design Award -Residential High-Rise and First Prize,

Institute (TCI) Concrete Construction Award

Golden Stone. Chinese Architectural Golden Stone Award

High Distinction Award for Architecture, Taiwan Concrete



Award of Excellence for Private Construction, Golden Safety Award from the Ministry of Labor



(Taiwan)-Sliver

Residential Building Zone C

The demolition and building permits were obtained in May 2021 and the application for design modification is pending approval.

Parking Facility

TPKP Parking Garage

The project is under construction and the use permit has been approved in the second guarter of 2023.



High Distinction Award for Architecture, Taiwan Concrete Institute (TCI) Concrete Construction Award

Note: TPKC R&D Building is currently under the management of Far EasTone Telecommunications Co., Ltd. Since 2021, its sustainability performance has been disclosed in Far EasTone Corporate Sustainability Report.

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



Creating Inclusive Society



Cultivating Compassionate Bonds



Advocating Balanced Coexistence

2022 Highlight Target and Progress **Material Topics**

6.1 Optimizing Land Resources

6.2 Building Sustainable Community



Other Development Projects

1. Spa Resort

The 10-hectare project is located in Jiaoxi Township, Yilan County. Approval has been obtained for the zoning change, traffic impact study and urban design review. The building permit was obtained in May 2021 and the application for design modification in pending approval.

2. FF International Conference Hall

The groundbreaking ceremony was held on April 12, 2021 in Zhongli District, Taoyuan City. Designed by worldrenowned Spanish architect Santiago Calatrava, this architectural masterpiece will house a convention center, an art center and Yu-Ziang Memorial Hall. The three landmarks will be pivotal in the advancement of the local arts and culture, charity and academic discipline. FE International Conference Hall is making its mark as an international landmark in Taiwan, and construction for Yu-Ziang Memorial Hall started in April 2022.

3. Wugu Logistics Center

The demolition permit was obtained on November 25, 2021. Existing structures on site were demolished in December 2022, and construction has started in the second guarter of 2023.

4. New Century New Vision

New Century New Vision is a residential development adjacent to Tpark. The demolition and building permits were obtained in August 2021, and the construction briefing was held on December 22, 2021. Existing structures on site were demolished in April 2022, and a fence greening and beautification project was carried out collaboratively with Asian Eastern University of Science and Technology in December 2022.

6.1.3 Contractor Management and Park Maintenance

TPKP Parking Garage



🙎 2022 TCI Concrete Construction Award for the First All-Precast Parking Garage in Taiwan

TPKP is a parking garage with two levels underground and nine aboveground. The topping-out ceremony was held in June 2022. Once completed, TPKP Parking Garage will address the regional parking demand, adding accessibility and convenience for Tpark and the vicinity.

1. An Environmental and Quality Precast Project

TPKP is the first parking garage in Taiwan built with the precast construction method. The circular structure is highly modular, which minimizes the use of steel molds. The patented column ties also help conserve materials



The topping-out ceremony with representatives from FERD Far Eastern Technical Consultants Co., Ltd., Far Eastern General Contractor Inc. and Ya Li Precast Prestressed Concrete Industries

while strengthening structural performance to reduce construction mistakes. The project significantly cuts dust and noise pollution as well as waste on site. The two-spiral ramp design is also the first of its kind in Taiwan, guiding drivers to their parking spots through the most efficient route.

2. A Visibly "Green" Building

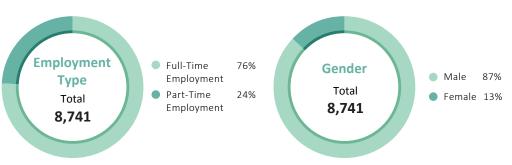
The exterior of TPKP Parking Garage is adorned with overhanging flower beds a cascading wall of green vines flowing freely along the structure. As the plants grow, TPKP Parking Garage will also grow into a tower of foliage and vitality within Tpark.

3. A Parking Masterplan Fitting for the Al Era

TPKP Parking Garage incorporates multiple smart features to enhance efficiency. The smart system monitors the entire building to help drivers find parking spaces efficiently. Drivers may simply use their smartphones to reserve parking spaces and pay online. TPKP Parking Garage is designed as a regional parking center. Its system is connected to the parking facilities nearby to reflect available parking in real time, which mitigates traffic congestion, conserves energy and reduces carbon emissions by cutting the time drivers spend on the road searching for parking.

Occupational Health and Safety

2022 Information on Contractor Staff



Note: All staff are nationals of the Republic of China. The contractors are in charge of scheduling the shifts based on the types and progress of construction projects. Therefore, requests for leave and absence are determined by the contractors based on individual company

Construction safety is paramount to FERD. Zero occupational injuries and accidents is regarded as the ultimate goal. However, an unfortunate event cast a shadow over 2022. Though this major occupational accident involves the contractor, FERD assumes full responsibility and an active role in the aftermath, working closely with the contractor on the review and prevention strategies to determine the best course forward and avoid future occurrences.

1. Cause

During a lifting operation at Tpark, one of the subcontractor's construction staff got caught between the platform of the lift and the building facility. The lift operator seemed to have missed the worker behind the lift. Though resuscitation attempts were made, the worker passed away.

2. Improvement strategies for the supervision of contractors/subcontractors

- Ensure that machine operators are properly qualified.
- Mandate regular trainings for operators.
- Require safety and health meetings with case discussion and review.

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

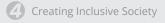
Enhancing Corporate Sustainable Image















2022 Highlight
Target and Progress
Material Topics
6.1 Optimizing Land Resources
6.2 Building Sustainable Community



Occupational Injuries Among Contractor Staff at Tpark

	2020	2021	2022
Number of Occupational Injury Cases	0	0	1
Number of Work-related Deaths	0	0	1
Injury Rate (IR)	0.00	0.00	0.23
Rate of Work-Related Deaths	0.00	0.00	0.23

Note

- 1. Injury rate (IR) = total number of occupational injuries × 200,000, which is equivalent to process safety total incident rate (PSTIR) in the SASB standards for the chemical industry.
- 2. Rate of Work-related Deaths = Number of Work-related Deaths ÷ Total Work Hours × 200,000.
- 3. 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.
- 4. Occupational injuries include premature deaths, permanent total and partial disabilities, temporary total disabilities and minor injuries that result in no more than one lost day. Traffic accidents that occur during employees' commute to and from work are excluded.

Waste Management

Waste materials generated at Tpark include construction and general waste. Construction waste includes construction debris and concrete from the construction site, which is disposed of in accordance with applicable regulations. General waste includes domestic waste from construction and office workers. Buildings at Tpark are offices devoted to R&D purposes. There is no hazardous waste generated on-site.

2022 Waste Type and Quantity by Construction Project

	Construction	Waste (Unit:	Cubic Meter)	General Waste (Unit: Metric Ton)	
	Construction Debris	Bricks or Concrete	Mixture of Soil and Gravel	Domestic Waste	
TPKE	5,536	-	-	288	
Eco Park (Residential Building Zone B)	-	-	-	241	
TPKP Parking Garage	700	-	-	36	
New Century New Vision	14,332		-	34	
Total	20,568	0	0	599	

Note:

- 1. In 2022, Residential Building Zone C was awaiting the approval of design modification. The only operating unit was the construction office and the domestic waste generated was disposed of by the contractor.
- 2. The waste from each construction project is entrusted to a qualified clearing and transporting company to leave the site for disposal.

Quantity of Construction Waste

Unit: cubic meter

	2020	2021	2022
Construction Waste	2,146	30,849	20,568

Quantity and Treatment of General Waste

Unit: metric ton

		TPKA			TPKD	
	2020	2021	2022	2020	2021	2022
Incinerated	192	128	145	-	75	129
Recycled	27	23	27	-	14	32
Total	219	151	172	-	89	161

Vote:

- 1. The increase in domestic waste is attributed to the return of office workers to TPKA and TPKD Buildings as the COVID-19 pandemic slowed down in 2022.
- 2. TPKD Building began operating in 2021. Waste and resource management at TPKD Building has been under the responsibility of the tenants' operational teams. The disclosure in this report regarding TPKD Building is also provided by the tenants.
- 3. All construction waste is disposed of from the construction site by qualified waste management companies

6.2 Building Sustainable Community

6.2.1 Foster Social Prosperity

Social Engagement Investment

Unit: NT\$ thousands

~		Total
2020 \$ 11,852 763		12,615
2021 \$ 15,172	369	15,541
2022 \$ 25,164	702	25,866
Voluntary Contribution to Investment in Infrastructure	Cash and Non-Cash Donation	

Note:

- 1. Voluntary contribution to investments in infrastructure in 2022 includes the maintenance of landscaping within Tpark and the roads as well as the operation of ecological ponds at the north and south parks. The increase in investments is attributed to the update and repair of equipment and facilities to ensure safety and quality within Tpark.
- 2. Cash and non-cash donations include social engagement (organizing and co-organizing charity events) and community care in 2022.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

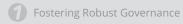
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image

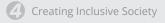


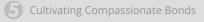
Special Report













2022 Highlight Target and Progress Material Topics 6.1 Optimizing Land Resources 6.2 Building Sustainable Community



Discovering the Beauty of Tpark

Tpark celebrated Earth Day 2022 with Discovering the Beauty of Tpark. The celebration invited office workers at Tpark to step out of their offices and into nature. In addition. a collaborative program with the main New Taipei City Library helped the public get acquainted with the ecological park, making Tpark the best demonstration site for environmental protection.



- 1. Between April 18 and 22, an exhibit was set up at the lobby on the ground level of TPKA Building. Maps and pamphlets introducing the ecological park were provided to the officer works. The exhibit also included an interactive online guiz with prizes for participants, and a total of 110 entries were received. Interactions through the exhibit and online guiz have helped convey the concept and made an impression.
- 2. Tpark organized wetland tours for elementary school students and their parents with the main New Taipei City Library on April 24 and May 22. Experts on the wetland habitat led the tours, guiding the families through the wetland at the north park. Before the tours ended, students got to repot some plants and learned to respect all lives on Earth. Observing from the worksheets filled out by 14 groups of students, they have understood the importance of environmental protection.



Su-Zhi Fu, Smart **Modular Technologies**

My Tpark Discovery

Strolling from the MRT station to Tpark has become a morning routine for me. It also initiated my Tpark discovery.

My office is located on the sixth floor. Sitting near the window gives me a great vantage point to the north park and I witnessed the entire construction process. I was pleasantly surprised one day by the sight of an egret visiting the park. Soon, one grew into a flock. I have seen a Malaysian night heron walking leisurely across the park unafraid of its human company. I also met many pudgy pigeons roaming the grass. I was especially stunned by the sight of the lushly blooming golden trumpet trees in March. As the sunlight shined through, dancing with the falling yellow petals, I was astonished by such beauty.

I have tremendous respect for all crews at Tpark. Their hard work helps increase my understanding of the environmental issues. My Tpark discovery will continue, and my green map will also continue to grow.

2022 Tpark Christmas Charity Market ∞ Infinity of Love

The 2022 Tpark Christmas Charity Market was held on December 20, 2022 featuring the theme, Infinity of Love. In addition to the charity booths, the market also incorporated circular economy into its program and booth design.

- 1. Ten charitable organizations and individuals were invited to sell their products and promote their philosophy and ideology.
- 2. To feature circular economy, the market collaborated with addLEss, an online second-hand boutique, to collect used clothing for charity auctions. The sales proceeds and remaining items were donated to charity
- 3. Promotion of circular economy: Tpark invited Fish Culture Co., an organization dedicated to advocating circular economy, to the charity market. The company added an interactive game at the booth to promote circular economy and encourage the public to take action. All booths at the market were zero waste booths constructed with PC/PS faux wood, which is made of recyclable materials and 100% reusable. Tpark is taking concrete steps towards circular economy.
- 4. To promote environmental protection, the design of the 2022 Christmas Charity Market highlighted polar bears in a coordinated effort with the Christmas decoration at the lobby. Art pieces featuring polar bears were placed at the entrance with a terrestrial globe hanging from above, calling attention from all participants to climate issues.



Partner of Christmas Charity Market – addLEss

We feel honored to be invited to Tpark Christmas Charity Market this year. We believe in paying it forward through sustainable fashion and we are extremely pleased to see an enthusiastic turnout for the clothing donation from the workers at Tpark. These quality apparels will get to shine again. The charity market shows us that we are not alone on this path towards circular economy. While showing our commitment to sustainability, we can contribute to charity, making this event extremely meaningful.

I hope we will be invited again. We had fun selling as well as buying. Our appreciation goes to the organizers for their consideration and efforts in making this happen!

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



Creating Inclusive Society



Cultivating Compassionate Bonds



Advocating Balanced Coexistence

2022 Highlight Target and Progress Material Topics 6.1 Optimizing Land Resources 6.2 Building Sustainable Community

Appendix

Flu Vaccination Campaign with Trihealth Enterprise

On October 21, 2022, Tpark teamed up with its tenant, Hsiao Chung-Cheng Healthcare Group - Trihealth Enterprise, on a flu vaccination campaign to safeguard the health of office workers at Tpark. A total of 75 workers took advantage and received their flu shots on-site.

Charity Flash Market

To enhance tenant services, Tpark invited Far Eastern A-mart Co., Ltd. (a.mart) to set up pop-up shops on the ground level of TPKA Building at noon on Wednesdays. The shops offer lunch boxes, fresh produce and cookies. In 2022, Tpark also provided its facilities as venues for charity groups to promote and sell their products, including Children Are Us Bakery and Hsinchulun Food Trucks. These charity groups joined ten of the pop-up shop events during the year.

Regular Tenant Surveys

The TPKA R&D Building assesses tenant satisfaction through surveys, which are administered every six months from the building service center. The survey assesses satisfaction levels and solicits feedback regarding services provided at the building, such as the reception, repair notification and repair services, security as well as janitorial services.

The 2022 surveys were conducted in June and December to assess the satisfaction of 30 corporate tenants. The average rate of satisfaction reached 95% for the year.

6.2.2 Environmental Protection and Ecological Preservation

Green Energy Action

Tpark keeps track of climate issues and engages in a multitude of green projects to reduce energy consumption. In 2020, Tpark upgraded to LED street lights, and the TPKC and TPKD R&D Buildings received the Diamond rating from Leadership in Energy and Environmental Design (LEED). In 2022, Tpark continued to improve energy efficiency, extending carbon reduction efforts to the promotion of environmental protection to the tenants and their employees.

1. Replace restroom equipment and supply

- To protect the environment by reducing energy consumption and carbon emissions, disposable toilet seat covers were replaced by alcohol in all restrooms for sanitizing.
- Toilet paper rolls are replaced by folded toilet tissues, which reduces wasteful consumption. In addition, the water-soluble toilet tissues must have a dissolving rate higher than the national standard.
- The conventional paper towel dispenser may lead to waste due to user habits or when the paper is loaded improperly. The conventional model has been replaced by the semi-automatic one to address the problem.

2. Incorporate the service application system for tenants and suppliers

To reduce energy consumption and carbon emissions through paperless operation, FERD introduced an online service application system for the tenants and suppliers to replace the paper operation. The system reduces energy consumption and improves operational efficiency during the application process, providing tenants with added convenience and service quality.

3. Implement paperless office at FERD

To further reduce paper consumption, FERD is ramping up digital transformation to phase into the paperless work model. Staff are also encouraged to switch to the paperless format.

Management of Energy, Resource and GHG Emissions

Water Withdrawal, Recycling and Reuse

	2020	2021	2022
TPKA Building	47.7	44.8	43.8
TPKD Building	-	32.2	61.1
Outdoor Area	12.3	13.5	0.2
Construction	30.9	12.3	18.2
Total	90.9	102.8	123.3
TPKA Building	1.4	1.0	1.0
TPKD Building	_	_	4.6
Total	1.4	1.0	5.6
	TPKD Building Outdoor Area Construction Total TPKA Building	TPKA Building 47.7 TPKD Building - Outdoor Area 12.3 Construction 30.9 Total 90.9 TPKA Building 1.4	TPKA Building 47.7 44.8 TPKD Building - 32.2 Outdoor Area 12.3 13.5 Construction 30.9 12.3 Total 90.9 102.8 TPKA Building 1.4 1.0

- 1. The sources of water withdrawal are tap water and rainwater, which pose no impacts to water sources.
- 2. Rainwater and recycled water enter the same pipelines. Therefore, the calculation is combined.
- 3. TPKD Building began operating in 2021. Waste and resource management at TPKD Building has been under the responsibility of the tenants' operational teams. The disclosure in this report regarding TPKD Building is also provided by the tenants. The increase in water consumption is attributed to the restaurant that opened on the ground level of TPKD Building in March 2022.
- 4. The 2020 construction projects within Tpark include TPKD and TPKE Buildings as well as Residential Building Zone B. The 2021 projects include TPKE Building, Residential Building Zones B and C as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Residential Building Zones B and C, TPKP Parking Garage and New Century New Vision.
- 5. Total rainfall increased by 33% in 2022, hence decreasing the outdoor water consumption, which was mainly for landscape irrigation purposes.

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

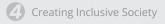
Enhancing Corporate Sustainable Image







3 Navigating a Green Future

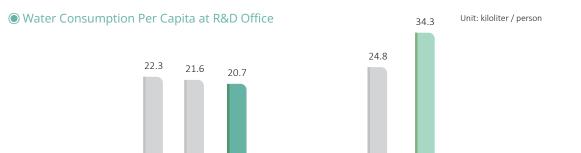


Cultivating Compassionate Bonds



2022 Highlight
Target and Progress
Material Topics
6.1 Optimizing Land Resources
6.2 Building Sustainable Community

Appendix



Note:

1. As of December 31, 2022, the occupancy count at TPKA Building was 2,120. TPKD Building offers hybrid offices and the occupancy count fluctuates. During the fourth quarter of 2022, the occupancy count was 1,780.

2021

2022

2. TPKD Building began operating in 2021. In March 2022, a new restaurant opened, hence increasing water withdrawal and water consumption per person per unit.

Energy Consumption and GHG Emissions

2020

2021

2022

Unit: GJ

	2020	2021	2022
TPKA Building	37,984	36,587	37,544
TPKD Building	-	28,019	34,268
Outdoor Area	584	549	566
Construction	9,446	2,206	2,867
Total	48,014	67,361	75,245

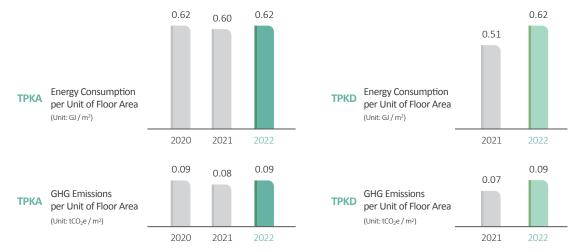
Unit: tCO2e

	2020	2021	2022
TPKA Building	5,297	5,102	5,308
TPKD Building	-	3,907	4,845
Outdoor Area	81	77	80
Construction	1,369	307	405
Total	6,747	9,393	10,638

Noto.

- 1. TPKD Building began operating in 2021. Waste and resource management at TPKD Building has been under the responsibility of the tenants' operational teams. The disclosure in this report regarding TPKD Building is also provided by the tenants.
- 2. The 2020 construction projects within Tpark include TPKD and TPKE Buildings as well as Residential Building Zone B. The 2021 projects include TPKE Building, Residential Building Zones B and C as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Residential Building Zones B and C, TPKP Parking Garage and New Century New Vision.
- 3. GHG inventory is calculated based on the ISO 14064-1 standards for categories 1 and 2.

Energy Consumption and GHG Emissions per Unit of Floor Area of R&D Office



Note: The floor areas accounted for refer to the actual square meters occupied or leased.

6.2.3 Emergency Response

Holding Fire Safety Lectures and Evacuation Drills at the R&D Buildings Yearly

1. TPKA

The fire safety program, which consists of lectures, training and evacuation drills, is conducted at TPKA Building during the first and second half of each year. In 2022, the June program included a case study on the fire that broke out in the Chengzhongcheng multi-use building in Kaohsiung, self-defense fire organization as well as the operation of fire extinguishers and indoor fire hydrants. The December program covered evacuation drills and the prevention of fire caused by electrical appliances.



2. TPKD

An evacuation drill was held in May with a focus on the removal of sidewalk obstacles, drill broadcast and passenger elevator control.

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

Identification of Stakeholders and Material Topics

FENC's Contribution to UN SDGs

Boosting Stakeholder Dialogue Enhancing Corporate Sustainable Image



- Fostering Robust Governance
- 2 Enabling Unlimited Innovation
- Navigating a Green Future
- 4 Creating Inclusive Society
- **5** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence
- Appendix
 - 7.1 Sustainability Issues Corresponding Table
 - 7.2 GRI Standard Index
 - 7.3 Response to Sustainable Guidance and Principles
 - 7.4 Greenhouse Gas Inventory and Assurance Status
 - 7.5 Assurance Statement
 - 7.6 List of Publishers and Committee Members

7 Appendix 7.1 Sustainability Issues Corresponding Table

	Internal Boundaries		Value	Value Chain Impact Assessment		Management Approaches and Relevant Information		
Sustainability Issues	FENC Production Business	Far Eastern Resources Development Co., Ltd.	Foundations	Suppliers	FENC	Customers	Chapters	Pages
Develop green product	A				•		Special Report 1, 2.2	21, 62
March towards net zero	<u> </u>	<u> </u>			•		Special Report 1, Special Report 2, 3.1, 3.2.1, 6.2.2	21, 28, 73, 82, 157
Steer environmental management	<u> </u>	<u> </u>			•		Special Report 1, 3.3, 6.1.3, 6.2.2	21, 94, 154, 157
Elevate energy and resource efficiency	<u> </u>	<u> </u>			•		3.2, 6.2.2	82, 157
Instigate production and product innovation	A	<u> </u>		•	•	•	Special Report 1, 2.1, 6.1.3	21, 61, 154
Implement sustainable development	A	<u> </u>	<u> </u>		•		Message from the Chairman, 1.5	5, 54
Hone product management	A			•	•		Special Report 1, 2.3	21, 64
Build sustainable community		A			•		6.2	155
Refine operational performance and strategies	A	<u> </u>	<u> </u>		•		Message from the Chairman, 1.1, 6.1.2	5, 42, 153
Perfect risk management	A	A	A				1.3, 6.2.3	47, 158
Enhance corporate sustainable image	A	A	A		•		Enhancing Corporate Sustainable Image, Special Report 1, Special Report 2, Special Report 3, Special Report 4, 5, 6.2.1	18, 21, 28, 31, 34, 139, 155
Govern with steady pace	<u> </u>	<u> </u>	<u> </u>		•		1.2	45
Build customer rapport	<u> </u>	<u> </u>					2.4, 6.2.3	66, 158
Reinforce occupational safety and health management	<u> </u>	<u> </u>		•	•		4.3, 6.1.3, 6.2.3	123, 154, 158
Optimize land resources		<u> </u>			•		6.1	153
Shape sustainable supply chain	A	<u> </u>		•	•		4.4, 6.1	134, 153
Mold a diverse and inclusive workplace	A				•		4.1	106
Boost stakeholder dialogue	A	A	_	•		•	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, Enhancing Corporate Sustainable Image, Special Report 1, Special Report 2	9, 11, 18, 21, 28
Foster employee career planning	A				•		4.2	119
Fortify digital resilience	<u> </u>	<u> </u>			•		1.4, 6.2.2	53, 157
Cultivate compassionate bonds	<u> </u>	<u> </u>	<u> </u>		•		5, 6.2.1	139, 155

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







- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- 6 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence



7.1 Sustainability Issues Corresponding Table

7.2 GRI Standard Index

- 7.3 Response to Sustainable Guidance and Principles
- 7.4 Greenhouse Gas Inventory and Assurance Status
- 7.5 Assurance Statement
- 7.6 List of Publishers and Committee Members

7.2 GRI Standard Index

Statement of use	FENC has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GRI Standard	Disclosure	Chapters	Pages		
GRI 2: General Disclosures 2021					
The organiz	ration and its reporting practices				
2-1	Organizational details	About This Report, 1.1, 6.1.1, 6.1.2	3, 42, 153, 153		
2-2	Entities included in the organization's sustainability reporting	About This Report, 1.1.2	3, 43		
2-3	Reporting period, frequency and contact point	About This Report	3		
2-4	Restatements of information	About This Report	3		
2-5	External assurance	About This Report, 7.5	3, 168		
Activities a	nd workers				
2-6	Activities, value chain and other business relationships	1.1, 1.1.2, 4.4, 6.1.1	42, 43, 134, 153		
2-7	Employees	4.1.2, 6.1.1	111, 153		
2-8	Workers who are not employees	4.1.2, 6.1.1	111, 153		
Governance	e				
2-9	Governance structure and composition	1.2.2, 1.5, Please refer to "III. Corporate Governance Report" in the 2022 FENC Annual Report.	46, 54		
2-10	Nomination and selection of the highest governance body	1.2.2	46		
2-11	Chair of the highest governance body	Please refer to "III. Corporate Govern FENC Annual Report.	ance Report" in the 2022		
2-12	Role of the highest governance body in overseeing the management of impacts	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5	9, 11, 54		
2-13	$\label{eq:decomposition} \mbox{Delegation of responsibility for managing impacts}$	1.2.2, 1.5	46, 54		
2-14	Role of the highest governance body in sustainability reporting	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5	9, 11, 54		
2-15	Conflicts of interest	1.2.2	46		
2-16	Communication of critical concerns	Boosting Stakeholder Dialogue, Special Report 1, Special Report 2, Special Report 3, Special Report 4, 1.2.2, 1.5	11, 21, 28, 31, 34, 46, 54		
2-17	Collective knowledge of the highest governance body	1.2.2	46		

GRI Standard	Disclosure	Chapters	Pages
2-18	Evaluation of the performance of the highest governance body	1.2.2	46
2-19	Remuneration policies	1.2.2, 4.1.3	46, 114
2-20	Process to determine remuneration	1.2.2, 4.1.3	46, 114
2-21	Annual total compensation ratio	4.1.3	114
Strategy, po	olicies and practices		
2-22	Statement on sustainable development strategy	Message from the Chairman	5
2-23	Policy commitments	1.1, 1.2, 1.3, 1.5, 4.1.1, 4.4.1	42, 45, 47, 54, 106, 134
2-24	Embedding policy commitments	1.1, 1.2, 4.1.1, 4.4.1	42, 45, 106, 134
2-25	Processes to remediate negative impacts	Boosting Stakeholder Dialogue, 4.1.1	11, 106
2-26	Mechanisms for seeking advice and raising concerns	Boosting Stakeholder Dialogue, 1.2, 1.3, 1.5	11, 45, 47, 54
2-27	Compliance with laws and regulations	1.3	47
2-28	Membership associations	There are 83 associations meeting the recommendations of the index.	
Stakeholde	r engagement		
2-29	Approach to stakeholder engagement	Identification of Stakeholders and Material Topics, Boosting Stakeholder	9, 11
2-30	Collective bargaining agreements	4.1.4	117

Material Topics

GRI Standard	Disclosure	Chapters	Pages		
GRI 3: Material Topics 2021					
3-1	Process to determine material topics	Identification of Stakeholders and Material Topics	9		
3-2	List of material topics	Identification of Stakeholders and Material Topics, 7.1	9, 159		

Develop Green Products

GRI 3: Material Topics 2021				
3-3	Management of material topics	2 Material Topics	60	
Custom Items				
Custom	Revenue from green products	2.2	62	
Custom	Green product labels and certifications	2.2	62	
Custom	Green initiatives	2.2	62	

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

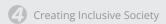


Special Report









6 Cultivating Compassionate Bonds





7.1 Sustainability Issues Corresponding Table

7.2 GRI Standard Index

7.3 Response to Sustainable Guidance and Principles

7.4 Greenhouse Gas Inventory and Assurance Status

7.5 Assurance Statement

7.6 List of Publishers and Committee Members

GRI Standard	Disclosure	Chapters	Pages	
March Towards Net Zero				
GRI 3: Mat	erial Topics 2021			
3-3	Management of material topics	3 Material Topics	71	
GRI 201: Ed	conomic Performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	3.1.1	73	
GRI 305: Er	missions 2016			
305-1	Direct (Scope 1) GHG emissions	3.1.2	78	
305-2	Energy indirect (Scope 2) GHG emissions	3.1.2	78	
305-3	Other indirect (Scope 3) GHG emissions	3.1.2	78	
305-4	GHG emissions intensity	3.1.2	78	
305-5	Reduction of GHG emissions	Special Report 2, 3.1.2	28, 78	
Steer Envir	onmental Management			
GRI 3: Mat	erial Topics 2021			
3-3	Management of material topics	3 Material Topics	71	
GRI 304: Bi	odiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	3.3.3	100	
304-2	Significant impacts of activities, products and services on biodiversity	3.3.3	100	
304-3	Habitats protected or restored	3.3.3	100	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	This indicator is not applicable. (3.3.3)	100	
GRI 305: Er	missions 2016			
305-6	Emissions of ozone-depleting substances (ODS)	Related substances are not used.		
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.3.1	94	
GRI 306: W	/aste 2020			
306-1	Waste generation and significant waste-related impacts	3.3.2	96	
306-2	Management of significant waste-related impacts	3.3.2	96	
306-3	Waste generated	3.3.2	96	
306-4	Waste diverted from disposal	3.3.2	96	
306-5	Waste directed to disposal	3.3.2	96	

GRI Standard	Disclosure	Chapters	Pages		
Elevate En	ergy and Resource Efficiency		- U		
	erial Topics 2021				
3-3	Management of material topics	3 Material Topics	71		
GRI 301: N	laterials 2016				
301-1	Materials used by weight or volume	3.2.2	85		
301-2	Recycled input materials used	3.2.2	85		
301-3	Reclaimed products and their packaging materials	3.2.2	85		
GRI 302: Ei	nergy 2016				
302-1	Energy consumption within the organization	3.2.1	82		
302-3	Energy intensity	3.2.1	82		
302-4	Reduction of energy consumption	3.2.1	82		
302-5	Reductions in energy requirements of products and services	3.2.1	82		
GRI 303: W	/ater and Effluents 2018				
303-1	Interactions with water as a shared resource	3.2.3	87		
303-2	Management of water discharge-related impacts	3.2.3	87		
303-3	Water withdrawal	3.2.3	87		
303-4	Water discharge	3.2.3	87		
303-5	Water consumption	3.2.3	87		
Instigate Pi	roduction and Product Innovation				
GRI 3: Mat	erial Topics 2021				
3-3	Management of material topics	2 Material Topics	60		
Custom Ite	ms				
Custom	Funds for R&D and innovation	2.1	61		
Custom	The number of patents approved	2.1	61		
Implement	Sustainable Development				
GRI 3: Material Topics 2021					
3-3	Management of material topics	1 Material Topics	41		
Custom Ite	ms				
Custom	Sustainable development principles	1.5	54		
Custom	Structure of sustainability governance	1.5	54		
Custom	Disclosure of sustainability data	1.5	54		

161

About This Report

Message from the Chairman

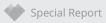
Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Fostering Robust Governance



3 Navigating a Green Future

4 Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence



7.1 Sustainability Issues Corresponding Table

7.2 GRI Standard Index

7.3 Response to Sustainable Guidance and Principles

7.4 Greenhouse Gas Inventory and Assurance Status

7.5 Assurance Statement

7.6 List of Publishers and Committee Members

GRI Standard	Disclosure	Chapters	Pages
Hone Prod	uct Management		
GRI 3: Mat	erial Topics 2021		
3-3	Management of material topics	2 Material Topics	60
SASB: Safet	cy & Environmental Stewardship of Chemicals		
RT-CH- 410b.1.	 (1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (2) Percentage of such products that have undergone a hazard assessment 	2.3	64
RT-CH- 410b.2.	 (1) Discussion of strategy to manage chemicals of concern (2) Discussion of strategy to develop alternatives with reduced human and/or environmental impact 		62, 64
Custom Ite	ms		
Custom	Life cycle assessment	2.3	64
Custom	Product quality and safety certification	2.3	64
Build Susta	inable Community		
GRI 3: Mat	erial Topics 2021		
3-3	Management of material topics	6 Material Topics	152
GRI 302: Er	nergy 2016		
302-1	Energy consumption within the organization	6.2.2	157
302-3	Energy intensity	6.2.2	157
302-4	Reduction of energy consumption	6.2.2	157
302-5	Reductions in energy requirements of products and services	6.2.2	157
GRI 303: W	ater and Effluents 2018		
303-1	Interactions with water as a shared resource	6.2.2	157
303-2	Management of water discharge-related impacts	6.2.2	157
303-3	Water withdrawal	6.2.2	157
GRI 304: Bi	odiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.2.2	157
304-2	Significant impacts of activities, products and services on biodiversity	6.2.2	157
304-3	Habitats protected or restored	6.2.2	157

GRI Standard	Disclosure	Chapters	Pages
GRI 305: Er	nissions 2016		
305-1	Direct (Scope 1) GHG emissions	6.2.2	157
305-2	Energy indirect (Scope 2) GHG emissions	6.2.2	157
305-4	GHG emissions intensity	6.2.2	157
GRI 413: Lo	ocal Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	6.2.1	155
413-2	Operations with significant actual and potential negative impacts on local communities	6.2.1	155
Refine Operational Performance and Strategies			
GRI 3: Material Topics 2021			

GRI 3: Material Topics 2021					
3-3	Management of material topics	1 Material Topics	41		
GRI 201: E	conomic Performance 2016				
201-1	Direct economic value generated and distributed	1.1.1	42		
		(NT\$ Thousand)	Taiwan	Mainland China	
		Subsidies for technical development	1,606	358	
	Financial assistance received from government	Subsidies for energy conservation	1,500	1,782	
201-4		Physical/mental handicapped living allowance	0	1,225	
		Other item	579	27,640	
		Total	3,685	31,005	
		Total subsidies are NT\$ 34,690 thous in Vietnam, Japan, and the U.S. are n government.			
GRI 207: T	ax 2019				
207-1	Approach to tax	1.1.1	42		
207-2	Tax governance, control, and risk management	1.1.1	42		
207-3	Stakeholder engagement and management of concerns related to tax	1.1.1	42		
207-4	Country-by-country reporting	1.1.1	42		

Perfect Risk Management

RI 3: Material Topics 2021					
-3	Management of material topics	1 Material Topics	41		
ustom Items					
ustom	Risk control policy	1.3.1	47		

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



Enabling Unlimited Innovation

3 Navigating a Green Future

4 Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence



7.1 Sustainability Issues Corresponding Table

7.2 GRI Standard Index

7.3 Response to Sustainable Guidance and Principles

7.4 Greenhouse Gas Inventory and Assurance Status

7.5 Assurance Statement

7.6 List of Publishers and Committee Members

GRI Standard	Disclosure	Chapters	Pages
Custom	Identification and management of major risks	1.3.2	47
Custom	Risk control mechanism	1.3.3	48

Enhance Corporate Sustainable Image

GRI 3: Material Topics 2021					
3-3	Management of material topics	Enhancing Corporate Sustainable Image	18		
Custom Items					
Custom	Participation in sustainability awards	Enhancing Corporate Sustainable Image	18		
Custom	Participation in sustainable conferences and events	Enhancing Corporate Sustainable Image	18		

Govern with Steady Pace

GRI 3: Material Topics 2021			
3-3	Management of material topics	1 Material Topics	41
GRI 205: A	nti-corruption 2016		
205-1	Operations assessed for risks related to corruption	1.2	45
205-2	Communication and training about anti- corruption policies and procedures	1.2, 4.2	45, 119
205-3	incidents of corruption and actions taken	No relevant issue (Boosting Stakeholder Dialogue, 1.2)	11, 45
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant issue (1.3)	47
Ruild Customer Rannort			

Build Customer Rapport

GRI 3: Material Topics 2021

	3-3	Management of material topics	2 Material Topics	60
Custom Items				
	Custom	Customer engagement channels	2.4	66
	Custom	Compliance with customer requirements	2.4	66

Reinforce Occupational Safety and Health Management

GRI 3: Mat	GRI 3: Material Topics 2021		
3-3	Management of material topics	4 Material Topics	105
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	4.3.1	123
403-2	Hazard identification, risk assessment, and incident investigation	4.3.1, 4.3.2	123, 130

GRI Standard	Disclosure	Chapters	Pages
403-3	Occupational health services	4.3.3	132
403-4	Worker participation, consultation, and communication on occupational health and safety	Boosting Stakeholder Dialogue, 4.3.1	11, 123
403-5	Worker training on occupational health and safety	4.3.1	123
403-6	Promotion of worker health	4.3.3	132
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3.1, 4.3.3	123, 132
403-8	Workers covered by an occupational health and safety management system	4.3.1	123
403-9	Work-related injuries	4.3.2	130
403-10	Work-related ill health	4.3.2, 4.3.3	130, 132

Optimize Land Resources

GRI 3: Material Topics 2021			
3-3	Management of material topics	6 Material Topics	152
GRI 201: Ed	conomic Performance 2016		
201-1	Direct economic value generated and distributed	6.1.1	153
GRI 306: W	/aste 2020		
306-1	Waste generation and significant waste-related impacts	6.1.3	154
306-2	Management of significant waste-related impacts	6.1.3	154
306-3	Waste generated	6.1.3	154
306-4	Waste diverted from disposal	6.1.3	154
306-5	Waste directed to disposal	6.1.3	154
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	6.1.3	154
403-2	Hazard identification, risk assessment, and incident investigation	6.1.3	154
403-3	Occupational health services	6.1.3	154
403-5	Worker training on occupational health and safety	6.1.3	154
403-6	Promotion of worker health	6.1.3	154
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	6.1.3	154
403-8	Workers covered by an occupational health and safety management system	6.1.3	154
403-9	Work-related injuries	6.1.3	154

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





Navigating a Green Future

4 Creating Inclusive Society

6 Cultivating Compassionate Bonds

Advocating Balanced Coexistence



7.1 Sustainability Issues Corresponding Table

7.2 GRI Standard Index

7.3 Response to Sustainable Guidance and Principles

7.4 Greenhouse Gas Inventory and Assurance Status

7.5 Assurance Statement

7.6 List of Publishers and Committee Members

Shape Susta	Disclosure	Chapters	
	ainable Supply Chain		Pages
	erial Topics 2021		
3-3	Management of material topics	4 Material Topics	105
		4 Material Topics	103
	ocurement Practices 2016		
204-1	Proportion of spending on local suppliers	4.4.1	134
GRI 308: Su	pplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	4.4.1	134
308-2	Negative environmental impacts in the supply chain and actions taken	4.4.1	134
GRI 414: Su	pplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	4.4.1	134
414-2	Negative social impacts in the supply chain and actions taken	4.4.1	134
Mold a Dive	erse and Inclusive Workplace		
GRI 3: Mate	erial Topics 2021		
3-3	Management of material topics	4 Material Topics	105
GRI 201: Ec	onomic Performance 2016		
201-3	Defined benefit plan obligations and other retirement plans	4.1.6	119
GRI 202: M	arket Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	4.1.3	114
GRI 401: En	nployment 2016		
401-1	New employee hires and employee turnover	4.1.2	111
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.1.3	114
401-3	Parental leave	4.1.1	106
Boost Stake	holder Dialogue		
GRI 3: Mate	erial Topics 2021		
3-3	Management of material topics	Boosting Stakeholder Dialogue	11
Boosting St	akeholder Dialogue		
2-29	Approach to stakeholder engagement	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue	9, 11

7.3 Response to Sustainable Guidance and Principles

Sustainability Accounting Standards Board (SASB) - Chemical Industry

Code	Accounting Metric	Description	Chapters		
Greenhous	Greenhouse Gas Emissions				
RT-CH-	Gross global Scope 1 emissions	1,218 ktCO2e	2.1.2		
110a.1.	Percentage covered under emissions-limiting regulations	19%	3.1.2		
RT-CH- 110a.2.	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Please refer to Special Report	2, 3.1.1		
Air Quality					
	Air emissions of the following pollutants: (1) NOx (excluding N_2O)	655 metric tons			
RT-CH-	(2) SOx	351 metric tons	3.3.1		
120a.1.	(3) volatile organic compounds (VOCs)	464 metric tons			
	(4) hazardous air pollutants (HAPs)	1 metric tons			
Energy Ma	nagement				
	(1) Total energy consumed	21,168 TJ	- 3.2.1		
RT-CH-	(2) percentage grid electricity	29%			
130a.1.	(3) percentage renewable	3.4%			
	(4) total self-generated energy	14,598 TJ			
Water Mar	nagement				
RT-CH-	(1) Total water withdrawn, percentage in regions with High or Extremely High Baseline Water Stress	20,915 megaliters, 15%	3.2.3		
140a.1.	(2) Total water consumed, percentage in regions with High or Extremely High Baseline Water Stress	9,432 megaliters, 8%	3.2.3		
RT-CH- 140a.2.	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	2	1.3.3		
RT-CH- 140a.3.	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to 3.2.3.			
Hazardous	Waste Management				
RT-CH-	Amount of hazardous waste generated	12,138 metric tons	3.3.2		
150a.1.	percentage recycled	91%	5.5.2		
Communit	y Relations				
RT-CH- 210a.1.	and Material Tonics Roosting Stakeholder				
Workforce	Health & Safety				
RT-CH- 320a.1.	Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	0.31, 0	4.3.2		

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

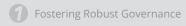
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report









- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



- 7.1 Sustainability Issues Corresponding Table
- 7.2 GRI Standard Index
- 7.3 Response to Sustainable Guidance and Principles
- 7.4 Greenhouse Gas Inventory and Assurance Status
- 7.5 Assurance Statement
- 7.6 List of Publishers and Committee Members

Code	Accounting Metric	Description	Chapters
RT-CH- 320a.2.	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Please refer to 4.3.3.	
Product De	sign for Use-phase Efficiency		
RT-CH- 410a.1.	Revenue from products designed for use-phase resource efficiency	The revenue from green products is 45.976 billion.	2.2
Safety & Er	vironmental Stewardship of Chemicals		
RT-CH- 410b.1.	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	17%	2.3
	(2) percentage of such products that have undergone a hazard assessment	100%	
RT-CH- 410b.2.	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Please refer to 2.2, 2.3, 4.3.1.	
Genetically	Modified Organisms		
RT-CH- 410c.1.	Percentage of products by revenue that contain genetically modified organisms (GMOs)	No relevant products. 2.3	
Manageme	ent of the Legal & Regulatory Environment		
RT-CH- 530a.1.	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Please refer to Special Report	2, 1.3.
Operationa	l Safety, Emergency Preparedness & Response		
	Process Safety Incidents Count (PSIC)	77	
RT-CH- 540a.1.	Process Safety Total Incident Rate (PSTIR)	0.31	4.3.2
	Process Safety Incident Severity Rate (PSISR)	0	
RT-CH- 540a.2.	Number of transport incidents	0	4.4.2

Note: The Chinese version of the SASB index is compiled and translated by FENC according to the industry-based disclosure requirements in Draft

Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Description	Chapters
Chapter 1 General Principles	Message from the Chairman, Sustainability Strategy Blueprint, Targets and Progress of all chapters, Identification of Stakeholders and Material Topics, 1.1, 1.2, 1.3, 1.5
Chapter 2 Exercising Corporate Governance	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, Targets and Progress, 1.2, 1.3, 1.5, 4.1.3, 4.1.4, 4.1.5
Chapter 3 Fostering a Sustainable Environment	Special Report 2, Special Report 3, 1.5, 2 & 3 Targets and Progress, 2.2, 2.3, 6.2.2
Chapter 4 Preserving Public Welfare	Special Report 1, Special Report 4, 1.2, 1.3, 2, 4, 5, 6.2.1
Chapter 5 Enhancing Disclosure of Sustainable Development Information	Sustainability Strategy Blueprint, Targets and Progress of all chapters, Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.2, 1.3, 1.5, 4.4.1, 7.1
Chapter 6 Supplementary Provisions	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5, 7

Task Force on Climate-related Financial Disclosures (TCFD)

	Dimension	Recommended Disclosure	Chapters
Governance	Disclose the organization's governance around	Describe the board's oversight of climate-related risks and opportunities.	3.1.1
Governance	climate-related risks and opportunities.	Describe management's role in assessing and managing climate- related risks and opportunities.	5.1.1
	Disclose the actual and potential impacts of	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	
Strategy	climate-related risks and opportunities on the organization's businesses,	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	3.1.1
	strategy, and financial planning where such information is material.	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
		Describe the organization's processes for identifying and assessing climate-related risks.	
Risk Management	Disclose how the organization identifies, assesses, and manages	Describe the organization's processes for managing climate-related risks.	3.1.1
a.ragee.re	climate-related risks.	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
	Disclose the metrics and targets used to assess	Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process.	
Metrics and Targets	and manage relevant climate-related risks and opportunities where such	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Special Report 2, 3.1, 3.2
	information is material.	Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets.	

Guidance on Social Responsibility ISO 26000

Description		Chapters	
Organizational Governance	Decision-making processes and structures	1.2, 1.3, 1.5	
	Due diligence		
	Human rights risk situations	_	
	Avoidance of complicity		
II 8: 1:	Resolving grievances	Identification of Stakeholders and Material Topics, Boosting	
Human Rights	Discrimination and vulnerable groups	Stakeholder Dialogue, 1.2, 1.5,	
	Civil and political rights		
	Economic, social and cultural rights		
	Fundamental principles and rights at work		

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

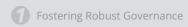
Identification of Stakeholders and Material Topics

Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report





- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



- 7.1 Sustainability Issues Corresponding Table
- 7.2 GRI Standard Index
- 7.3 Response to Sustainable Guidance and Principles
- 7.4 Greenhouse Gas Inventory and Assurance Status
- 7.5 Assurance Statement
- 7.6 List of Publishers and Committee Members

	Description	Chapters	
	Employment and employment relationships		
	Conditions of work and social protection		
Labor Practices	Social dialogue	4, 6.1.3, 6.2.3	
	Health and safety at work		
	Human development and training in the workplace	-	
	Prevention of pollution		
	Sustainable resource use	Special Report 1, Special Report	
The Environment	Climate change mitigation and adaptation	2, Special Report 3, 2.3, 3, 6.1.3,	
	Protection of the environment, biodiversity and restoration of natural habitats	- 6.2.2	
	Anti-corruption		
	Responsible political involvement		
Fair Operating Practices	Fair competition	Special Report 3, 1.2, 1.3, 4.1.1	
ractices	Promoting social responsibility in the value chain		
	Respect for property rights		
	Fair marketing, factual and unbiased information and fair contractual practices		
	Protecting consumers' health and safety		
	Sustainable consumption	_	
Consumer Issues	Consumer service, support, and complaint and dispute resolution	Special Report 1, 1.4, 2.2, 2.3, 2.4	
	Consumer data protection and privacy		
	Access to essential services		
	Education and awareness		
	Community involvement		
	Education and culture		
Community	Employment creation and skills development		
Involvement and	Technology development and access	Special Report 1, Special Report 4, 2.1, 4.1.2, 4.2, 5, 6.1, 6.2.1	
Development	Wealth and income creation	,,, 0, 0.1, 0.2.1	
	Health		
	Social investment		

[Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

Description		Chapters
Governance	The objective of sustainability-related financial disclosures ongovernance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities. An entity shall disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of sustainability-related risks and opportunities, and information about management's role in those processes.	1.1, 1.2, 1.3

	Description	Chapters
Strategy	The objective of sustainability-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities	Message from the Chairman, Material Topics, 1.3.2
Sustainability- related risks and opportunities	An entity shall disclose information that enables users of general purpose financial reporting to understand the significant sustainability-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term.	1.1, 1.3.2, 3.1.1
	An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the current and anticipated effects of significant sustainability-related risks and opportunities on its business model	1.1, 1.3.2, 3.1.1
Strategy and decision-making	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability-related risks and opportunities on its strategy and decision-making.	Material Topics, 1.1, 1.3.2
Financial position, financial performance and cash flows	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how sustainability-related risks and opportunities are included in the entity's financial planning. An entity shall disclose quantitative information unless it is unable to do so. If an entity is unable to provide quantitative information, it shall provide qualitative information. When providing quantitative information, an entity can disclose single amounts or a range.	1.1, 1.3
Resilience	An entity shall disclose information that enables users of general purpose financial reporting to understand its capacity to adjust to the uncertainties arising from significant sustainability-related risks. An entity shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience of its strategy and cash flows in relation to its significant sustainability-related risks, including how the analysis was undertaken and its time horizon. When providing quantitative information, an entity can disclose single amounts or a range.	1.1, 1.3
Risk management	The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.	1.1, 1.3
Metrics and targets	The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.	Targets and Progress, Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue
General features	An entity shall disclose the financial statements to which the sustainability-related financial disclosures relate	1.1
	An entity shall disclose the industry or industries specified in the relevant IFRS Sustainability Disclosure Standard or industry-based SASB Standards that it has used when identifying disclosures about a significant sustainability-related risk or opportunity.	1.1.1, 7.3
	When providing sustainability-related financial disclosures an entity shall disclose comparative information that reflects updated estimates.	About This Report
	An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed	About This Report

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

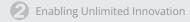
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report







- 4 Creating Inclusive Society
- **6** Cultivating Compassionate Bonds
- Advocating Balanced Coexistence



- 7.1 Sustainability Issues Corresponding Table
- 7.2 GRI Standard Index
- 7.3 Response to Sustainable Guidance and Principles

7.4 Greenhouse Gas Inventory and Assurance Status

- 7.5 Assurance Statement
- 7.6 List of Publishers and Committee Members

[Draft] IFRS S2 Climate-related Disclosures

	Description	Chapters
Governance	The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage climate-related risks and opportunities.	3.1.1
Governance	An entity shall disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of climate-related risks and opportunities, and information about	3.1.1
Strategy	The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant climate-related risks and opportunities	3.1.1
Climate-related risks and opportunities	An entity shall disclose information that enables users of general purpose financial reporting to understand the significant climate-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term.	3.1.1
	An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the current and anticipated effects of significant climate-related risks and opportunities on its business model.	3.1.1
Strategy and decision-making	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans.	3.1.1
Financial position, financial performance and cash flows	An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning. An entity shall disclose quantitative information unless it is unable to do so. If an entity is unable to provide quantitative information, it shall provide qualitative information. When providing quantitative information, an entity can disclose single amounts or a range.	3.1.1
Climate resilience	An entity shall disclose information that enables users of general purpose financial reporting to understand the resilience of the entity's strategy (including its business model) to climate-related changes, developments or uncertainties—taking into consideration an entity's identified significant climate-related risks and opportunities and related uncertainties. The entity shall use climate-related scenario analysis to assess its climate resilience unless it is unable to do so. If an entity is unable to use climate-related scenario analysis, it shall use an alternative method or technique to assess its climate resilience.	3.1.1
Risk management	The objective of climate-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which climate-related risks and opportunities are identified, assessed and managed.	3.1.1
Metrics and targets	The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant climate-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.	3 Targets and Progress

7.4 Greenhouse Gas Inventory and Assurance Status

Basic information of the company	Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEx Listed Companies
■ Capital of NT\$10 billion or more, iron and steel industry, or cement industry □ Capital of NT\$5 billion or more but less than NT\$10 billion □ Capital of less than NT\$5 billion	■ Inventory for parent company only □ Assurance for parent company only □ Inventory for all consolidated entities □ Assurance for all consolidated entities

Scope 1	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO2e / NT\$ 1 million of revenue)	Assurance body	Description of assurance status
Parent	469,972	9.17	DNV, SGS, TUV	Verification is conducted based on the ISO 14064-3 standards.
Subsidiaries within the scope of this report – 4 (verified)	448,789	6.35	BSI, BV, SGS	Verification is conducted based on the ISO 14064-3 standards.
Subsidiaries within the scope of this report – 10 (unverified)	299,504	4.07	-	-
Subsidiaries not within the scope of this report – 54 (verified)	4,669	0.03	BSI, TUV	Verification is conducted based on the ISO 14064-3 standards.
Total	1,222,934	3.70		
Scope 2	Total emissions (Metric tons CO ₂ e)	Intensity (Metric tons CO2e / NT\$ 1 million of revenue)	Assurance body	Description of assurance status
Parent	246,884	4.82	DNV, SGS, TUV	Verification is conducted based on the ISO 14064-3 standards.
Subsidiaries within the scope of this report – 4 (verified)	336,436	4.76	BSI, BV, SGS	Verification is conducted based on the ISO 14064-3 standards.
Subsidiaries within the scope of this report – 10 (unverified)	301,180	4.10		-
6 1 11 1 1 1 11 11				Verification is conducted
Subsidiaries not within the scope of this report – 54 (verified)	286,843	2.13	BSI, TUV	based on the ISO 14064-3 standards.

167

About This Report

Message from the Chairman

Sustainability Strategy Blueprint

FENC's Contribution to UN SDGs

Identification of Stakeholders and Material Topics

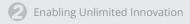
Boosting Stakeholder Dialogue

Enhancing Corporate Sustainable Image



Special Report





Navigating a Green Future

Creating Inclusive Society

Cultivating Compassionate Bonds

Advocating Balanced Coexistence



- 7.1 Sustainability Issues Corresponding Table
- 7.2 GRI Standard Index
- 7.3 Response to Sustainable Guidance and Principles
- 7.4 Greenhouse Gas Inventory and Assurance Status
- 7.5 Assurance Statement
- 7.6 List of Publishers and Committee Members



Assurance Standard Options and Level of Assurance



TWLPP 5008 Issue 220:

FENC has established efficient mechanisms to identify material issues that have impacts on the business Through a structured review process, EENC has identified the various stakeholders involved and of I hrough a structured review process, I-ENC has deterited the vanous stakeholders involved and determined the sissues that are metarial to each stakeholder group. The organization's sustainability report provides a comprehensive coverage of these material issues, prioritizing them according to their importance to the relevant stakeholders. This approach ensures that ENC's sustainability priorits are well-aligned with stakeholder needs and concerns, which in turn enhances the organization's transparency and accountability.

RESPONSIVENESS
FIRST has adequately demonstrated of responsiveness towards the material topics and their impacts that were identified through the review process. The organization has implemented an arrange of initiative and actions to address three isours and these are destined in the sustainability preference or an arrange of initiative and actions to address free isours and these are destined in the sustainability preference. FINC's actions reflect its responsible and procedure approach towards migrating to impact on the environmental and accolar projective, while also conference for sustainability preference. FINC's actions reflect the responsible and procedure approach towards migrating to impact on the environmental and accolar projective, while also conference for sustainability preference.

FENC has demonstrated a process on identify and fairly represented impacts that encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, program environmental, south and generalize applications who range to southers, southers, southers, point and evaluation of decisions and products and services, as well as any related performance. Measurement and evaluation of impacts related to material topic were in place at target setting with combination of qualitative and quantitative.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND

The report, FENC's SR Report of 2022, complies with the Requirements for reporting in accordance with the GRI Standards set out in Section 3 of GRI 1. The significant impacts are assessed and disclosed with reference to the quidance defined in GRI 3. Material Topic 2021. The report has properly disclosed information related to FENC's how the organization has applied due diligence as a method for the identification and the evaluation of its impact on the economy, environment, and people, including impacts on their human rights as well as the role of the highest governance body in overseeing these processe

Signed: For and on behalf of SGS Taiwan Ltd.





Taipei, Taiwan 16 May, 2023

Assurance Statement ***

7.5 Assurance Statement

SCOPE OF ASSURANCE AND REPORTING CRITERIA The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance tion as datailed below and evaluation of adherence to the following Reporting Criteria Options GRI Universal Standard (2021) (In Accordance with) 2 AA1000 Accountability Principles (2018) AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and evaluation of the report a

(GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance

ASSURANCE METHODOLOGY

Resultance micrococcoccomplised a combination of pre-assurance research, interviews with relevant employees superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external blodies and/or stakeholders where relevance.

inancial data drawn directly from independently audited financial accounts, Task Force on Climate-related

STATEMENT OF INDEPENDENCE AND COMPETENCE

ne SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification: quality SGS affirm our independence from FENC, being free from bias and conflicts of interest with the organisation, its

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment and comprised auditors registered with 150 26000, 150 20121, ISO 50001, SA8000, RAQ, CMS, EMS, SIGN GPMS, CFP, WFP, GHG Verification and GHG Volidation Lead Auditors and experience on the SRA Assurance

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

FENC has demonstrated its commitment to inclusivity by considering the perspectives and interests of various stakeholders. FENC regularly communicates with stakeholders, both through scheduled and unscheduled means. stakeholders. FENC regularly communicates with stakeholders, both through scheduled and unscheduled means, to the same the state of the same that the same that the control state of the same that their business are heard and sake in into account when the origanization considers sustainability issues. This commitment to engaging with stakeholders has had a positive impact, fostering a culture of transparency and accountability within the organization. Additionally, by considering the perspectives of diverse stakeholders, FENC is better equipped to make informed decisions that take into account the needs of all relevant parties,

7.6 List of Publishers and Committee Members

Published by

Far Eastern New Century Corporation

Publisher

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168



