遠東新世紀股份有限公司
FAR EASTERN NEW CENTURY CORPORATION

Inventing New Century

2024 Sustainability Report

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Employees / Labor Union
- 4 Creating Inclusive Society
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About This Report

Far Eastern New Century Corporation (FENC) issued its first Corporate Social Responsibility Report in July 2013, and beginning in 2015, the report became an annual publication issued in August. With the publication of the 8th issue, the report was renamed "Sustainability Report." The current issue marks the 12th edition, which discloses corporate sustainability performance from 2024.

Significance of Report Subjects to FENC

Innovation is the cornerstone that empowers sustainable growth at FENC. Entitled "Inventing New Century," the FENC Sustainability Report lays out the Company's visionary journey on the path towards net zero. With pioneering mindsets and concerted efforts, FENC fosters sustainability by developing low-carbon products and next-generation materials with the value chain while committing to inclusive development and environmental education out of the determination to expand its social influence. Working alongside its stakeholders, FENC is shaping a beautiful new century.

Reporting Period

This report was issued in June 2025 with the reporting period spanning from January 1, 2024 to December 31, 2024. 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

Reporting Guidelines

1. Corporate Sustainability Performance

The reporting is in accordance with the Global Reporting Initiative (GRI) Universal Standard 2021 and has been assessed by third-party verification as AA1000 Assurance Standard v3 Type 2 moderate level. For details, please refer to 7.5 Assurance Statement. The reporting also referenced Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) on Chemicals and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

2. Corporate Financial Performance

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

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Scope of Disclosure

FENC has diversified businesses ranging from production, property development and investment. The scope of the 2023 FENC Sustainability Report encompasses 26 FENC sites, which is identical to that from the previous year. The report discloses 96% of the revenues on the 2024 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 98% of the 2023 revenues from the Production Business.

2. 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 FEG for details.

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

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Scope of 2024 FENC Sustainability Report

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

Sustainability Websites of Listed Companies Under Far Eastern Group in Taiwan

Far Eastern New Century | Asia Cement | Far Eastern Department Store | U-Ming Marine Transport | Orientral Union Chemical

Everest Textile | Far Eastern International Bank | Far EasTone Telecommunications | Nextlink | Click the LOGO to Enter the Website

Note:
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.

Four years of quantified data is presented in this report. The specific data referenced in Navigating a Green Future and Creating Inclusive Society are included in 7.1 Environmental and Employee Data.

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
Fostering Robust Governance	Update historical data: • Financial Performance
Enabling Unlimited Innovation	Update historical data: • Performance of Forward-Looking R&D and Innovation Activities
Navigating a Green Future	Update historical data: • Renewable energy generation and installed capacity, water withdrawal and consumption, volume and rate of water recycled and reused, effluent discharge, air pollutant emissions, total waste generated • Carbon allowance and emission statistics of Far Eastern Industries (Shanghai) Ltd. (FEIS)
Creating Inclusive Society	Update historical data: • human resource statistics, number and rate of new employee hires, number and rate of employee turnover, average number of training hours and training days of regions, average number of training hours of ranking and gender, the number and purchase amount percentage of suppliers signing "Supplier Corporate Social Responsibility Committee Statement"

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Message From the Chairman

Chairman of Far Eastern New Century Corporation

Douglas Tong Hsu 徐旭東

To the global community, the year 2024 was a year of navigating through the political and economic turbulence. It was a year where a pivotal presidential transition occurred in the U.S., and the war raged on between Ukraine and Russia; where sluggish economic growth continued in mainland China, and the negative interest rate ended in Japan. Amid the instability and uncertainty, FENC remained steadfast. By leveraging agility through strategic operations, the company achieved outstanding results. Revenue reached a record high, profit exceeded NT$10 billion, and growth surged by over 20%. FENC's business and ESG performance caught the attention of DJSI, which has made FENC a constituent stock of the Emerging Markets Index, the first and only industrial conglomerate in Taiwan to be inducted.

As we head into the future, the course is charted with three focuses: establishing an international presence; promoting the application of innovative technologies; cultivating future talent. We are binding operational strategies closely to sustainable development as we march on towards net zero 2050.

1. Establishing an international presence:

FENC has a worldwide network of production, marketing and distribution. Spanning across Taiwan, mainland China, Japan, Vietnam, Malaysia, the U.S. and the Philippines, it gives us a superior advantage in building a regional supply chain system. In recent years, the growth of FENC's rPET production capacity has accelerated. In 2024, production operation began at FIGP-Himeji Plant in Kansai, Japan, and Phoenix Technologies International L.L.C. in the U.S expanded its capacity. In 2025, additional production will be put into action in Vietnam, mainland China and Malaysia, strengthening our international presence with value-added recycled products and cementing FENC's status as the leader in food-grade rPET.

2. Promoting the application of innovative technologies:

FENC is harnessing the power of innovation by focusing on green and digital technologies. Anchored by existing know-how in recycling, we continue to leap into technological frontiers with green innovations such as transforming recycled waste textiles, electronics and gas into new products, and advancing low-carbon fuel alternatives and carbon capture and utilization technologies. On the digital front, we have honed digital capabilities in AI, cloud computing, IoT and robotics, taking them beyond production and efficiency optimization and into the application of smart manufacturing, energy conservation and carbon reduction.

3. Cultivating future talent:

Employees are FENC's most prized asset, and efforts have been devoted to cultivating professional talent with internationalization skills, digital savviness and sustainable thinking as we prepare for market uncertainties and corporate transformation. We are offering systematic training instruments layered upon diverse learning infrastructure to sharpen the skills of key talent while building the global talent pool to galvanize the talent capital for the future.

To join the global net zero movement, we are determined to accelerate climate actions for carbon reduction to tame global warming. Following the 1.5°C pathway established in the Paris Agreement, FENC has set the targets for green transformation in 2024, aiming for 50% carbon reduction, 50% green raw materials and 50% green products by 2030. We are marching towards net zero 2050 with ambitious strides. FENC's circular economy practice and carbon reduction projects took the world stage at COP29 in November 2024, leading the transition to a low-carbon model in the industry. Through these efforts, FENC made the A List with its climate score for the first time in the latest CDP rating, putting FENC among the ranks of leading sustainable enterprises around the globe.

Sustainable development is a cause to which FENC has given its full dedication, and such devotion has brought us wide acclaims in 2024. FENC received its fifth consecutive Top Ten Taiwanese Companies Sustainability Model Award, the highest honor presented by TCSA. In addition, FENC won two first prizes in the Global Views Monthly Annual ESG Awards for the second consecutive year, making it the only corporation in Taiwan to receive both top honors from Global Views Monthly two years in a row. Additional attention from international institutions include the induction of FENC as a component stock of the DJSI Emerging Markets Index for the first time, and the top 1.5% ranking in the global chemical sector in the Sustainalytics ESG risk rating. We also caught the attention of multiple international financial media, receiving awards from The Asset, Treasury Today and FinanceAsia for efforts in integrating sustainable finance with growth strategies. We have shown the world the fruit of our longstanding commitment to sustainable operation.

FENC is evolving with the tides of time. Its engine of innovation churns with the advancement of production deployment, technological application and talent development, bringing us closer to a total green transformation, the key for maintaining FENC's leading position amid global competition and materializing its sustainable blueprint.

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Sustainability Strategy Blueprint

Inventing New Century

SDGs 9 · 7

Fostering robust governance

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

SDGs 5 10 13 16

Enabling unlimited innovation

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

SDGs 9 12 14 15

Navigating a 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 4 8

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FENC's Contribution to UN SDGs

1 NO POVERTY

1. FENC makes regular cash donations to not-for-profit organiz ations and participates in outreach programs for the disadvantaged, devoting NT$61 million in social engagement. *P.138*
2. The FENC Classic Marathon joined forces with charity groups and invited runners to donate their race chips to raise funds for elderly care, such as gifts during traditional festivals and year-round home service. *P.140*
3. FENV donated daily supplies to ethnic minorities in Bình Phước Province, Vietnam. *P.139*

2 ZERO HUNGER

1. APG Polytech donated Thanksgiving feasts. *P.139*

3 GOOD HEALTH AND WELL-BEING

1. The Corporate Management launched a campaign to promote low-carbon living among all employees and reduced nearly 20,000 CO_2e in carbon emissions through collective efforts of incorporating walking and running in their lives. *P.131*
2. FEAV provided free vaccination for 4,000 employees and their families. *P.131*
3. FENC Classic Marathon drew over 3,300 runners. *P.140*

4 QUALITY EDUCATION

1. The Transformative Magic of Circularity, a free on-campus environmental education program co-developed with B Corporations, benefited 6,120 students through 108 sessions as of the end of January 2025. *P.139*
2. The 16th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. *P.142*
3. The Far Eastern Architectural Design Award–Rediscovering the Splendor of Ancient Temples in Wanhua drew an enthusiastic turnout with nearly 400 participants. *P.144*

5 GENDER EQUALITY

1. FENC values gender equality with a 51% increase in female managers in the past decade. *P.104*
2. FENC engaged in sexual harassment prevention training with key case analysis. *P.104*

6 CLEAN WATER AND SANITATION

1. FEAV provided financial sponsorship to install potable water purifiers at an elementary school in Bình Phước Province, Vietnam. *P.139*

7 AFFORDABLE AND CLEAN ENERGY

1. FENC generated a total of 24.06 GWh of solar power for self-use and purchased about 200 GWh of renewable energy. *P.27*
2. FENV installed the new N-type solar panels with double-sided output to improve power generation efficiency. *P.83*

8 DECENT WORK AND ECONOMIC GROWTH

1. FENC has been listed on the Taiwan Stock Exchange for 57 years, with annual profits and dividends. *P.36*
2. FENC issued nearly 40 sustainable financial products, raising almost NT$80 billion in funds. *P.54*
3. Implementing an employee stock ownership plan, with the company providing more than 30% of the contribution. *P.116*

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

1. FENC received 929 patent approvals to date. *P.60*
2. FENC developed the 100% bio-based PEF fiber with carbon-reducing benefits. *P.63*
3. FENC developed the 100% chemically recycled polyester fiber for airbags. *P.63*
4. FENC created the world's first shoe midsole made from recycled polyester to be commercially launched. *P.64*

10 REDUCED INEQUALITIES

1. FENC was certified as a middle-aged and elderly friendly workplace by the Taipei City Government for the second consecutive year. *P.107*

11 SUSTAINABLE CITIES AND COMMUNITIES

1. FENC won the Platinum Design Award in the Performance Award category from 2024 TIBA Performance Award. *P.155*
2. Tpark promoted innovative technologies for intelligent building. *P.154*

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1. FENC applied the waste gas recycling technology the materials that gave way to the uniforms worn by team Chinese Taipei during the opening ceremony of the Paris Olympics. *P.22*
2. FENC utilized used coffee grounds for the production of facial masks and hygiene products. *P.64*

13 CLIMATE ACTION

1. FENC showcased its circular products, carbon reduction performance and the fruit of its innovative endeavors during COP29. *P.19*
2. FENC lowered its GHG emissions by 34% from the base year. *P.26*
3. FENC conducted the TCFD impact assessment. *P.28*

14 LIFE BELOW WATER

1. FENC's ocean recycled anti-bursting jerseys were chosen as the uniforms for multiple international football champions. *P.22*
2. OGM assisted with the implementation of the Taoyuan Blue Ocean Recycling Alliance. *P.25*
3. OPTC and Kuanyin Chemical Fiber Plant participated in the beach cleanup activities. *P.140*

15 LIFE ON LAND

1. FENC scaled the chemical recycling system for waste textiles. *P.22*
2. FIGP-Himeji Plant transformed recycled waste into refuse-derived paper and plastics densified fuel. *P.94*
3. FENV launched an environmental campaign, raise awareness by offering trees to local residents for recycling waste batteries. *P.140*

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1. FENC established the Speak Up Policy with a 24-hour multilingual grievance channel. *P.17*

17 PARTNERSHIPS FOR THE GOALS

1. FENC partnered with BenQ Materials to convert recycle electronic waste into sustainable materials. *P.22*
2. FENC provided assistance in sustainability promotion during the Puma Singapore Marathon. *P.66*
3. FEAV co-hosted the first Lean Learning Community with Nike. *P.66*

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Identification of Stakeholders and Material Topics

Identification of Materiality

Each year, the stakeholders and material topics are identified by the executive managers and Sustainability Implementation Committee, and the internal and external feedback is gauged through surveys to keep the sustainability management and reporting at FENC in alignment with the expectations of all stakeholders.

FENC follows the procedures for the identification of material topics in the 2021 version of the GRI Standards, developing the framework for materiality analysis based on the principles of identification, analysis and verification. In 2022, surveys were administered to internal and external recipients with a total of 423 valid surveys collected. In 2023 and 2024, in light of the rapidly changing external environment and to increase stakeholder participation, another round of survey was administered to 204 stakeholders. The outcome was combined with that from the 2022 survey for analysis. External experts were consulted regarding the process and result of stakeholder and material topic identification, which were then presented to the executive managers for confirmation. The Sustainability Committee members, which consist of regular and independent Board members, gave the final approval.

Identify and assess impacts on an ongoing basis ▶ **Determine material topics for reporting**

Understand the organization's context ▶ Identify actual and potential impacts ▶ Assess the significance of the impacts ▶ Prioritize the most significant impacts for reporting ▶ Determine material topics

Stakeholder Identification: Based on the five principles laid out in AA1000SES (2015) Stakeholder Engagement Standard.

Analysis Process of Stakeholders

Compile Stakeholders

- Source
  Sustainability reports from Taiwanese corporations, global customers and global peers, totaling 106 reports.

The stakeholders were consolidated under 13 categories.

Materiality Analysis

- Stakeholder Identification Survey
  Target: The Sustainability Implementation Committee

A total of 131 valid surveys were collected.

Six categories of key stakeholders

1. Direct customer
2. Government
3. Employee/Labor union
4. External audit agency
5. Business partner
6. Shareholder/investor/ financial institution

Conduct Analysis

Compile Sustainable Issues ▶ Materiality Analysis ▶ Conduct Analysis ▶ Verify

- Source
  Forty sources were referenced to compile the list, including industry guidelines, standards and benchmarks; stakeholder feedback; TCFD climate risk and opportunity identification; human rights due diligence; international guidelines, standards and reports, such as the Global Risk Report and Measuring Stakeholder Capitalism by the World Economic Forum (WEF), SDGs, GRI, Sustainability Accounting Standards Board (SASB) and Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business Conduct.

A total of 514 sustainability issues were compiled.

The issues were consolidated under 21 categories.

- Material Topic Survey

Analysis of the impact level from sustainability issues on corporate operation
Target: Sustainability Implementation Committee

Analysis of the impact level from sustainability issues on the economy, environment and people, including human rights
Target: Six categories of key stakeholders

A total of 496 valid surveys were collected.

- Prioritization of Material Topics

Prepare the material topic matrix.

14 Material Topics

- Assessment of Positive and Negative Impacts

Executive managers and the Sustainability Team assessed the positive and negative impacts of material topics.

- Presentation to the Highest Governing Entity

The material topics were presented to the executive managers for confirmation. The Sustainability Committee members, which consist of regular and independent Board members, gave the final approval.

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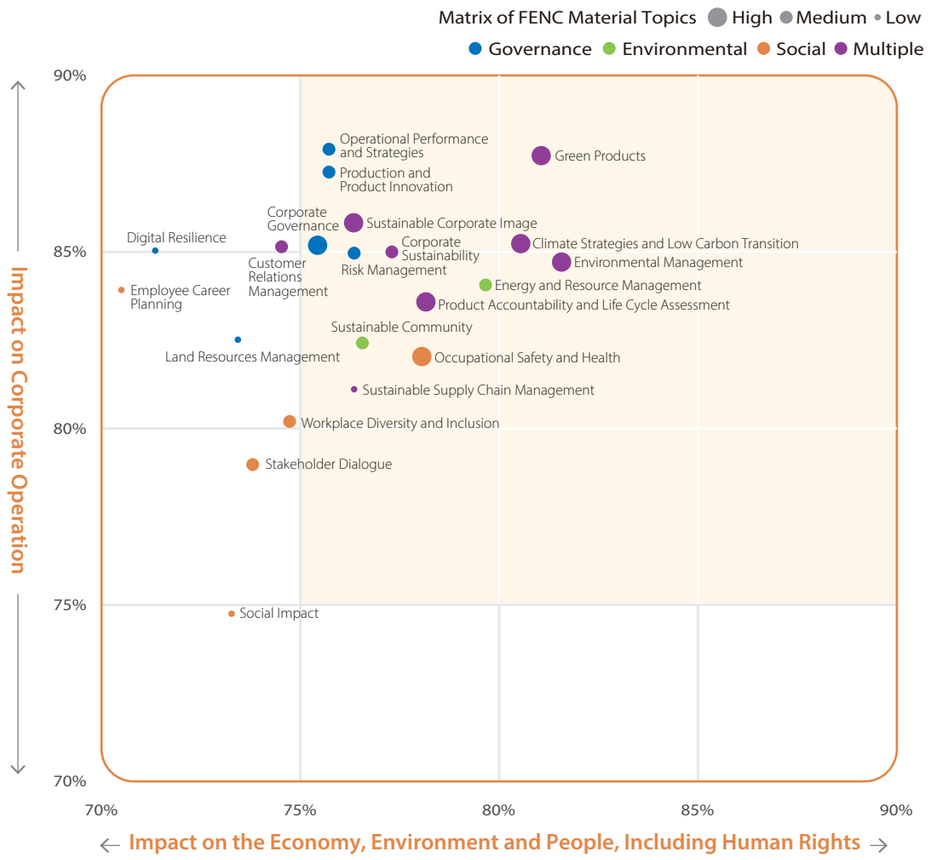
The Company adopts the Double Materiality principle proposed by the European Union to identify 14 material topics that have significant impacts both on the Company's operations and on external economic, environmental, and social (including human rights) aspects. The process and results of material topic identification form an integral part of the Company's risk management system, which includes established management approaches and effectiveness evaluation mechanisms for each material topic. The analysis results for 2024 remain consistent with the previous year, maintaining the same 14 material topics.

Matrix of FENC Material Topics



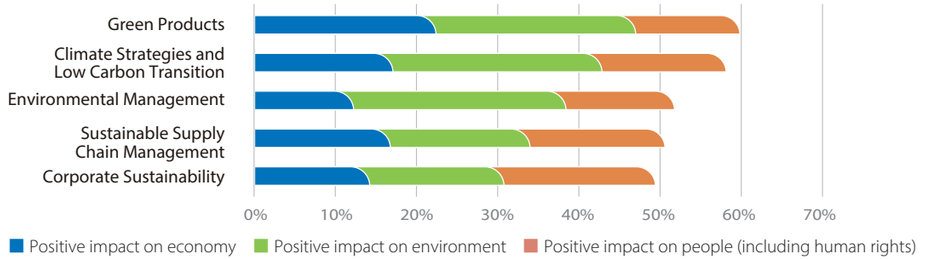
Note: The threshold for materiality is 75%.

FENC Sustainability Survey

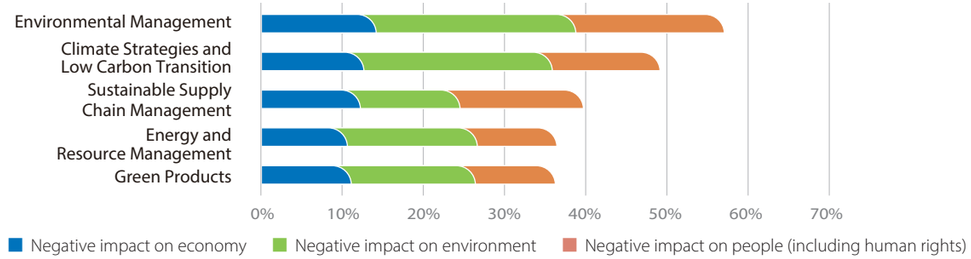
Positive and Negative Impact and Scope of Value Chain Impact

Refer to the material topics identified in 2022, 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.

Top Five Issues with Positive Impact



Top Five Issues with Negative Impact



Linkage Between Executive Remuneration and Material Topics

Material Topics	Links to Changes in Executive Remuneration
Business Performance and Strategy	Business performance and strategy are key indicators for the annual operational review, thus linked to changes in executive remuneration.
Energy and Resource Management	Energy and resource management is a key indicator for the monthly operational review, and the monthly energy consumption rate is linked to changes in executive remuneration.
Environmental Management	One of the main goals of environmental management is to reduce waste and increase the reuse of waste materials. The performance in waste reuse is linked to changes in executive remuneration.
Green Product	The percentage of green product revenues is linked to changes in executive remuneration.
Occupational Safety and Health	Occupational safety and health inspections are conducted monthly, and the results are linked to changes in executive remuneration.

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Linkage Between Executive Remuneration and Material Topics

Material Topics	Impacts on External Economy, Environment and People, Including Human Rights	Value Chain Impact Assessment					Management Methods and Related Information Corresponding to Chapters	2024 Outcome Indicator
		Suppliers	FENC			Customers		
			Production Business	FERD	Foundations			
Green Product	The development of green products may fulfill FENC's green commitment to brand customers, promote economic growth and mitigate environmental impacts.	V	V			V	Special Report 1 2.2 Developing Green Products	• Green product revenues accounted for 33% of total revenues.
Environmental Management	Business operations may lead to air pollution, waste and impacts on biodiversity.	V	V	V			3.4 Steering Environment Management	• Waste materials, excluding reused and recycled materials, decreased by 41% from the base year • Air pollutant emissions decreased by 21% from the base year
Climate Strategies and Low Carbon Transition	The inability to effectively control GHG emissions will lead to worsening climate conditions and business environments.	V	V	V		V	Special Report 2 3.2 Marching Towards Net Zero	• GHG emissions decreased by 34% from the base year
Energy and Resource Management	Environmental impacts may be reduced by monitoring the current energy and resource usage and adopting a host of conservation measures.		V	V			3.3 Elevating Energy and Resource Efficiency	• Energy consumption per unit of production decreased by 9% from the base year. • Water withdrawal per unit of production decreased by 30% from the base year.
Product Accountability and Life Cycle Assessment	Impacts on the environment and human health may be mitigated by gauging the scale and significance of potential environmental impacts with product life cycle assessments and improvements from the management and R&D perspectives.	V	V				2.3 Honing Product Management	• FENC products met the latest international standards and obtained customer certification.
Occupational Safety and Health	Implementing occupational safety and health management may reduce occupational risks and improve the physical and mental health of the employees and contractors.	V	V	V			4.3 Reinforcing Occupational Safety and Health Management	• Occupational disasters involving employees and contractors averaged two cases per FENC site, down by one case from 2023. • There were no incidences of occupational diseases. • There was one fire and chemical leakage incident.
Operational Performance and Strategies	With steady refinement of business strategies, FENC maintains the industry-leading status, drives industry evolution and promotes economic development.		V	V			Message from the Chairman 1.1 Refining Operational Performance and Strategies	• Main products maintained the industry-leading status.
Production and Product Innovation	Leveraging its R&D capabilities, FENC develops forward-looking products and transitions to smart production, operation and product services to promote industry growth.	V	V			V	Special Report 1 2.1 Instigating Production and Product Innovation	• More than five innovative production processes were incorporated.
Corporate Sustainability	By establishing a comprehensive governance framework, FENC balances the sustainable development of the environment, society and corporate governance to create values for all stakeholders.		V	V	V		Message from the Chairman 1.5 Implementing Sustainable Development	• More than three sustainability projects were implemented.
Sustainable Corporate Image	FENC may examine the direction of sustainable development and elevate stakeholders' willingness to invest in the Company by participating in global sustainability ratings, forums and conferences to engage and interact with stakeholders.		V	V	V		Enhancing Sustainable Corporate Image Special Report 5 Cultivating Compassionate Bonds	• FENC participated in more than three corporate sustainability conferences or awards.
Risk Management	The establishment of a sound risk management mechanism may reduce the degree and likelihood of impacts from environmental and man-made factors.		V	V			1.3 Perfecting Risk Management	• More than three risk management projects were implemented.
Corporate Governance	With integrity as the highest guiding principle, FENC builds a robust governance system to facilitate corporate management and maximize the interests of all shareholders.		V	V			1.2 Governing with Steady Pace	• FENC ranked between 6% to 20% in the Corporate Governance Evaluation of companies listed on the Taiwan Stock Exchange and Taipei Exchange.
Sustainable Community	With environmental protection and low-carbon operation as the goal, FENC strikes a dynamic balance between the man-made and natural environment, building a smart industrial park through advanced technologies to foster a sustainable ecosystem.			V			6.2 Building Sustainable Community	• Electricity consumption per unit of floor area decreased by 16% from the base year.
Sustainable Supply Chain Management	FENC ensures that goods and services provided by suppliers are in line with quality, economic, environmental and human rights requirements.	V	V	V			4.4 Shaping Sustainable Supply Chain	• Percentage of suppliers signing the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: 94% • 100% of the significant suppliers passed the supplier ESG assessment.

Note: The significance of the material topics to FENC, specific management guidelines and short, medium and long term goals are provided in each chapter. Seven sustainability issues are not listed as material topics. They are "customer relations management," "workplace diversity and inclusion," "employee career planning," "digital resilience," "stakeholder engagement," "land resources management" and "social impact." Details are provided in the ensuing chapters.

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Boosting Stakeholder Dialogue

With integrity and transparency as the guiding principles, FENC utilizes multiple channels of disclosure and stakeholder engagement to strengthen the relationships. Throughout the process, issues significant to stakeholders are documented, and Company policies are modified accordingly to respond to their expectations. Progress of stakeholder engagement is reported to the Board periodically. The Sustainability Implementation Committee presented the 2024 stakeholder engagement to the Sustainability Committee and the Board on February 25 and March 12, 2025, respectively.

Six categories of key stakeholders

23,325 times

508,361 participants

Direct Customers

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.

2,109 times

301,032 participants

Issues of Concern

- Product Accountability and Life Cycle Assessment
- Green Products
- Sustainable Corporate Image
- Environmental Management
- Energy and Resource Management

Communication Channel and Frequency

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

Winner of the 2024 L'Oréal Big Bang Beauty Tech Innovation Program

In 2024, L'Oréal Group, the multinational personal care corporation, launched the BIG BANG Beauty Tech Innovation Program in Taiwan. Companies were invited to participate in the competition by submitting sustainable beauty tech solutions. Nearly 600 Asian companies entered with innovative proposals. After intense competition, 16 companies were named as winners. Among them was FENC, one of only two from Taiwan. The award represented FENC's pursuit of excellence in sustainable innovation.

FENC is the world's largest supplier of food-grade rPET. With over three decades of recycling experience and know-how, the Company's proposal entails a trial closed-loop recycling program for the packaging of personal care products. FENC converts the recycled bottles into high-quality rPET chips, which will then transform to new personal care packaging, thus completing the closed-loop system. FENC's innovation was exhibited during the 2024 Annual Rendez-Vous at L'Oréal Taiwan, the final stage of the competition, which provided an opportunity for peer exchange. The Company was later announced as a winner.

FENC will engage L'Oréal Group further in the future by expanding the closed-loop recycling program to include additional personal care product packaging and turning them into quality rPET chips. This closed-loop model is a major step towards reducing resource waste and the carbon footprint, which advances the sustainability of the environment as well as L'Oréal Group as a new circular chapter begins in the beauty industry.

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Government

Significance to FENC

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

655 times
15,013 participants

Issues of Concern

- Environmental Management
- Occupational Safety and Health
- Sustainable Corporate Image
- Corporate Sustainability
- Climate Strategies and Low Carbon Transition

Communication Channel and Frequency

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

The New Taipei Sustainability Workshop

As the world confronts the challenge of global warming, a consensus has been reached regarding the necessity to reach net zero emissions. FENC has also been contributing. To embody sustainable operation, FENC has dedicated itself to promoting the circular economy, taking action to decarbonize through partnerships established across wide disciplines. In September 2024, FENC was invited to participate in the New Taipei Sustainability Workshop, a net zero program held by the New Taipei City Government and organized by the Global Views Monthly. The workshop integrated resources and efforts from the industry, government and academia. Allen Sha, Executive Vice President of Corporate Staff Office, represented FENC and presented an industry perspective, offering analysis with case studies exemplifying the circular economy and green living. Representing the academic point of view was Dr. Kuei-Tien Chou, Director of the Risk Society and Policy Research Center of National Taiwan University, who shared his experience in connecting local governance with sustainable development on a global scale. Through peer sharing and exchange, FENC led the green-collar talent from the New Taipei City Government on an exploration of action plans for sustainable development and opportunities for public-private partnership in the promotion of the circular economy.

Representatives from 15 departments under the New Taipei City Government participated in the workshop, where they formed groups during the inter-departmental discussions to brainstorm for creative sustainable programs and collaborative opportunities. For instance, representatives from the Education Department, Youth Department and Sports Department developed the proposal of hosting a marathon to advocate sustainability and carbon reduction. They referred to the three core focuses of FENC's sustainable business model, the recycling technologies, low-carbon production and value chain collaboration. The value chain was identified as an appropriate starting point for the government to implement low-carbon strategies. Specific approaches included offering runners' jerseys made of recycled materials, digitizing the program booklet and offering discounts to those using the digital identity certificate, aiming to drive local consumption and promote sustainable development. The in-depth exchanges with the local government was an opportunity to not only share FENC's sustainable development philosophy, but provide assistance with the promotion of sustainable development goals, working together to realize the vision of a sustainable city.

Content

Employees / Labor Union

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.

3,322 times
169,227 participants

Issues of Concern

- Employee Career Planning
- Occupational Safety and Health
- Green Products
- Workplace Diversity and Inclusion
- Sustainable Corporate Image
- Environmental Management

Communication Channel and Frequency

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

Reducing Carbon Emissions in All Aspects in Life With the Carbon Reduction Passbook

FENC is committed to integrate carbon reduction and circularity into its operation and practices. In June 2024, the Company launched an energy and carbon reduction campaign at the Corporate Management, which motivated carbon-reducing actions with a competition and programs tailored for employees. The campaign also tapped into FENC's strength in recycling technologies, leading employees' to integrate environmental and sustainable practices into their lives. A total of 379 staff members took part in the campaign, and together, they reduced 120,754 kgCO2e of carbon emissions by the end of 2024, nearly twice as much as the annual carbon reduction target that was set for the year.

FENC also developed in-house applications to integrate commonly used functions and news announcements for employees. Among them, the Carbon Reduction Passbook and the application for meal box donation had been helpful assistants for facilitating a carbon-reducing lifestyle. The Carbon Reduction Passbook is where employees may check the carbon reduction targets and progress, which gave them a sense of accomplishment by working towards a common goal. The application quantified employees' monthly carbon-reducing contribution from activities such as the use of public transportation, walking and running based on their monthly uploads. Each quarter, the two departments with the highest carbon reduction per capita were presented with the title, Carbon Reduction Role Model, and the 15 employees with the highest carbon reduction contribution were awarded as the Carbon Reduction Leaders. These incentives boosted employees' willingness to participate.

The meal box donation program was established at the canteen. Employees could donate the meal boxes they had paid for to others through the application to reduce food waste while cutting the costs and carbon emissions derived out of food disposal. By the end of 2024, the program had kept a total of 996 meal boxes from going to waste.

Another environmental activity at FENC is the quarterly rTEX circular clothing program, through which employees are encouraged to bring used clothing containing more than 80% polyester to work for recycling. The clothes are then transformed by FENC into brand-new garments using its chemical textile recycling technology.

Additionally, gasoline-powered vehicles among FENC's fleet had been replaced with electric vehicles. The downtime for office lighting has been increased and the air-conditioning has been set at a higher temperature. These are FENC's efforts in building a workplace that reduces energy and carbon emissions.

A new jacket made of employees' second-hand clothes

Content

External Audit Agency

Significance to FENC

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

230 times
2,767 participants

Issues of Concern

- Green Products
- Climate Strategies and Low Carbon Transition
- Environmental Management
- Energy and Resource
- Management
- Land Resources Management

Communication Channel and Frequency

- External Meetings: Yearly, Irregular
- Training/Trial/Drill: Yearly
- Training/Trial/Dril: Irregular
- Visits/Exchanges: Irregular
- Review/Evaluation/Audit: Yearly, Irregular, Other
- Other: Yearly, Other

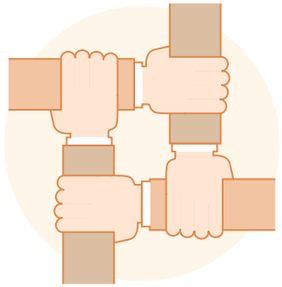
Committing to Net Zero Emissions With SBTi-verified Carbon Reduction Targets

To support the global effort in energy conservation and carbon reduction, OTIZ, an FENC subsidiary, and the Polyester Business of FENC submitted their carbon reduction targets and received the approval from the Science Based Targets initiative (SBTi) in March and June 2024, respectively. Both entities set their targets based on the 1.5°C pathway established in the Paris Agreement, ready to leap towards net zero emissions by 2050.

SBTi is a joint initiative by the United Nations Global Compact, international carbon disclosure organization CDP, World Resources Institute and World Wide Fund for Nature. The initiative operates on a science-based framework to help companies set medium- and long-term carbon reduction targets in their respective industries with the ultimate goal to reach net zero. In recent years, SBTi has risen as one of the world's most reliable organizations for the verification of carbon reduction targets.

As the threat from global warming exacerbates, FENC remains focused on developing green products to quench the thirst for eco-friendly and low-carbon solutions from international brand customers. To support its ambition to cut carbon emissions, FENC has established five overarching strategies, including improving energy efficiency; adopting low-emission fuel alternatives; developing renewable energy; utilizing CCU; fostering raw material transition. The Company is aggressively promoting green manufacturing, tackling carbon reduction with pragmatic actions. In 2024, FENC established the low-carbon transition targets, aiming for 50% carbon reduction, 50% green products and 50% green raw materials by 2030, which exceed the 1.5°C pathway specified by the SBTi, as a declaration of FENC's unwavering determination to reach net zero.

Content



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.

16,837 times
16,957 participants

Issues of Concern

- Customer Relations Management
- Product Accountability and Life Cycle Assessment
- Occupational Safety and Health
- Corporate Governance
- Operational Performance and Strategies
- Risk Management
- Green Products

Communication Channel and Frequency

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

Steering Carbon Reduction in the Industry Chain With the 1+N Carbon Management Demonstration Team

The enactment of the carbon fee mandate in 2025 is putting pressure on the corporate community in Taiwan to decarbonize. FENC formed the 1+N Carbon Management Demonstration Team, leading OGM, Toung Loong Textile MFG. Co. Ltd., Hong Yi Fiber Ind. Co. Ltd. and Yi Shin Textile Industrial Co. Ltd., as well as six diffusion plants as the mentored manufacturer, working together to reduce carbon emissions and operational risks in the industry chain by implementing low-carbon production and optimizing resource efficiency.

The project, which was approved on April 8, 2024, received NT$25.5 million in subsidy from the Industrial Development Agency of Ministry of Economic Affairs (MOEA). With an implementation period from April 2024 to September 2025, FENC serves as a lead, forming a carbon management partnership and integrating technical resources with ten upstream and downstream manufacturers. With coaching provided by the Taiwan Textile Research Institute, each member is to propose a carbon management plan based on the standards of ISO 14064-1 GHG inventory and ISO 14067 carbon footprint to ensure the integrity and credibility of the carbon reduction data.

The target for this project is to reduce 30,000 tCO_2e by 2025. As of October 2024, the team has reduced 8,270 tCO_2e. FENC is also helping the members assess their needs during the GHG inventory process, confirming the scope of inventory and collecting data in order to complete the carbon management and GHG inventory training.

Content

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.

172 times
3,365 participants

Issues of Concern

- Operational Performance and Strategies
- Corporate Governance
- Green Products
- Climate Strategies and Low Carbon Transition
- Environmental Management

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Irregular
- Internal Meetings: Quarterly
- Training/Trial/Dril: Irregular
- Visits/Exchanges: Irregular
- Survey/Questionnaire: Yearly, Irregular
- Other: Monthly, Irregular

The First and Only Industrial Conglomerate in Taiwan Chosen as DJSI Component Stock

In December 2024, FENC was selected as a component stock of the Emerging Markets Index by the Dow Jones Sustainability Indices (DJSI), the world's leading sustainability benchmark indices. The recognition made FENC the first and only industrial conglomerate in Taiwan to make the list.

DJSI is a key reference for global institutional investors when it comes to evaluating a company's sustainability performance. Out of over 10,000 global companies analyzed and evaluated by the DJSI, only the top 10% are selected. FENC has long been engaged in ESG development, and in 2024, the Company was chosen over its global peers as a DJSI component stock for the first time. FENC was also inducted into the 2025 Sustainability Yearbook from S&P Global, another first time, and given the Industry Mover Award in the Industrial conglomerate category. These recognitions are a testimony to FENC's exceptional performance within its industry.

Note: The DJSI was renamed the Dow Jones Best-in-Class Index in February 2025.

Content

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

Speak Up Policy | Stakeholder Contact | FENC Speak-up: speak-up@fenc.com

Grievance Channel and Procedure for Issue-Specific Claims

Regulatory Compliance and Anti-Corruption	Labor and Human Rights	Products	Environment
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.	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.	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.	Process • Once the grievance is filed, applicable units at the plant are notified to address the matter, report to the management and respond to the individual filing the grievance with updates and outcomes of the investigation.
Channel Audit Committee email: auditcommittee@fenc.com Audit Department email: feaudit@fenc.com Legal Compliance email: legalcompliance@fenc.com	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

2024 Claims and Outcome

All seven cases are workplace grievances, and none are related to FENC's environmental and governance practices. The details are provided as follows:

Labor Issue 7

Cases 1 to 3–FENC

The three grievance claims were filed against the employee welfare, scheduling of environmental safety training and vacation rules, and all were addressed immediately. With thorough communication and understanding, the cases have been closed.

Case 4–FEIW

Three discharged employees filed a grievance claim against FEIW's labor conditions and management rules. Upon reviewing the circumstances, the local labor bureau deemed the subject rules and procedures to be in compliance, and the case was dismissed.

Case 5–APG Polytech

The claim was filed in regard to the scope of duties of the supervisor and union members. The case has been closed after a dialogue meeting was conducted.

Cases 6 to 7–FIGP

The two grievance claims were filed against supervisors by eight employees regarding communication issues. Based on the evidence presented by the employees, it was determined that their supervisors had engaged in improper conduct. FIGP fully communicated with the employees, and the supervisors were reprimanded in accordance with the applicable regulations. Both cases have been closed.

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Enhancing Corporate Preface Sustainable Image

2024 Constituent of Sustainability Indexes

Dow Jones Sustainability Indexes
Dow Jones Sustainability Emerging Markets Index

2024 MSCI ESG Leaders Indexes Constituent
Constituent of MSCI ESG Leaders Indexes

FTSE4Good
Constituent of FTSE4Good Emerging Indexes

FTSE4Good TIP Taiwan ESG Index
Constituent of FTSE4Good TIP Taiwan ESG Index

TWSE 臺灣證交所
Constituent of TWSE CG 100 Index

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

Recognitions from 2024 Sustainability Ratings

TCSA
- Top 10 Taiwanese Companies Sustainability Model Award

Five Consecutive Years
- Corporate Sustainability Report Award – Platinum Award
- Climate Leadership Award
- Circular Economy Leadership Award
- Growth through Innovation Leadership Award
- Information Security Leadership Award
- Creative Communications Leadership Award
- People Development Leadership Award

Global Corporate Sustainability Awards (GCSA)
Sustainability Reporting Award - Gold Class

Global Views Monthly ESG Award
First Prize at Manufacturing Industry
First Prize at Low-Carbon Operation
Taiwan's Only Consecutive Double First Prize Winner

Rated MORNINGSTAR | SUSTAINALYTICS
Sustainalytics – ESG Risk Rating
Industry Top Ratings
Top 1.5% of Commodity Chemicals Industry

Ministry of Economic Affairs
Buying Power - Social Innovation Products and Services Procurement Special Award,Third Prize
Outstanding Enterprise in Greenhouse Gas Reduction

Ministry of Environment
National Enterprise Environmental Protection Award – Bronze Award
Outstanding Green Procurement Unit – Ministry of Environment, R.O.C.

CDP
Climate Change – A List
Water Security – Management Level

CommonWealth Magazine
Excellence in Corporate Social Responsibility Award
CommonWealth Talent Sustainability Award
CommonWealth Magazine Healthy Corporate Citizen Award - Large Enterprises

SGS ESG Awards
Corporate Governance Award

TCIA
Circular Economy Achievement Award

HR Asia
Best Companies To Work for in Asia
Equity & Inclusion Awards
Most Caring Company Awards
Sustainability Awards

Department of Labor, Taipei City Government
Age-Friendly Employer Certification (Middle-aged and Senior Workers)

21st Century Foundation
Net Zero Industry Competitiveness Excellence Award

Departments of Environmental Protection, Taipei & New Taipei City Governments
Private Sector Green Procurement Enterprises

Triple A Awards 2024- Sustainable Finance
Best Sustainability Exchangeable Bond

FinanceAsia
Best Sustainable Finance Deal - Highly Commented
Best Mid Cap Company (Gold)
Best CEO (Gold) / Best CFO (Gold)
Best Overall Company (Silver)

Institutional Investor
Asia's Most Honored Companies Awards (Consumer Discretionary Sector)

Treasury Today Adam Smith Awards Asia
Best Sustainable Treasury Solution

Business Weekly
Top 100 Carbon Competitiveness

Content

Participating in the International ESG Trends, Corporate Strategy and Outlook Seminar

FENC was invited to attend the International ESG Trends, Corporate Strategy and Outlook Seminar hosted by the Department of Investment Promotion of MOEA on June 20, 2024. B.C. Chang, Chief Operating Officer of Polyester Business, represented FENC as the panelist. During the session, he shared how ESG was integrated into FENC's corporate strategies and how the Company advanced its competitiveness through the circular economy and low-carbon solutions. He also emphasized the need for the corporate community to reach carbon reduction targets through concrete actions amid the global transition to net zero. Working collectively, a sustainable supply chain could take shape by capitalizing on technological innovation and supply chain cooperation to meet brand customers' demand for green raw materials. The seminar, which was organized by the Chung-Hua Institution for Economic Research and LCS and Partners, gathered experts, scholars, renowned accountants and corporate representatives to explore the impact of ESG from the angles of international trade agreements, legal risks and corporate practices. The audience gained profound insights on the subject of ESG. The peer exchange also strengthened corporate resilience and promoted sustainable development within the industry. For FENC, the focus remains with the development of recycling technologies. While responding to the market demand, the Company is also creating sustainable values for the corporate community and the entire society.

Contributing to the 2024 CommonWealth Sustainability Assembly as a Panelist

Humphrey Cheng, President of Corporate Management, was invited to the 2024 CommonWealth Sustainability Assembly and served as a panelist. During the event, he shared FENC's long-term devotion to and achievements in low-carbon transition and the circular economy. Back in 2005, FENC had been implementing energy conservation among its business units and establishing an incentivization system to encourage employee participation. Over the years, FENC has embraced the circular economy as its niche and developed a holistic approach covering waste recycling from the land, ocean and air. Among its innovations are polyester products made of recycled carbon dioxide and recycled fabrics made of ocean debris. The year 1988 marks the beginning of FENC's journey in developing and implementing recycling technologies. Being the first polyester recycling and remanufacturing corporation in Taiwan, FENC has been spearheading the transformation of the polyester and textile industries for decades. With a complete bottle-to-bottle recycling system, FENC converts recycled waste into food-grade low-carbon packaging materials. Additionally, the Company is aggressively expanding recycling applications, branching into the production of seat belts, airbags, tire cord fabrics and shoe materials using recycled raw materials, all of which are the manifestation of FENC's technological prowess and commitment to sustainable development.

Taking the Center Stage at COP29 With FENC's Circular Economy and Carbon Reduction Performance

Dr. Ching-Ying Yu, Associate Professor from Yuan Ze University, an affiliate under Far Eastern Group, was invited to speak at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29), which was held in Azerbaijan from November 11 to 22, 2024. Professor Yu gave two speeches at the Blue Zone, where the formal negotiation and official sessions took place, and shared FENC's innovative circular economy products and carbon reduction performance. The Blue Zone is limited to government delegations, heads of state, observers and media recognized by the United Nations Framework Convention on Climate Change (UNFCCC) only. By making an appearance at this venue during COP29, it speaks to FENC's global influence in the field of sustainability. FENC also grabbed the spotlight at the Blue Zone with the display of ocean recycled anti-bursting jerseys worn by athletes during the 2022 FIFA World Cup and the 100% rPET sports footwear, which showcased the green power and innovative prowess of Taiwanese companies.

Dr. Yu highlighted FENC's dedication to the rPET industry, which started over three decades ago. By leveraging technological innovation and the application of recycled materials, FENC developed recycling solutions that tackle waste from the land, ocean and air, and fostered sustainable and circular lifestyles through partnerships with global brand customers. Its expansive conglomerate had expanded from Taiwan to Japan, mainland China, Vietnam, Malaysia, the Philippines and the U.S. Dr. Yu also discussed FENC's five major carbon reduction strategies, as well as its aggressive targets for green transformation in order to reach net zero by 2050.

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Special Report

Content

Special Report 1

Innovative Applications x Green Raw Materials x Visionary Deployment

FENC has achieved a leading status in green polyester materials powered by the tremendous force of circularity. By leveraging its vertically integrated production network in the polyester industry and establishing inter-disciplinary technological partnerships, FENC transforms waste into quality products sourced from recycled materials, and rises as a critical player in the global circular economy. Anchoring to its core polyester technologies, FENC has developed a wide spectrum of innovative raw materials and product applications though its alliance with value chain partners. Meanwhile, the Company is expanding the production capacity of rPET to generate growth momentum and accelerate green transformation, aiming to reach its sustainable development goals.

Innovative Applications : Expanding Core Polyester Technologies

With the resolve to promote environmental sustainability, FENC became the first in the industry to dedicate itself to the circular economy. Back in 1988, FENC founded the first PET bottle recycling plant in Taiwan as its recycling technologies continued to evolve, giving birth to high-quality rPET. With wide applications such as food packaging, non-food packaging, hygiene care textiles, home textiles, functional sportswear, shoe materials and automotive textiles, the potential is still growing. By tapping into its vertically integrated network, FENC is extending the product applications downstream to the PET film and PET sheet production. Meanwhile, the Company is working closely with value chain partners to develop more sustainable possibilities.

The World's First rPET Surfactant

FENC developed the world's first rPET surfactant through a collaboration with Oriental Union Chemical Corp. The product marks a departure from fossil-fuel-based materials by replacing the lipophilic end of the surfactant molecule with rPET. This product is first adopted by DEDA Biotech Co., Ltd. in laundry and dishwashing detergents, which are sold under the HOSAY brand. Sourced from rPET, this surfactant cuts the carbon footprint by more than 25%. Applicable for dyeing, finishing, coating and cleaning, the possibility does not end here. FENC applies its green innovation from packaging to the actual product, offering holistic circular economy solutions that will energize green transformation within the industry.

Taiwan's First 100% Recycled Polyester Sheet

At the end of 2022, FENC became the first in Taiwan to obtain the letter of no objection from Taiwan Food and Drug Administration to produce rPET food contact materials, and the Company has been promoting the application of green products. In 2023, FENC teamed up with food packaging companies and developed packaging materials made of 30% rPET sheet, which can be used to produce salad containers in convenience stores. In March 2024, FENC collaborated with Far Eastern A-mart Co., Ltd. (a.mart) and produced 100% rPET trays for meat products, which reduce carbon emissions by 51% compared with their virgin plastic counterparts. In September 2024, FENC formed an alliance with a.mart, TOMRA Collection Solutions Taiwan Co. Ltd. and Li Tsang Plastics Co. Ltd. and launched the world's first smart recycling program for fresh food trays. With smart recycling machines, the public enjoys convenient recycling services and the waste plastic trays can be fully reused.

Leading the Low-carbon Transformation in Automotive Materials

OTIZ made a technological breakthrough and became the first among its industry peers to transform waste PET bottles into recycled industrial yarn and tire cord fabrics. In 2021, its products were acknowledged by the global tire brand, Continental AG, and the partnership followed. As the supplier of tire cord fabrics sourced from 100% rPET, OTIZ is the first to be recognized by a tire company. The products have been commercialized and the 2024 sales doubled from the previous year. The success has attracted major tire companies from Italy, France, Japan and Sweden with multiple testing underway. In 2024, OTIZ began collaborating with Autoliv, the world's leading airbag brand. The collaboration set an industry precedence by pioneering 100% rPET airbags using chemical recycling. While demonstrating its innovative power in recycling technologies, FENC is also creating more eco-friendly solutions for automotive safety products.

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Green Raw Materials : Creating Endless Circular Possibilities

FENC plays an active role in promoting applications of green raw materials, reducing carbon emissions through its reuse models. Since 1988, the Company has been converting waste PET bottles into eco-products, such as rPET chips and recycled polyester filaments. Today, FENC is the world's largest supplier of food-grade rPET. To find solutions for the problem of textile waste, the Company is moving full force into developing textile recycling technologies, applying both chemical and mechanical recycling to convert waste textiles into recycled polyester filaments. Additionally, by capitalizing on superior R&D and production technologies, FENC is going beyond the current scope of recyclable raw materials and tackling waste electronics and factory waste gas. The goal is to reduce the reliance on raw materials sourced from fossil fuels.

Electronic Waste

Reborn as Sustainable Materials

In October 2024, FENC and BenQ Materials Corp launched "e2cycle," an innovative recycling technology that converts electronic waste into high-performance textiles. While the initial focus was the recycling of waste screen panels, e2cycle has been gradually expanded to include the recycling of computer mice, keyboards and other electronic waste. During the recycling process, electronic waste is palletized and turned into recycled materials by FENC. The recycled materials are then transformed into fabrics and films as raw materials provided for Xpore, BenQ Material Corp's functional apparel brand. The e2cycle technology is a bridge between the textile and electronics industries, a recycling solution for electronic waste that satisfies the urgent quest for sustainable materials, turning "e-waste" to "eco-excellence." This cross-industry collaboration has broadened the source of recycled raw materials. It is also inspiring innovative possibilities that will help FENC build a green future.

Waste Textile

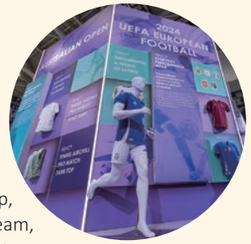
Scaling Circularity With Chemical Recycling

Polyester textiles account for two-thirds of all polyester applications. To address the issue of textile waste, FENC has created a textile-to-textile (T2T) recycling system. Currently, FENC provides mechanical textile recycling to its brand customers consistently. Its chemical recycling system, which has a high technological threshold, was scaled at the end of 2024 with 5,000 metric tons of annual production capacity. Leveraging AI sorting and the in-house green recycling and production technologies, FENC loops waste textiles back to the source as polyester raw materials for high-quality filaments. Noticing the progress, FENC's brand customers are booking ahead for the 2025 production with multiple products scheduled to be launched.

Ocean Waste Plastic

Captivating the World With Recycled Jerseys

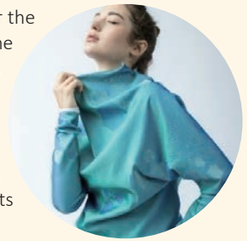
FENC converts PET bottles recycled from the ocean into sports jerseys. Among them is the ocean recycled anti-bursting jersey, a high-level product debuted in the 2022 FIFA World Cup, where it was chosen as the uniform for the 2022 Champion team, Argentina. The product went on as the uniform for team Spain, winner of the 2023 FIFA Women's World Cup, and for the third consecutive year in 2024, the jersey was favored by multiple champion teams, including team Spain during the UEFA European Football Championship, Real Madrid Club de Fútbol during the UEFA Champions League, team Argentina during the Copa América and Manchester United Football Club during the Football Association Challenge Cup. This record is the witness of FENC's innovative application of eco-friendly materials and its commitment to sustainable development.



Waste Gas

Greening the Fashion Industry With Recycling Technologies

FENC was the recipient of the Red Dot Design Award in 2023 for converting recycled waste gas into low-carbon polyester. In 2024, FENC was honored yet again by the fashion industry at the iF Design Award in Germany, winning two awards with the integration of the proprietary functional design and 3D weaving technology. Standing out among over 10,000 entries from 72 countries, FENC was the only supplier to be awarded for an eco-friendly functional knitwear. This innovative product was also chosen as the material for the uniform that team Chinese Taipei wore during the opening ceremony of the 2024 Summer Olympics in Paris. Through a team effort with supply chain partners, FENC has demonstrated Taiwan's remarkable strength in creating sustainable functional textiles, setting a new benchmark where aesthetics coexists with environmental sustainability.



Content

Visionary Deployment : Mapping the Blueprint for Green Growth

FENC is a leading enterprise in the global supply of food-grade rPET. Backed by a vertically integrated production and sales framework that spans from raw materials to the end products, its current annual global production capacity is the equivalent of converting 26 billion waste PET bottles into brand-new products. Foreseeing the business potential of green products, FENC has been accelerating the expansion of rPET production capacity in recent years. In 2024, the Himeji plant in Kansai, Japan began production, the U.S. plant, Phoenix Technologies International, L.L.C., increased its production capacity, and the new plant in Malaysia began construction with production scheduled for 2025. FENC's Vietnam and Shanghai locations will also be seeing an increase in capacity. The efforts will continue to expand the scale of FENC's rPET production, fueling new growth for the circular economy.

Achieving Returns With FIGP-Himeji Plant

FIGP-Himeji Plant has the highest rPET production output in Japan. When its production began in February 2024, the plant encountered several challenges, such as problems with machine operation, labor shortages and surging demand for raw materials. However, thanks to close communication and coordination among all departments, the plant was able to pull through. Within three months, the operation quickly stabilized and the plant received recognitions from its customers, showing their confidence in FIGP's products. The addition of the Himeji plant gave FIGP a boost in its business momentum, which solidified its position as the leading rPET plant in Japan.

Boosting Operating Performance With Higher Production Capacity at Phoenix Technologies International, L.L.C.

In 2019, FENC acquired the U.S. rPET plant, Phoenix Technologies International, L.L.C. However, challenges surfaced in the form of dated equipment and inadequate maintenance. To improve its performance, FENC sent a team from Taiwan to support the retrofitting of production lines and expansion of production capacity with their experience and technical expertise. The tasks were completed successfully and production began in the first quarter of 2024. The new production lines are equipped with a continuous flake drying system and powered mainly by electricity, which reduce carbon emissions compared with the previous natural gas-powered model.

Enhancing Vertical Integration With New Malaysian Plant

FENC is building a new rPET plant, FE GREEN PET (M) SDN BHD, in the Malaysian state of Malacca, and the groundbreaking ceremony was held on April 18, 2024. The production is scheduled to begin at the end of 2025, and the plant will increase FENC's production of food-grade rPET with an annual production capacity of 50,000 metric tons. Once completed, the plant will form vertical integration with the existing bottling plant, maximizing synergistic effects to reinforce FENC's regional supply chain and helping FENC deliver what the customers need.

Timeline of Advancement in FENC's Global rPET Production Capacity

1988 — FENC invested in building the first PET bottle remanufacturing plant in Taiwan, initiating circular economy production model with waste recycling and reuse.

2010 — FENC expanded green production into mainland China, launching rPET production at FEIS.

2012 — Far Eastern Ishizuka Green PET Corporation (FIGP) was established in Ibaraki Prefecture, Japan, specializing in the production of rPET.

2016 — Production began in Oriental Green Materials Limited's Plant 2 in Taiwan. Manual bottle recycling is now replaced by machines, which expands the processing capacity to over 50% of waste PET bottles in Taiwan.

2019 — FENC acquired the rPET manufacturer, Phoenix Technologies International, LLC.

2020 — FIGP built the second production line.

2022 — Resin production began at Plant 2 of Oriental Green Materials Limited.

2023 — Production began at the rPET plant in the Philippines.

2024 — Production of rPET began at FIGP-Himeji Plant.

2025 — Production of rPET with added capacity is scheduled to begin at FEIS.

Production is scheduled to begin at the rPET plants in Vietnam and Malaysia.

Content

Green Momentum : Achieving Excellence in Performance

Production Sites

Current production sites :
Taiwan, Mainland China, Japan, U.S., Vietnam, Philippines
Future expansion :
Malaysia

rPET Industry Scale

World's **No.1**
in Food-Grade rPET

Waste Reduction

FENC's contribution to waste reduction annually :
26 billion PET bottles, which may circle the earth **150** times.

Note: The estimate is based on FENC's 2024 rPET production capacity.

GHG Reduction

rPET resins cut GHG emissions by **↓63%**
FENC's contribution to carbon reduction annually : **↓870,000 tCO_2e**

Equivalent to carbon absorbed by **89,000** hectares of forests.
Equivalent to annual carbon emissions from **570,000** households.

Note:
1: The comparison of GHG emissions is made between PET chips sourced from recycled PET bottles and fossil fuels using the product life cycle assessment report. The data is verified externally by TÜV Rheinland in 2017. The estimate of annual carbon reduction is based on FENC's 2024 rPET production capacity.
2: According to the 2021 Taiwan Greenhouse Gas Inventory Report, the carbon sequestration rate of each hectare of forest is 9.8 tCO2e. According to the Ministry of Economic Affairs' plan for 6.5 GW of installed solar capacity by 2020, the annual electricity consumption for each household is 3,504 kWh. The electricity carbon emission factor is 0.494 kg CO2e/kWh.

2024 Recognitions

- Global Views ESG Corporate Sustainability Award
  Outstanding Project–Low-carbon Operation–First Prize
  Two consecutive years
- Taiwan Chemical Industry Association
  Circular Economy Achievement Award
- Taiwan Corporate Sustainability Awards (TCSA)
  Circular Economy Leadership Award
  Eight consecutive years
- Outstanding Enterprise Manager Association Golden Torch Awards
  Top Ten Enterprises of the Year
  Top Ten Products of the Year
- iF Design Award, Germany
  Product Design
- National Enterprise Competitiveness Development Association The National Brand Yushan Award
  Outstanding Enterprise
- ISPO TEXTRENDS
  Best Product Selection

Product Certification

Recycled Content Certification
Global Recycled Standard
SCSglobal
The Association of Plastic Recyclers
Green Mark

Food-Grade Approval
FDA
efsa European Food Safety Authority
厚生労働省 Ministry of Health, Labour and Welfare
Health Canada
FDA

Content

Cocreating a Bright Future With a Sustainable Mindset

As the proprietor of exceptional recycling technologies and a diverse lineup of green products, FENC engages heavily in external communication to bolster partnerships. Aside from exhibitions, exchanges, promotional events, sharing sessions and special projects, the Company puts additional focus on establishing sound communication channels with local stakeholders, making concerted efforts to fulfill the sustainable development goals and strive for a bright, sustainable future.

Promoting Textbook for Sustainable Development with Social Enterprises

To build the bridge of sustainable education between the industry and schools, Earth Solutions and 5% Design Action have combined corporate and educational resources to create the Textbook for Sustainable Development program. These social enterprises carefully selected exemplary corporations to design the lesson plans for each of the ten major sustainability issues featured in the inaugural edition of Textbook for Sustainable Development. FENC was chosen to represent the circular economy category. Apart from joining the workshop to develop lesson plans, FENC also attended the press conference for the launch on May 3, 2024. During the event, FENC engaged teachers and principals from primary and secondary schools throughout Taiwan, using exhibits to explain its circular economy practices. The inaugural issue of Textbook for Sustainable Development was released on June 5, 2024, the World Environment Day. The publication includes FENC's circular economy practices and the lesson plans designed for schools, which are offered to all teachers for free, helping schools create and customize sustainable lessons that suit their needs.

2024 World Oceans Day in Taoyuan

OGM was invited to partake in the 2024 World Oceans Day event held by the Taoyuan City Government from June 24 to July 24, 2024. During the event, OGM showcased its recycled products at Yong'an Conch Cultural Park, including functional jerseys and footwear made of waste PET bottles. The display helped the public understand that minimizing marine waste is an act of protecting marine biodiversity, and the products helped promote environmental sustainability by demonstrating that waste materials recycled from the beach can be transformed into valuables. OGM has been a member of the Blue Ocean Recycling Alliance founded by the Taoyuan City Government since 2022. The plant converts PET bottles recycled from the ocean into PET chips, which are then processed by FENC's Filament Division to produce textile products gifted to the volunteers and participants of the beach cleaning events as a token of appreciation.

Circularity Case Sharing

FENC was invited by the Chinese Institute of Engineers (CIE) to submit an article titled "The Circular Economy of PET: The Path to Recycling, Innovation, and Sustainability," which was published in the June 2024 issue of the Journal of CIE. In this article, FENC provided an in-depth look into the critical role of PET in the circular economy and touched upon the recycling technologies, material innovations and sustainable applications. In July 2024, the Circular Taiwan Network invited FENC to contribute to the publication, Co-creating a Resilient Taiwan: Circular Stories. The Company shared its collaboration with the U.S. biotech company, LanzaTech. With FENC's proprietary repolymerization technology, the partnership gave birth to the world's first clothing item made of waste gas recycled from steel mills. This breakthrough is featured in the publication under innovation of circular materials. CIE and the Circular Taiwan Network offer free online access to these articles in the hope of promoting the circular economy by spreading the information and knowledge.

Implementing Green Circular Economy–Innovation and Entrepreneurship Practice Field with Yuan Ze University

FENC is helping Yuan Ze University (YZU) implement the university social responsibility program, Green Circular Economy–Innovation and Entrepreneurship Practice Field. This three-year program, which began in August 2024, focuses on circular economy issues related to second-hand and waste clothing, such as eco-materials, fiber and clothing production, the reproduction and redesign of second-hand clothing and circular business models. FENC has been an avid participant, giving lectures on the circularity for clothing at YZU,organizing student visits to Hsinpu Chemical Fiber Plant and providing support during the campus clothing recycling event by transforming the waste garments into recycled polyester filament. Through a wide range of activities, FENC has made sustainability and circularity part of college education. Reaching an estimate of over 2,500 people in 2024, FENC is cocreating a green future with these young students.

Circular Economy Seminar in Hyogo Prefecture, Japan

FIGP-Himeji Plant is located in Hyogo Prefecture, Japan. To implement recycling and raise the awareness of recycling policies among local communities, the government held a seminar to discuss the recycling and reuse of PET bottles on December 20, 2024. FIGP joined the top five beverage companies in Japan to explore recycling practices during the seminar. Speaking on the topic of bottle-to-bottle recycling, FIGP shared the recycling and remanufacturing of PET bottles as well as the applications, which helped the local residents better understand the circular economy. FIGP was the only rPET manufacturer invited to this event, a sign of its significance as an incubator of the circular economy in Japan. Through the seminar, FIGP strengthened its partnerships with the Hyogo Prefectural Government and major beverage brands, and more importantly, the plant enhanced the development of circularity and sustainability in the local communities.

Content

Special Report 2

The March Towards Net Zero : FENC's Low-carbon Innovation

According to the Net Zero Tracker, as of February 2025, 144 countries and 1,173 companies around the world have pledged to net-zero emissions. While it is important to establish robust plans and proposals in order to decarbonize, tangible actions are vital. The 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change was held in Baku, Azerbaijan in 2024. The conference focused on issues such as accelerating carbon reduction; climate finance; energy transition; climate adaptation; nature conservation; climate technology and innovation to keep the global community on course for the 1.5°C pathway. During COP29, Dr. Ching-Ying Yu, Associate Professor from Yuan Ze University, an affiliate under Far Eastern Group, delivered two addresses at the Blue Zone, where the official sessions and formal negotiations took place. Dr. Yu centered her talks around FENC's circular economy products and carbon reduction performance. During the two speeches, she highlighted FENC's approach of tackling the climate impact head-on, monitoring the latest development of international trends and implementing a host of carbon reduction actions, which have won the Company international fame for its green innovative power.

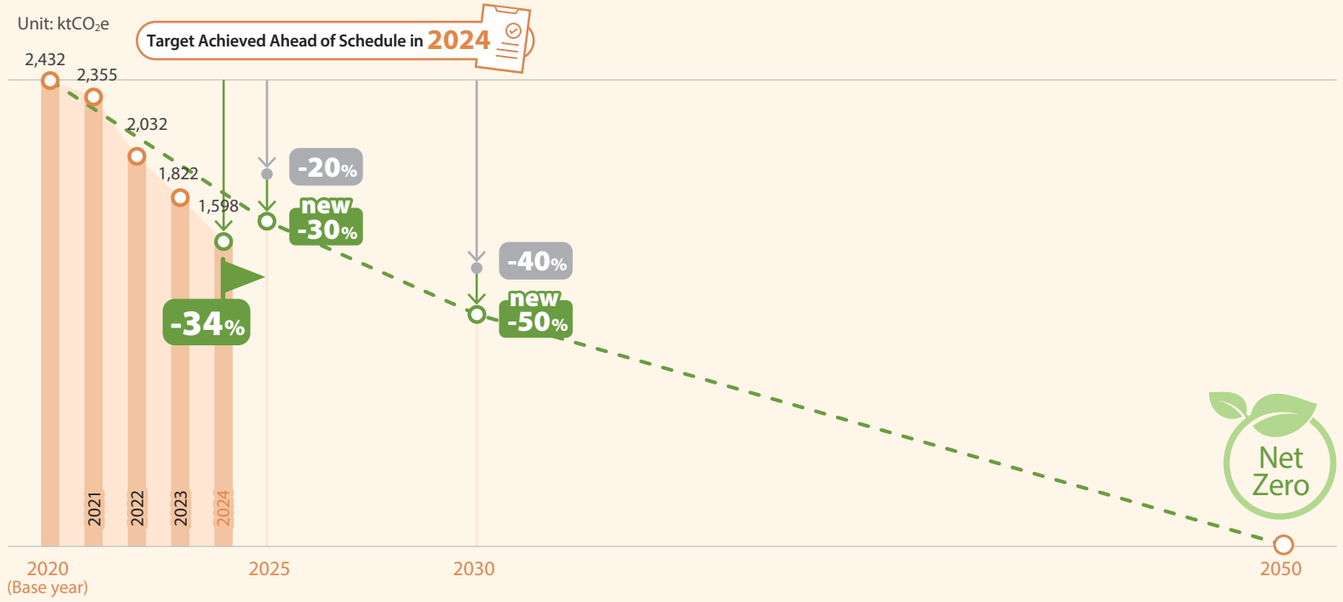
The Net-zero Pathway

FENC began setting its GHG reduction targets in 2022. The Energy Task Force, FENC's designated environmental and energy management entity, is charged with coordinating the implementation of a broad range of progressive carbon-reducing actions. In 2023, through concerted efforts from all departments, FENC reduced 25% GHG emissions compared with the base year, achieving its near-term target well ahead of schedule.

To align with the international trend to move towards carbon reduction and bolster its competitiveness in the net-zero era, FENC raised its carbon reduction targets in 2024, aiming for 30% carbon reduction by 2025 and 50% by 2030. With 1,598 ktCO$_2$e of GHG emissions recorded for 2024, a drop by 34% from the base year, FENC has yet again achieved the new near-term target ahead of schedule.

To achieve the 2030 GHG reduction targets, FENC is planning to devote an investment exceeding NT$15 billion between 2020 and 2030, which is expected to reduce 1.65 million ktCO$_2$e in carbon emissions. The performance of the 2024 energy and emission reduction projects is included in 3.2.2 GHG Management.

GHG Reduction Targets and Progress



Note : 1. The disclosure of GHG emissions includes scopes 1 and 2 emissions from 100% of the production sites covered in this report with 2020 as the base year.
2. FENC does not use carbon offsets as the means to achieve its GHG reduction targets.

Content

The Low-carbon Transition Targets

To support the net-zero vision and inspire decarbonization throughout the industry chain, FENC has established a new set of low-carbon transition targets in 2024: reducing GHG emissions by 50%; incorporating 50% green raw materials; including 50% green products in the product mix by 2030. The Company is charting the course for a total transformation to embrace low-carbon raw materials, production and products, steering the industry to co-create a green future.

Implementation Progress of Low-carbon Transition Strategies

Improve Energy Efficiency

Progress

- FENC averted 33,003 tCO_2e in GHG emissions in 2024 by improving energy efficiency through the optimization of the production process, facility and energy management.

Future Plan

- OPTC is scheduled to complete the transformation of production processes in 2026. The transformation will facilitate electricity generation from the production process, thus reducing energy purchase from external sources and averting 80,000 tCO_2e of carbon emissions per year.
- In 2028, a 25 MW cogeneration system will be completed in Vietnam. The system will generate thermal energy to fuel both steam and electricity generation, which will improve fuel efficiency.

Adopt Low-emission Fuel Alternatives

Progress

- The high-emission coal-water slurry and heavy oil boilers have been phased out and replaced by lower-emission natural gas boilers.
- FEPV-Knitting and Dyeing Plant reduced carbon emissions by 35,778 tCO_2e in 2024 by using biomass fuels, including wood chips and rice grains.

Future Plan

- FEPV-Knitting and Dyeing Plant is increasing the biomass fuel substitution rate with 85% estimated in 2025 and 100% expected in 2026.
- Efforts will continue in the R&D of the application of hydrogen energy and biomass fuels.

Develop Renewable Energy

Progress

- As of the end of 2024, a total of 12 production sites in Taiwan, mainland China and Vietnam had installed solar power generation equipment with 21,960 kW in capacity. A total of 24.06 GWh of solar power was generated for self-consumption and approximately 200 GWh of renewable electricity was purchased during the reporting year, reducing a total of 110,908 tCO_2e in carbon emissions.

Future Plan

- Renewable electricity will be acquired through means such as long-term electricity purchase agreements. FENC will also continue expanding the installed capacity of renewable power generators at its worldwide locations for self-use. It is anticipated that renewable electricity consumption across FENC's global locations will reach 250 GWh by 2025.

Utilize CCU

Progress

- FENC pioneered the world's first waste gas recycling technology applied towards polyester production. After capturing waste gas recovered from steel mills, the microbial fermentation technology is applied to convert the waste gas to ethanol, which is then transformed into polyester products.
- In 2024, FENC partnered with Oriental Union Chemical Corp. and developed eco-friendly solvents and non-ionic surfactants containing carbon dioxide. The breakthrough marked a success in carbon capture and reuse. Additional details are provided in Special Report 1. Innovative Applications x Green Raw Materials x Visionary Deployment.

Future Plan

- Additional applications will be developed for the waste gas recycling technology.
- FENC is establishing the Emerging Technology Carbon Reduction Team to extend the Company's efforts in the research of information and practices in the field. Plans are underway to capture carbon dioxide directly from the emission source for conversion into usable products.
- Research projects on carbon capture and microalgae cultivation technologies are in progress. The plan is to recover waste gas from the exhaust pipes for the cultivation of microalgae, which will be used as the raw material for feed processing.

Foster Raw Material Transition

Progress

- Low-emission alternatives for raw materials, including recycled and biomass materials, have been adopted to help reduce carbon emissions in the value chain (scope 3).
- In 2023, OPTC formed a R&D partnership with the supply chain and pioneered the first bio-PTA, and the plant has signed a memorandum of understanding for the supply of biomass raw materials. FEIS purchased recycled bio-MEG to produce low-carbon polyester.

Future Plan

- Recycled raw materials: As a global leader in recycled polyester, FENC will realize its vision of strengthening the circular economy by transforming waste into valuable raw materials. Additional details are provided in Special Report 1. Innovative Applications x Green Raw Materials x Visionary Deployment.
- Biomass raw materials: The R&D efforts will continue to create biomass polyester materials that can be scaled and commercialized. Additional details are provided in 2.2 Developing Green Products.

Content

Value Chain Engagement

Government

The New Taipei City Government held the New Taipei Sustainability Workshop in September 2024, which was organized by the Global Views Monthly. Allen Sha, Executive Vice President of Corporate Staff Office, was invited to share how FENC helped the public embrace a lifestyle of sustainability and circularity. During the event, he discussed the action plans for sustainable development with the green collar talent from multiple departments under the New Taipei City Government and explored opportunities for public-private partnerships to foster the circular economy and low-carbon transition.

Advocacy Group

FENC's ambition to decarbonize is unrivaled within the industry. In 2019, FENC began implementing the Task Force on Climate-related Financial Disclosures (TCFD) to assess the impact of its business activities. The disclosures had been made public annually in the FENC Sustainability Report and its official website. In 2023, FENC published the first TCFD report in Taiwan in reference to the International Financial Reporting Standards Sustainability Disclosure Standards S2 Climate-related Disclosures. On August 21, 2020, FENC signed on to become a supporter of TCFD, making the Company the first corporation in the traditional industry in Taiwan to sign and publish such a statement of support.

The carbon reduction targets submitted by FENC's Polyester Business and subsidiary OTIZ received the approval of the Science Based Targets Initiative (SBTi) in June 2024 and March 2024, respectively. With the action, both were declaring their pledge to achieve the near-term targets and reach net zero through the 1.5°C pathway. In October 2024, the Textile Business submitted the letter of commitment to SBTi, ready to contribute to net-zero emissions.

The platform, Temperature Rising Index for Pathways, from the CommonWealth Magazine calculates the contribution of the carbon reduction commitment from nearly 1,000 Taiwanese companies to taming global warming. Among these companies, only 20% are committing at a level qualified as meeting the 1.5°C pathway outlined in the Paris Agreement, and FENC leads the pack by establishing a 1.440°C pathway.

Source: CommonWealth Magazine

Supplier and Customer

On April 8, 2024, FENC was approved by the Industrial Development Administration, Ministry of Economic Affairs to participate in the project, 1+N Low-Carbon and Smart Transformation and Upgrade for Small and Medium-sized Manufacturing, with Hsinpu Chemical Fiber Plant leading a team of four collaborating plants and six diffusion plants to promote carbon reduction. The team focused on the optimization of equipment, production and energy, as well as developing raw material alternatives. The goal is to establish plans to create low-carbon technologies for the entire polyester production process, develop low-emission production, and maximize energy and resource efficiency. The program is expected to reduce carbon emissions by 30,000 tCO_2e.

FENC is proactive with its customer engagement efforts. For downstream customers, the Company promotes the use of low-carbon products as raw materials. Product life cycle assessments and product carbon footprint certification are completed and provided to customers as reference data regarding FENC's decarbonization efforts. As international brand customers started requiring SBTi compliance in terms of carbon reduction targets, FENC's business units joined SBTi and obtained its approval for setting the most ambitious carbon reduction targets among industry peers. The disclosure of environmental data is made available to brand customers monthly to validate FENC's efforts and performance in environmental management.

Employee

During the marathon and employee competition held by FENC in October 2024, the Company provided functional jerseys made of chemically recycled waste textiles to the runners and employees. The Corporate Management in the Taipei headquarters also launched an energy and carbon reduction campaign, which included clothing donations. A total of 700 pieces of second-hand clothing were recycled and remanufactured into apparel items through FENC's textile recycling operation. The campaign also included an initiative involving the Carbon Reduction Passbook application. The application encouraged employees to take public transportation and walk, helping them set carbon reduction targets and incorporate a low-carbon lifestyle.

Content

Special Report 3

Creating an Intelligent Future With Technological Innovations and Applications

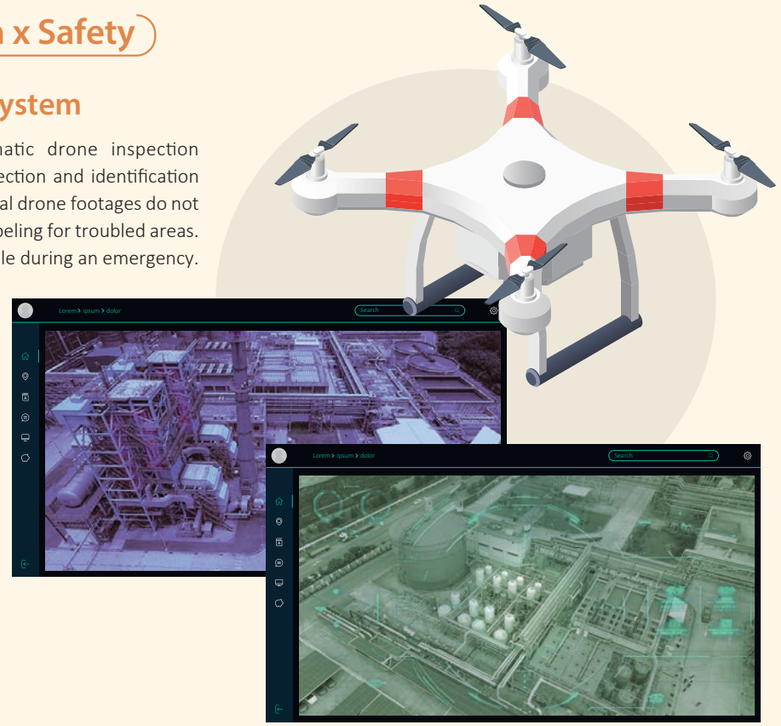
FENC has a comprehensive set of strategies in place to implement digital transformation, building a smart business model by incorporating AI in production, business and administrative management. An AI implementation team was established to develop smart production lines, decision optimization, human-robot collaboration, IoT and edge computing, making AI an integral component of its smart factories.

Additionally, FENC is collaborating with the two tech giants and leaders in the development of AI with phased incorporation of Google Gemini and Microsoft Copilot. Their comprehensive language models and functions help FENC quickly internalize generative AI (GenAI) into its work flow, harnessing the power of technology to boost efficiency and competitiveness.

AI x Production x Safety

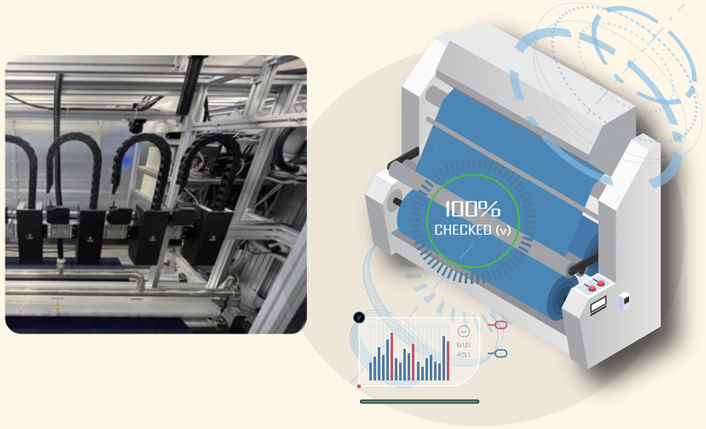
AI Drone Inspection System

OPTC introduced an automatic drone inspection system equipped with infrared detection and identification for elevated equipment. Conventional drone footages do not accommodate replays or location labeling for troubled areas. Real-time images are also unavailable during an emergency. The AI drone inspection system, however, is capable of uploading real-time footage to the cloud. After comparing AI footage with multi-temporal images, the system automatically labels the trouble spot or area with potential issues, such as insulation damage or steam leakage. The system is able to examine areas beyond the human reach and sends immediate notifications to the management for timely repair, which improves inspection efficiency and reduce labor costs.



AI Fabric Inspection System

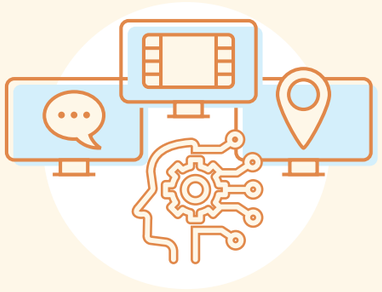
FEPV applies AI visual tools to conduct smart fabric inspection. In the past, the manual operation required employees to stop the machine, apply labels and document defects by hand, a time-consuming and labor-intensive process. The smart inspection system, on the other hand, moves 1.4 times faster. The system also delivers a 100% defect detection rate using visual AI and intelligent learning technologies, further improving product consistency and quality for customers.



Content

5G Smart Remote Security Plan

Hsinpu Chemical Fiber Plant has developed a smart security system that leverages the 5G and AI image recognition technologies. The system automatically analyzes image data to facilitate real-time monitoring, anomaly warning and remote control to minimize the danger of high-risk operations. The system also enhances safety by integrating visual recognition with smart wearables and optimizes the work flow and efficiency by utilizing big data to ensure quality control, worker safety and production enhancement. Its features are as follows:



Users may switch among the AI sensing modes to target specific sites and scenarios.

The system processes multiple identifications with one single lens.

1. Comprehensive Monitoring and Real-time Notification

With the ability to transmit image data with high speed and high quality, the 5G technology has significantly boosted the efficiency of image recognition. Upon detecting potential hazards from the images, the smart security system proceeds to quickly collect and analyze on-site production conditions and notify the management personnel for troubleshooting. Accommodating different areas and scenarios, the system is able to monitor the entire plant and minimize losses by increasing the efficiency and accuracy of risk management and control.

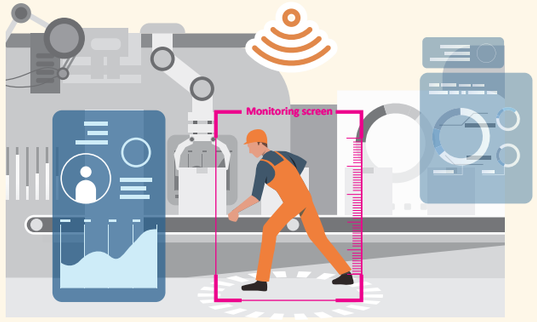
2. Automatic Warning

The smart security system is equipped with AI recognition, which automatically identifies the adequacy of staff's personal protective equipment (PPE), determines potential hazards and issues advanced warnings to ensure workplace safety. For instance, when cutting waste materials, a procedure considered uncomplicated, less time-consuming and low-risk, operators often neglect the need to wear safety gloves and cut themselves by accident. The system may prevent such incidents by issuing warnings when standard operating procedures are not followed.

Workers may also capture on-site images in real time by wearing smart helmets. The images are transmitted to the system through a private 5G network. Integrated with the AI image recognition system, the smart helmet also determines whether the PPE is worn properly and issues warnings immediately when irregularities occur.

3. Long-term Monitoring for High-risk Operations

The smart security system screens for high-risk operations based on the frequency and level of hazards as control standards. It also performs long-term monitoring, which helps identify potentially unsafe behaviors, and provides timely response to prevent hazardous incidents and minimize risks.



4. Reduction in Labor Costs

The demand for manpower, especially during high-risk operations requiring long-term monitoring, may be reduced by installing stationary and mobile cameras. The improvement reduces labor costs, reinforces safety management and enhances work efficiency.

Content

AI x Supply Chain

AI Supply Chain Management Platform

Risk control is a critical link of a sustainable supply chain. To maintain supply stability, quality management and cost control, FENC created its own supply chain management platform with AI-assisted risk response. The platform alerts employees to major industry-related news, recommends freight route alternatives, makes shipping schedule forecasts and conducts safety stock analysis. When major international events occur, such as regional conflicts, natural disasters and changes in national policies, the AI assistant automatically compiles and provides related news, keeping employees informed as advanced warnings. When a potential impact on existing freight routes is detected, the system conducts analysis and provides alternative routes as contingency plans to facilitate agile response. The AI assistant also studies the shipping schedule based on the shipping history and current ship movements for inventory management.

AI x Compliance x Management

To ensure compliance for the use of GenAI across FENC, the Company established the Guidelines Governing the Use and Management of Generative AI in June 2024. The guidelines are developed by integrating global policies and trends as well as corporate needs in AI management with three major focuses, technological development and governance; risk identification and notification mechanisms; guidelines and compliance management. In August 2024, FENC's subsidiary, Shanghai Far Eastern IT Company, obtained the certificate of ISO/IEC 42001:2023 for AI management systems, which is valid for three years. The Company is in the process of integrating the ISO/IEC 42001:2023 standards with the existing information security management system under ISO/IEC 27001, forming a seamless AI management framework.

AI Carbon Reduction Passbook App

Since June 2024, the Corporate Management has been implementing a series of programs to encourage all employees to conserve energy and reduce carbon footprints, including the development of a carbon reduction passbook application. Each month, employees upload their data to the application to document carbon reduction activities, such as using public transportation, walking and running,. The AI system automatically recognizes and calculates the data, which helps employees track their carbon reduction performance.

Cocreating With AI Copilot

FEPV created an agile digital mobile platform, where employees developed multiple applications using Microsoft Copilot. The applications digitize paper forms and bring the review process online to reduce labor and time. These application, which cover finance and customer management, have increased efficiency and the speed of decision-making. Meanwhile, they enhanced employee participation and a sense of accomplishment.

AI x Talent

Industry-academia Talent Development Program for AI Smart Manufacturing

FEFC continued its industry-academia partnership in 2024 to develop talents in lean smart management. As part of the plan to fully implement Industry 4.0 and smart manufacturing, FEFC invited 15 industry experts and professors from the Department of Industrial Engineering and Management of Yuan Ze University (YZU) as lecturers. The 2024 program, which offered 13 courses totaling 55 hours with the focus on professional knowledge in textiles and polyester, has helped 17 participating students acquire the skills in data analysis, business intelligence, big data and AI.

As the collaboration between FEFC and YZU enters its 6th year, several research projects have borne fruit. Projects which have been put to practice include AI safety alert for security personnel, 360-degree panoramic monitoring for common areas within factories, AI yarn evenness identification from mass diagram and real-time traceability for production. The integration of AI has improved production efficiency and employee safety.

To develop professional talents in the textile and polyester industries, the program offers internships to participating students to bridge the gap between industry and academia. The arrangement also helps students with career planning in advance, and three of the students have become full-time employees at FEFC. The plant will continue its talent development efforts with a forward-looking mindset and focus on pairing intelligent management with the experience in textile and polyester to help FEFC complete digital transformation and implement smart manufacturing.

Digital Talent Program

FENC has been devoting efforts to systematically develop digital talents since 2023, honing employees' AI literacy and ability to apply the technology by founding the AI Academy. Between 2023 and 2024, a total of 453 training sessions were held with 3,535 employees in participation. Details are provided in 4.2 Fostering Employee Career Planning.

Content

1

Fostering Robust Governance

Target Readers:

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

Content

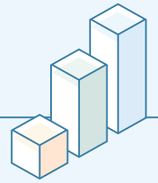
2024 Highlight

57 years on TWSE
Uninterrupted Profiting and Dividend Sharing Streak

5th Consecutive
TCSA
Top 10 Taiwanese Companies Sustainability Model Award

International Finance Media
The Asset, FinanceAsia, Treasury Today
Multiple Award Recognitions

NT$ **217** Billion in Consolidated Revenues
A Record High



Sharing **Innovative Information Security Applications** At **CYBERSEC 2024**

Strengthening Board Functions With **ESG** and **AI** Training

ESG Rating
Incorporated Into Customer Credit Assessment

Incorporating **National Risk Warning Mechanism**
To Reduce Geopolitical Risks

Incorporating **Dual Information Security Ratings**

Integrating **Big Data** and **AI** Enhancing **Credit Management**

Issuing **Taiwan's First Sustainable Exchangeable Bond**

Issuing Nearly **40** **Sustainable Financial Products**
Raising Nearly NT$ **80** Billion

Content

Target and Progress

	Industry Leading Status	Corporate Governance Evaluation	Risk Management System	Management of Information Security	Exemplary Sustainable Corporation
2035 Target	Maintaining industry leading status with key products	Reaching top **5 %**	Conducting at least **3** risk control projects yearly to ensure sound growth and enhance corporate value	Create a more robust management mechanism for information security awareness to reduce the risk of social engineering attacks and ensure operational security	Implementing **3** annual sustainable projects, Taking part in **3** annual sustainable conferences or awards
2030 Target	Maintaining industry leading status with key products	Reaching top **5 %**	Conducting at least **3** risk control projects yearly to ensure sound growth and enhance corporate value	Continuously optimize social engineering drills and information security training to enhance security awareness among employees and ensure operational security	Implementing **3** annual sustainable projects, Taking part in **3** annual sustainable conferences or awards
2025 Target	Maintaining industry leading status with key products	Reaching top **5 %**	Conducting at least **3** risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of **3** social engineering drills and **3** training sessions annually to enhance overall security awareness	Implementing **3** annual sustainable projects, Taking part in **3** annual sustainable conferences or awards
2024 Target	Maintaining industry leading status with key products	Reaching top **5 %**	Conducting at least **3** risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of **3** social engineering drills and **3** training sessions annually to enhance overall security awareness	Implementing **3** annual sustainable projects, Taking part in **3** annual sustainable conferences or awards
2024 Progress	Achieved **Maintaining industry leading status with key products**	**6% - 20%**	Achieved **Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value**	Achieved **A total of 3 social engineering drills and 8 training courses were conducted**	Achieved **For details on implementation, please refer to the 2024 Sustainability Report**
Action Plan	• Expand production capacity and diverse production base • Research and develop innovative products • Elevate employee competency	• Learn from the results of Corporate Governance Evaluation and best practices around the world • Make continuous improvements based on corporate conditions	• Continue to expand the scope of risk management systems • Optimize the risk management system and make adjustments accordingly • Construct a risk management system platform • Conduct regular stocktakes regarding material risk projects and track improvements • Present the status of risk management implementation to the Board	• Update the email templates for phishing drills annually and develop the platform for AI social engineering drills in-house • Conduct regular information security training using the most current 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

Content

Sustainability Issues

Operational Performance and Strategies

Material

Significance and Purpose of Management for FENC

Aiming for sustainability, FENC takes steady strides toward refining industry strategies. We maintain our industry leading status, spearhead industry growth and promote economic development.

Management Approaches and Effectiveness Evaluation Mechanisms

- Continue to expand production capacity and establish a diverse production base and products.
- Regularly conduct management review meetings, track business performance, and require improvements from applicable units.
- Conduct quarterly Board Meetings to ensure continuation and adequacy of strategic directions.

Authority

- Presidents of Corporate Management
- Presidents of Petrochemical Business
- Presidents of Polyester Business
- Presidents of Textile Business

Corporate Governance

Material

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

Risk Management

Material

Significance and Purpose of Management for FENC

Identify risks factors posing major impact to corporate activities, establish assessment approach or improvement measures to reduce operational risks and to 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

- Corpoarte Management
- FENC sites

Digital Resilience

Significance and Purpose of Management for FENC

With the potential of posing direct influence on business performance, customer trust and corporate reputation, information security is an indispensable element in corporate operation. FENC should adopt proactive and aggressive approaches for effective information security management and minimize the impact caused by cybersecurity incidents.

Management Approaches and Effectiveness Evaluation Mechanisms

- Develop information security policies.
- Establish a robust information security management system (ISMS).
- Establish information security management mechanisms and standards that govern all aspects, including the organization, staff, physical security, technology and compliance.
- Conduct training to improve the awareness of cybersecurity risks among employees.
- Track all information security indicators at FENC and compliance with the Supply Chain Information Security Agreement among its supply chain partners.
- Report to the Board regularly to ensure the supervision and management of risk issues by the highest governing entity.

Authority

- Information Security Department
- Production and Operation Sites

Corporate Sustainability

Material

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 convenor 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

Content

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 land development and reinvestment through diversified management strategies and highly efficient asset mobilization. FENC has been listed on the Taiwan Stock Exchange since 1967 and maintaining a 57-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 a best practice for environmental, social and corporate governance. FENC will keep delivering exceptional results in environmental protection, social inclusion and corporate governance.

FENC's Organization Chart

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 estates and equity investments that shall bring happiness and prosperity to the community where we serve.

Core Value

誠 Sincerity

Customers, the general public, and colleagues must all be treated with sincerity; cooperation and teamwork must be based on mutual trust.

勤 Diligence

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

樸 Thrift

The Far Eastern Group's firmly held goal is to constantly create new value for customers and shareholders. The Group's highest ideal is to make every enterprise under its flag a leading company in its industry.

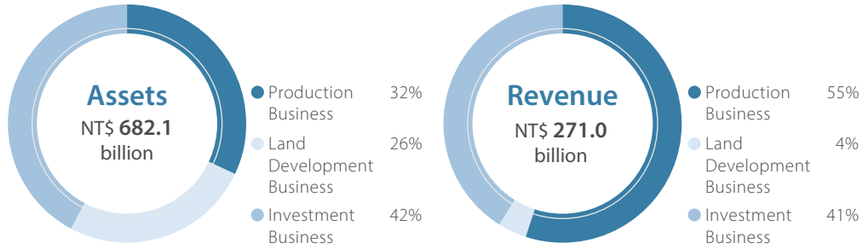
慎 Prudence

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

創新 Innovation

The Far Eastern Group's firmly held goal is to constantly create new value for customers and shareholders. The Group's highest ideal is to make every enterprise under its flag a leading company in its industry.

Assets and Revenue in 2024



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 presidents 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 CPA Association R.O.C. (Taiwan) and FENC's Corporate Governance Principle. The certified public accountants selected for 2024 were evaluated and approved by the Board on March 12, 2025.

twA
Taiwan Ratings (2024)

Financial Performance

Unit: NT$ Million

	2021	2022	2023	2024
Total Assets	635,324	657,957	671,488	**682,070**
Total Liabilities	365,913	386,265	361,846	**362,635**
Shareholders' Equity	269,415	271,692	309,642	**319,435**
Operating Revenues	238,806	263,945	257,204	**270,954**
Net Income (Attributable to Parent Company)	9,685	8,166	8,229	**10,032**

Note: FENC consolidated financial statement.

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Economic Values Distributed to Stakeholders

Unit: NT$ Million

	2021	2022	2023	2024
Operating Cost	192,321	213,924	210,143	217,016
Employee Wages and Benefits	23,318	24,745	24,566	26,328
Payments to Investors (Interest Expense and Dividends)	16,665	18,124	18,705	20,058
Payments to Government (Income Tax)	2,983	3,803	3,439	5,000
Investments in Community	108	106	76	61

Note: FENC consolidated financial statement includes business locations in Taiwan, Mainland China, Vietnam, Japan, and the U.S.

Accrued Income Tax Expense

Unit: NT$ Million

	2021	2022	2023	2024
Taiwan	2,338	2,932	2,765	3,999
Mainland China	389	405	342	449
Malaysia	4	10	7	15
Hong Kong	50	18	53	6
U.S	6	201	115	107
Bermuda	7	(5)	(1)	(6)
Vietnam	(7)	53	96	182
Singapore	4	6	9	9
Japan	193	184	46	233
Tailand	-	-	8	6
Income Tax	2,983	3,803	3,439	5,000
Ratio of Income Tax to Revenue	1.3%	1.4%	1.3%	1.9%

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.

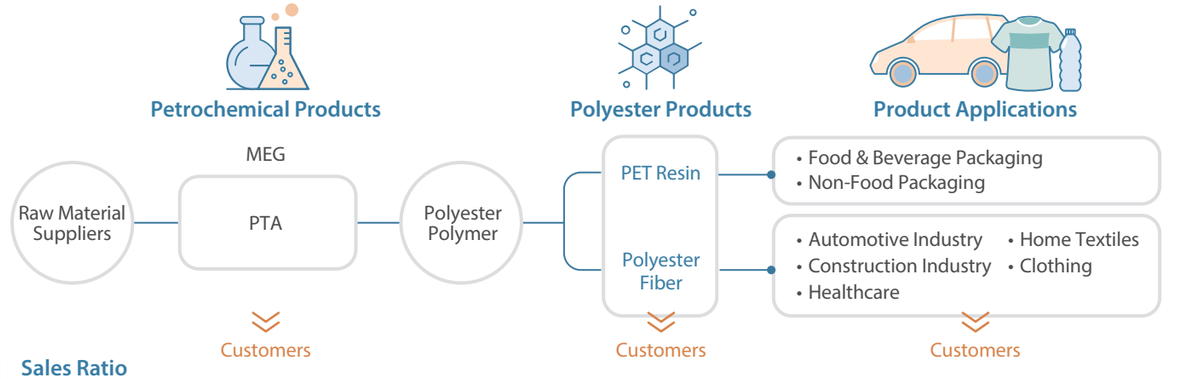
To avoid risks associated with regulatory changes, the Company established tax risk identification mechanism. When tax laws are amended, the mechanism facilitates assessment, prepares necessary response and considers gaps in tax obligations in a timely fashion. FENC also designated a tax affairs team to help all subsidiaries to communicate tax related matters with local tax authority 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.

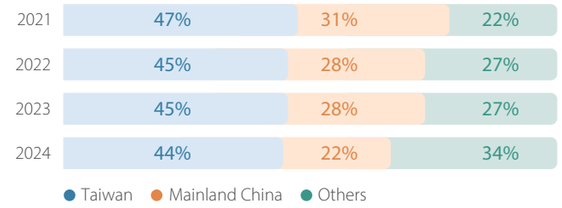
FENC Annual Report | Financial Report | Tax Governance Policy

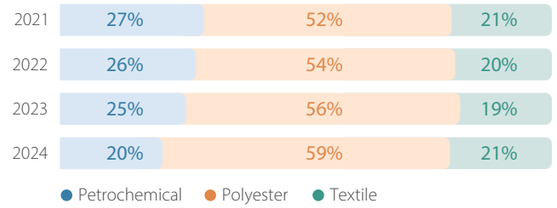
1.1.2 Production Business

Main Products and Value Chain



Sales Ratio





Note: Please refer to our annual report for more information on the volume and value of the production.

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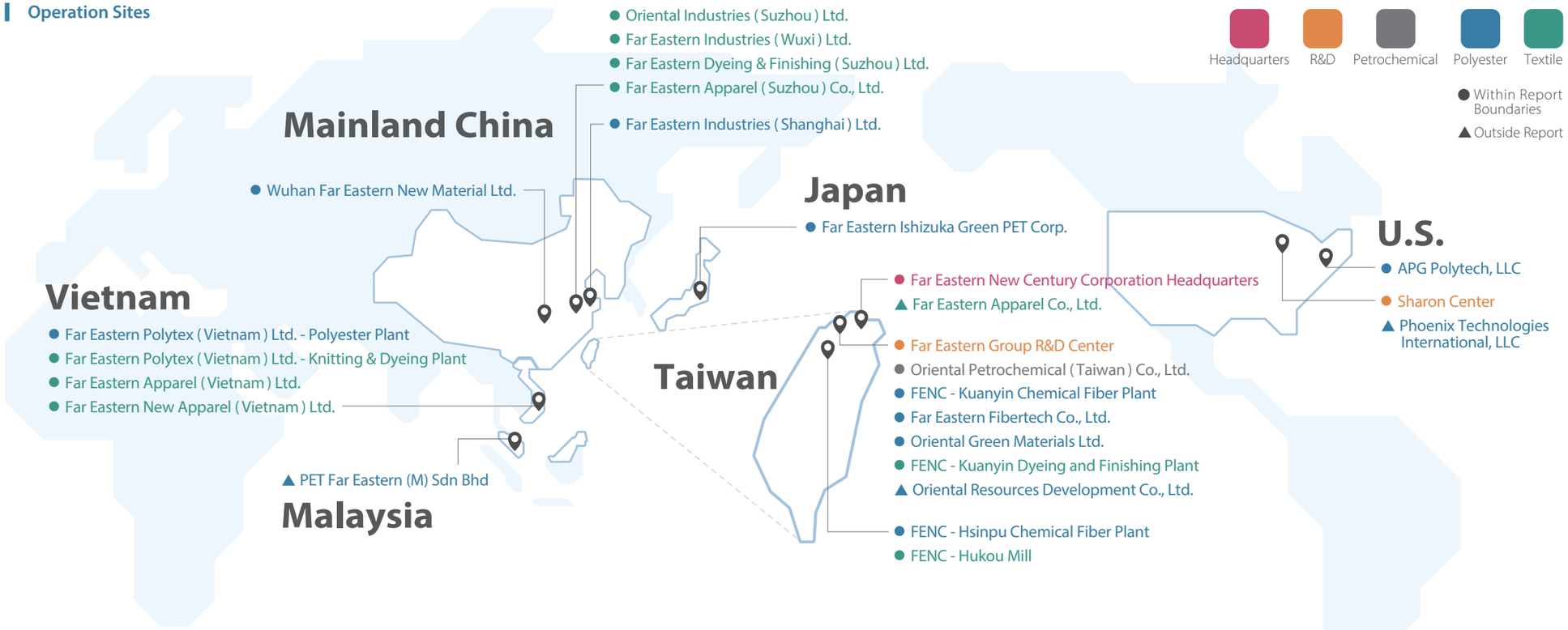
Operation Sites



Internal and External Analysis for Production Business and Industry Overview

The year 2024 was a turbulent one marked by geopolitical tensions. According to the International Monetary Fund, the global GDP growth had slowed to 3.2% with major economies shaken by the reshuffled political order and turmoil in trade and economy. As the world heads into 2025, the effect of Trump 2.0 is roiling the global trade, economy and energy transition. Fluctuating commodity and oil prices, unpredictable monetary policies and intensifying protectionism are reshaping the global market and supply chain structure. Exacerbated uncertainties are looming over the economic outlook.

Despite capriciousness in the political and economic landscape, FENC has anchored itself with innovative R&D and unmatched production technologies as the Company expands its global presence by leveraging core strengths. With ongoing development of pioneering recycling technologies and low-carbon production, FENC has dived into the downstream applications of rPET and secured partnerships with international brands, taking solid steps to increase production capacity and revenue growth. The Company extends the regional network while enhancing the efficiency of global logistics, remaining flexible and agile with a strategic global supply chain while fast-tracking intelligent and digital transformation to reinvent its business model. By remaining resolute amid an evolving world, FENC is taking steady strides and charting long-term strategies for a sustainable future.

The business community is greeted by mounting challenges in 2025. Growing pressure from accelerating technological advancement and green transformation are reshaping the global industry. Standing upon a bedrock molded by 75 years of brilliance, FENC is forging ahead with the dedication of an industrialist, the insight of an entrepreneur and the heart of a philanthropist. The time has come to embrace decarbonization, sustainability and AI, and face the trials and tribulations that accompany a changing world to create a glorious future.

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Adapting to Market Conditions With Optimal and Flexible Production

Amid rapid shifts in the market environment, FENC continues to recalibrate its production capacity and optimize production resources to enhance competitiveness and reduce operational risks. In 2024, FENC strengthened the overall business operation and enhanced the efficiency of resource allocation with added flexibility through business consolidation, concentration of production capacity and equipment adjustments.

- **Consolidating production lines and repurposing equipment for product development**
  Regarding products experiencing long periods of weak demand, FENC has improved efficiency by consolidating the production lines and resources to cut losses and boost profits. FENC has also demonstrated agility, responding to market changes by partially repurposing equipment for product development or differentiation based on the market demand.

- **Optimizing production planning and phasing out inefficient capacity**
  Considering limited profitability caused by an imbalance between supply and demand in the industry, FENC has adjusted the production strategies, choosing scheduled shutdowns or long-term storage for production lines and idled equipment with low efficiency and high carbon emissions to optimize capital allocation and ensure production efficiency.

- **Enhancing the production workforce and advancing industrial and technological upgrades**
  To maintain competitiveness for the long haul, FENC has reallocated its production manpower and ramped up product development to accelerate industrial and technological upgrades within the Company.

These measures delivered radical improvement in the utilization of overall production capacity in 2024. By adding revenue sources and cutting costs, FENC is seeing a dramatic turnaround with losses turned into profits at its Production Business, which is a testament to its business resilience and growth momentum.

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.

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.

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
System	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; 2. The whistle-blowing and disciplinary method of violating ethical conduct and ethical management; 3. Remuneration system; 4. Internal control system and provisions governing its implementation, including management policy, authorization system and segregation of duties; 5. Anti-bribery clauses included in procurement contracts to strictly forbid the acceptance of kickbacks, handling charges or financial gains in any form.
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.
Audit System	1. Integrity and anti-corruption practice are listed under mandatory audit in the internal audit system. 2. 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. 3. 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.
Training and Promotion	1. A minimum of one anti-corruption training for Board members and all employees to promote the scope of the FENC anti-corruption policy, including reporting channel, and possible effects at the individual and corporate levels. 2. Prior to being included in FENC’s list of eligible suppliers or engaging in business transaction with FENC, suppliers and subcontractors, including agents and trade companies, must undergo anti-corruption training or education. 3. Internal publication, meetings, signage at the plants.

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2024 Implementation

Quarterly compliance audits were conducted at all FENC sites, including the completion of self-assessment forms and on-site audits, to ensure a full understanding of FENC's ethical corporate management and anti-corruption policies across all production and operation sites.

2024 Results

1. The implementation of ethical management was presented to the Board, including online self-evaluation on regulatory compliance and training outcomes to fulfill the Company's belief in corporate integrity.
2. All Board members completed the anti-corruption training, representing 100% in completion.
3. The anti-corruption training was conducted for FENC employees with 100% coverage.
4. Among the new employee hires, 100% have signed the declaration pledging to abide by the FENC Best Practice Principles of Ethical Corporate Management and Code of Ethics.
5. FENC promotes anti-corruption among suppliers and contractors through the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. A total of 6,993 suppliers, which account for 94%, have signed the statement.

Statistics on the Number of Breaches of the Code of Ethics Conduct

	Number of Breaches in 2024
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data Leakage	0
Conflicts of Interest	0
Money Laundering or Insider Trading	0
Total	0

Code of Ethics | Articles of Incorporation | Corporate Governance Principles | Best Practice Principles of Ethical Corporation Management | Legal Compliance Execution Report (Chinese) | The Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management

1.2.2 Board Structure and Remuneration

The 25th Board election was held in 2024, and the result has strengthened Board diversity and succession. 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.

FENC's Board diversity policies are established in accordance with the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers with corporate governance evaluation indicators as the reference. Details of the implementation in 2024 are as follows:

1. At least one-third of the Board shall be constituted by independent Board members. After the 2024 Board election, five seats on the Board are held by independent members, which satisfies the requirement.
2. The Board shall consist of at least one member from each gender. The requirement has been satisfied.
3. The Board consists of members from different nationalities.

Six Board meetings were held during the reporting year with a director attendance rate of 96%, and a total of 90 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 | Profile of Board Direct | The Board diversity policy and current implementation status

Functional Committees

Remuneration Committee Established in 2011 Number of Seats: Three, two of which are held by independent Board members Convener: Raymond R. M. Tai, independent Board member	Independent Board members serve as the convening body 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 2024, the Remuneration Committee convened 2 times. Remuneration Committee
Audit Committee Established in 2015 Number of Seats: Five, all of which are held by independent Board members Convener: Shu-Chieh Huang, independent Board member	Audit Committee is composed of all independent Board members and convenes quarterly. The objective of this committee is to monitor the appropriateness of financial reporting, implementation of internal control, compliance with company regulations, 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 2024. Audit Committee
Sustainability Committee Established in 2020 Number of Seats: Three, two of which are held by independent members Convener: Sy-Ming Guu, independent Board member	Independent Board members serve as the convening body 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 sustainability" and "Supervise other matters related to corporate sustainability approved by the Board". In 2024 the Sustainability Committee convened 2 times. Sustainability Committee

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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 2024.

3 Training

Each year, FENC holds two training sessions for the Board members with external experts as the lecturers. The 2024 courses are "The Era of Carbon Pricing and Corporate ESG Actions" and "From Digital Transformation to AI Empowerment." All Board members completed a minimum of six training hours in the reporting year.

4 Remuneration and Evaluation

FENC self-evaluates the performance of the Board, Board members and functional committees annually in accordance with the FENC Board Performance Evaluation Rules. All 2024 results reached "exceed expectation," which is the highest level. Additionally, a Board performance evaluation is conducted at least once every three years by an independent external agency or a team of experts and scholars. The last evaluation was conducted in 2023 by EY Transaction Advisory Services Inc. The Board was evaluated for its performance in "structure," "people" and "process and information." The ratings the Board received are "advanced," "advanced" and "benchmark," respectively.
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 2024 account 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

Establish and provide supervision on environmental goals, including energy and resource management; report on GHG emissions; pollution prevention and control; creating sustainable production process.

Society

Establish and provide supervision on social goals, including disaster relief for communities; non-profit and charitable programs; management of supply chain; occupational safety and health; human resources; employee competitiveness and welfare.

Governance

Establish and provides 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.

2024 Board Training–A Dual Focus on ESG and AI

To enhance Board functions and operation, FENC arranged two three-hour training sessions targeting governance and risk management for the Board members in 2024. The sessions, which were held in July and November, are titled "The Era of Carbon Pricing and Corporate ESG Actions" and "From Digital Transformation to AI Empowerment." Several senior executives joined the Board members during the training sessions, both of which reached over 80 in attendance count.

"The Era of Carbon Pricing and Corporate ESG Actions" was led by Professor Chien-Ming Lee, who is known as the father of carbon trading in Taiwan. Professor Lee currently holds a teaching post at the Institute of Natural Resources Management at National Taipei University. He shared global trends in net-zero governance and approaches for self-evaluating carbon risks amid the arrival of the carbon pricing era, exploring topics such as carbon pricing systems in Taiwan and international communities, carbon credit quality management as well as global sustainable strategies for reaching net-zero emissions.

Lee-Feng Chien, board member of the startup, Appier/iKala AI, led the session, "From Digital Transformation to AI Empowerment." His main focus was on corporate opportunities and impacts from AI. He also shared the latest progress and trends as well as his insights regarding digital transformation, which he believed should entail three critical aspects, "empower your employee, engage your customers and optimize your operation."

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1.2.3 Shareholder Benefits

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

1.3 Perfecting Risk Management

Risks and opportunities are often two sides of the same coin. When one comes, the other follows. The same applies to corporate development. With no end in sight for the Russo-Ukrainian War in 2024, the U.S. presidential election, economic downturn in mainland China and lingering inflation concerns also added fuels to the gathering economic storm. At a time like this, the presence of a robust risk management mechanism is of vital importance, only through which can operational risks be minimized and growth opportunities be fostered to fulfill corporate sustainability.

1.3.1 Risk Control Policy

To reinforce corporate governance and establish sound risk control to reach corporate targets, the Board approved Risk Control Policy 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.

The Board amended the Risk Management Policies on November 8, 2024. The amendment focuses on the organizational structure of risk management, which is divided into three tiers. At the first tier are all Businesses, administrative departments and applicable units; the second is the Risk Management Team; the third is the Internal Audit. Their duties and responsibilities are stated in the Risk Management Policies, and an emergency response team is to be established to form immediate responses to sudden material risk events, ensure regulatory compliance and minimize potential losses and impacts. Monthly briefings covering issues such as management, sales, industrial operations, energy conservation and carbon reduction are held to keep the Board and senior executives informed and maintain sound decision-making. Risk management indicators have been incorporated as part of the performance review.

Risk Management Policies

Structure of Risk Control Organization

1. First line of defense: All Businesses, administrative departments and applicable units

All Businesses, administrative departments and applicable units shall clearly identify major risks associated with their operations, conduct risk management and implement appropriate risk assessments in response to factors such as changes in the internal, external and regulatory environments. Regular reports on the risk management status shall be presented to the Risk Management Team under Corporate Management.

2. Second line of defense: Risk Management Team

The Risk Management Team under Corporate Management oversees the entire risk management practices at FENC. The team is responsible for developing risk management policies, frameworks and mechanisms as well as qualitative and quantitative management standards. The team also conducts monthly reviews over risk control measures reported by various units in line with their assigned responsibilities. Additional tasks include examining issues related to risk management, monitoring the implementation and coordination of overall risk management initiatives, and presenting the risk management report to the Board at least once a year.

The team presented the 2024 risk management operation to the Audit Committee and the Board on November 6 and 8, 2024, respectively.

3. Third line of defense: Internal audit

FENC's internal audit units conduct operational risk assessments and audits through the internal control system and provide improvement recommendations in the audit report.

In addition to the three lines of defense, an emergency response team shall be established in the event of a sudden material risk event with the potential of major impacts on the Company. The response team shall address risk situations immediately and communicate with internal and external stakeholders to ensure regulatory compliance and minimize potential losses and impacts.

1.3.2 Identification and Management of Material Risks

Material Risks

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

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Material Risk and Response

Risk Type	Detail	Potential Impact If Unaddressed	Strategy
Financial Risk	Risks affecting financial targets caused by fluctuations in domestic and foreign interest rates, exchange rates and customer credit	• Liquidity issues caused by insufficient cash positions • Profit decline caused by exchange losses • Increase in capital costs due to high borrowing rates	• Maintain a sound financial structure through flexible fund allocation. • Track daily changes in exchange rates and adjust foreign exchange positions accordingly. • Maintain a good credit rating and strive for preferential borrowing rates.
Strategic and Operational Risk	Risks caused by business strategies, domestic and international market competition, industry cooperation and changes in policies and regulations	• Misplaced resources and decline in competitiveness caused by wrongful investment decisions • Interrupted production and delivery as well as uncollectable accounts due to possible supply chain disruption caused by geopolitical conflicts • Increase in operational costs resulting from regulatory changes, such as the Carbon Border Adjustment Mechanism (CBAM) in the EU and rising minimum wages	• Conduct regular business review meetings and discussions on industry strategies to address changes in the external environment by adjusting operational strategies. • Closely monitor international political and economic development and evaluate the need to suspend or discontinue direct credit transactions or trade in high-risk countries. • Stay updated on and prepared for regulatory changes applicable to the markets and production sites.
Environmental, Carbon Reduction and Energy Risk	Risks caused by climate change, geographical resources, global carbon-reduction progress, energy and applicable fiscal and tax policies	Fines, lawsuits, protests, boycotts, market pressure or competitive disadvantages due to inadequate management of GHG as well as energy and resource consumption, damage to ecosystems and violations of environmental regulations	• Promote carbon reduction and energy conservation programs. • Develop green products and reduce carbon emissions during production. • Strengthen pollution management and comply with regulatory requirements.
ESG Risks	Risks caused by the inability to meet stakeholder expectations in ESG performance	• Rise in capital costs due to capital withdrawal, downgraded credit rating, price increase or refusal made by capital sources, such as investors and banking institutions • Loss of employees, partners and customers due to impacts on profitability and competitiveness caused by damages to the corporate image and reputation	• Value stakeholder communication, engagement and response. • Participate in sustainability programs and keep abreast of issues and trends. • Strive for domestic and international corporate sustainability awards and improve performance in international ESG evaluation.

Emerging Material Risk

Emerging Risk	Detail	Impact	Mitigating Actions
Geopolitical Risk	The geopolitical climate has been clouded with uncertainties in recent years. The trade war between U.S. and China has not subsided since 2018, triggering the tech war that followed. The tipping geopolitical balance is exacerbated by the nuclear crises in Iran and North Korea as well as the war between Ukraine and Russia and the Israeli-Hamas conflict. The free flow of goods and technologies have been severely impeded, upending the order that had supported the globalized economy and international trade. These geopolitical risks are clogging market efficiency. While posing profound influence on the overall economy and the security of Taiwan, they have also been hammering the stability of conventional business models, resulting in burdening costs.	• Supply chain disruption: In the past, corporations relied on international supply chains to operate in a globalized economy. Geopolitical conflicts may lead to shortages of raw materials, production delays and the inability to make on-time delivery, which increase market uncertainties, impacting investment decisions and financial planning at the corporate level. • Trade policy changes: Geopolitical tensions may alter the course of international trade policies, such as tariffs and export restrictions, which would affect FENC's cost structures and competitiveness. • Higher investment risks: Geopolitical instability would affect direct investments in high-risk areas. FENC must seek insurance protection or adjust investment and network strategies. • Currency Fluctuations: Geopolitical events may cause volatility in currency values, affecting risk management regarding foreign exchange rates and international transaction costs.	• Mitigate geopolitical risks through dispersed global growth by expanding business and production sites from Taiwan and mainland China to global locations such as Vietnam, Japan and the U.S. • Develop operating strategies accordingly and strengthen risk management, including establishing diversified production and sales models as well as building supply chain resilience and agility. • Implement measures to reinforce regulatory compliance and avert the impact of fluctuating exchange rates.
Information Security Risk	Network technology is progressing at an expeditious rate. With the prevalence of remote work and cloud computing, the corporate world is facing cybersecurity threats that are growing in diversity and complexity. Common threats such as ransomware, phishing and social engineering attacks are also striking wider targets with more sophistication , adding hurdles when it comes to defending corporate operations and data security.	• Business interruption and higher operating costs: Ransomware attacks or accidental clicks on phishing links may lead to the leakage of confidential information, affect the routine system operation or even interrupt production and marketing activities, which may require considerable manpower and costs to formulate a response. • Risks of non-compliance and pecuniary penalties: As information security regulations grow stringent, government authorities may impose heavy pecuniary penalties for leaking personal data and other serious violations. • Damages to brand image and market confidence: When mishandled, information security incidents may draw negative press coverage that harms the corporate image and market confidence. Consequently, such incidents may lead to the loss of customer trust and weaken market competitiveness.	FENC has a strong information security management system in place. In 2022, the Company created the Information Security Department and appointed the Chief Information Security Officer to oversee measures aiming to safeguard information security. To tackle information security risks, FENC has implemented the following five mitigating actions: • Establish standard procedures for handling information security incidents. • Fully implement the reporting and handling of information security incidents. • Reinforce information security management training among staff. • Establish response mechanisms to guard the information security protection system. • Implement supply chain information security management.

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Integrating ESG Rating Into Customer Credit Assessment and Management

As corporate governance embraces sustainable practices, FENC is setting an industry precedence in credit assessment and management for domestic and foreign customers by incorporating the corporate governance evaluation system for listed customers in Taiwan as well as the international ESG indicators from renowned institutions, such as MSCI, CDP, and Sustainalytics. Meanwhile, a separate self-evaluation platform was created for approximately 108 small and medium enterprise customers that have never been included in ESG assessments. FENC invites these customers to complete a questionnaire from this platform to enhance the integration of customer data.

This format replaced the past reliance on ISO certification audits. With weightedrating scores, it highlights customers that excel in ESG performance while improving credit operations and customer management at FENC.

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.

6 Principles

1. Considering the uncertainty of risk factors and collecting the best information to develop prioritized action plans
2. Achieving optimal resource allocation and utilization
3. Establishing necessary preventive mechanisms and emergency action plans
4. Constantly identifying and responding to changes
5. Complying with laws and regulations
6. Strengthening trust and communication with stakeholders

7 Processes

1.3.3 Risk Control Mechanism

Regular Meetings

● Environment ▲ Social ■ Governance

Important Meeting		Interval	Corresponding Issue	Highest Ranking Attendee
Board Meeting	Board Meeting	Quaterly	● ▲ ■	Chairman
	Audit Committee	Quaterly	■	Independent Directors and Directors
	Remuneration Committee	Semi-Annual	■	
	Sustainability Committee	Semi-Annual	● ▲ ■	
Themed Meeting	Management Meeting	Annual	● ▲ ■	Chairman
	Human Resources Management and Development	Semi-Annual	▲ ■	
	Special Report on R&D	Semi-Annual	● ■	
	Seminar on Industry Strategies	Semi-Annual	■	
	Budget Review	Annual	■	
	Environment Sustainability	Annual	●	
Regular Meeting	Operation Review Meeting	Monthly	● ▲ ■	
	Sales Meeting	Semi-Monthly	■	
	Risk Management Meeting	Monthly	● ▲ ■	President of Corporate Management

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 2024, the Company held 12 risk control meetings, establishing advanced indicators and responses to avert risks, and address irregularities in the indicators with corresponding measures, improvements and optimization for prevention.

In 2019, FENC launched a phased plan to systemize risk indicators, and in 2023, the Global Overdue Information Platform was established with optimization underway for the Global Customer Credit Management Platform and Credit Customer Information Management Platform to facilitate the management of credit risks and lending activities. These real-time computing platforms automatically calculate credit ratings and determine the appropriate range of credit limits, which further enhance credit decisions.

In 2024, FENC completed the National Intelligence Sharing Platform while minimizing geopolitical risks by pairing real-time risk monitoring with appropriate risk control measures based on the Directions for National Risk and Crisis Monitoring, Management and Handling.

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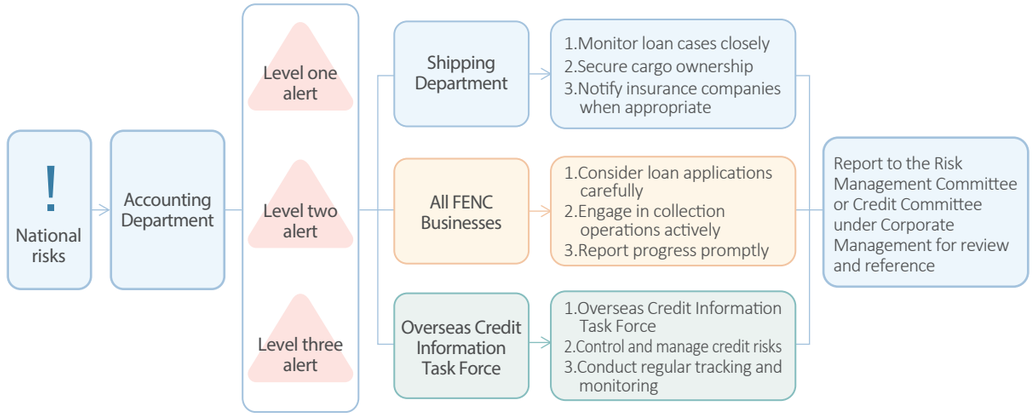
Reducing Geopolitical Risks With the National Risk Warning Mechanism

The recent surge of geopolitical events is a cause for concern given the globalized nature of FENC's production and sales operation. Hence, the Accounting Department, Shipping Department as well as units under each Business teamed up to create the National Intelligence Sharing Platform, aiming to reduce geopolitical risks by creating a globalized intelligence network to monitor the political and economic conditions in each region.

Meanwhile, to control export credit and compliance risks, changes in the sovereign credit rating as well as major political and economic events at FENC's global locations are regarded as national risks and major credit risk factors. FENC monitors national risks on a regular basis and has response mechanisms in place for swift and timely action. Multiple risk assessments are conducted to determine the level of impact on the export business based on the National Risk Monitoring Management and Crisis Intervention Operation Standards. Measures are implemented accordingly to balance sales performance and risk control while minimizing the impact of geopolitical risks.

International stability was rattled by the onslaught of major events in 2024, the Red Sea crisis triggered by the intensifying Israeli-Hamas conflict; a state of emergency caused by a gang-led jailbreak in Haiti; civil unrest in Bangladesh; the severe drought in Ecuador; the liberalization of foreign exchange controls in Argentina; the surprise decree of martial law in South Korea, which was rescinded within hours. These events sent tremors to areas where FENC's customers and partners are located. FENC took swift action and activated the risk warning measures. When trade risks escalated during the Israeli-Hamas conflict, an emergency inter-departmental meeting was held immediately to identify risk exposure, determine responsibilities and formulate action plans. The risk control measures were adjusted as the crisis evolved, such as issuing national risk warnings, tightening credit control and coordinating shipping schedules.



Improving Credit Management With AI and Big Data

FENC continues to implement the digitization of account management through the integration of big data and AI. In 2024, the Company established the National Intelligence Sharing Platform and optimized the Global Customer Credit Management Platform and Credit Customer Information Management Platform. The three major digital projects expanded the Company's ability to determine risks, strengthen risk alert, predict and identify at-risk customer groups and implement effective overdue collection. These prudent efforts have kept account overdue under control. Specific measures are listed below:

- **National Intelligence Sharing Platform:**
  The platform integrates national risk dynamics, agency ratings and major news from 193 countries. It automatically aggregates multiple data sources and quickly identifies changes in the global conditions.

- **Global Customer Credit Management Platform:**
  The platform has been optimized to monitor global credit risk exposure and conduct in-depth analysis and data interpretation as a reference for management and decision-making.

- **Credit Customer Information Management Platform:**
  The platform has been optimized to enhance comprehensive risk analysis regarding credit customers and prepare daily compilations of worldwide overdue accounts. Individual alerts are sent with collection status monitored to enhance the efficiency of account collection and refine risk exposure management.

- **List of Countries With Escalated Risks and List of Customers With Unusual Risk Patterns:**
  The lists were compiled for control and regular review, which help FENC stay up-to-date on geopolitical and economic risks as well as changes in customer operations. The credit and transaction terms may be limited accordingly.

- **Real-time monitoring of non-performing loans:**
  The platforms enable prompt responses and enhance collection efforts, helping FENC maintain the ratio of accounts in arrears at below 2%.

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Process of Risk Alert System

Risk Alert Process

Risk Category	Detail	Measure
Human Resources	Continuing staff employability; employee benefits and wellbeing; employee turnover and hiring procedure; labor relations; performance review.	• Conduct salary surveys for appropriate salary adjustments. • Establish communication channels between the labor union and employer to assess employee needs. • Include written exams and interviews during recruitment and implement a probation system.
External Environment	Geopolitics; trade liberalization; corruption; non-tariff barriers.	• Calculate dumping margins quarterly and review the sales structure. • Establish the code of conduct for antitrust compliance. • Create the National Intelligence Sharing Platform to focus on the geopolitical risks in global regions.
Corporate Assets	Legal training, anti-fraud and anti-corruption; documentation and information management; regulatory monitoring and compliance; contractual agreement and subsequent management; litigation and dispute resolution.	• Monitor fluctuations in housing prices and the progress of land development monthly. • Set safety stock levels for products with monthly review.
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.	• Complete the online self-evaluation for regulatory compliance monthly at all units. • Announce regulatory changes periodically and notify applicable units.
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.	• Establish the Global Customer Credit Management Platform and Credit Customer Information Management Platform to review real-time credit conditions. • Review the ratio of financing sources and examine the performance of individual reinvestment on a quarterly basis, and provide improvement recommendations when appropriate.
Information Security	Internal information security, supply chain information security, digital vulnerability management	• Establish robust defense systems and operating procedures for reporting information security incidents. • Provide 24-hour information security monitoring through an outsourced security operations center. • Monitor press coverage and precautions from experts on information security incidents.

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

In 2014, the President of Administrative Headquarters served as the chief supervisor and established Company-wide Regulatory Compliance System.

1. Objective

(1) Enhance employees' legal awareness to avoid illegality.
(2) Protect corporate interests and image.
(3) Reduce operational risks for the Board and management team.
(4) Improve corporate efficiency.

2. Target

Confirm key regulations concerning corporate operation. Regulations governing penalty for Board members and managers; damages to corporate image; major civil offense; administrative liability are given priority status for implementation. Areas prone to deficiency are listed as the focus for annual audit. Given the above criteria, 89 regulations and 598 control points are identified.

Coverage Areas of Regulatory Audit

Target	Compliance Detail
Shareholder	Financial report, internal control, issuance of credit and endorsement/guarantee, acquisition and disposal of assets, convening of meeting
Customer and Competitor	Fair trade, import/export
Corporate Asset	Business accounting, tax management, patent and trademark, Copyright Act, trade secret, personal data protection
Employee	Labor condition, welfare and insurance, labor relations, labor retirement, health and safety
Society	Corporate corruption, political donation
Environment	Environmental protection

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Detail

Category	Focus	Task	2024 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.
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.	• Developed robotic process automation (RPA), which extracts regulatory updates daily from the Executive Yuan Gazette Online and the Financial Supervisory Commission (FSC) as well as weekly from sources related to the economy, health and safety, labor affairs and fire safety, and sends updates to applicable personnel immediately. • Amended the Audit Committee Charter and Meeting Rules of Board of Directors for FENC to align with the legislative amendments. • Amended the Rules Governing Financial and Business Matters Between Far Eastern New Century Corporation and its Related Parties. • Adjusted the Company declaration based on the new regulations pertaining to shareholding declaration. • Established the Guidelines for the Use and Management of Generative AI with clear stipulations on the use of the technology among employees. • Released the key requirements for FENC and the subsidiaries on its consolidated statement for declaring carbon neutrality in accordance with the Guidelines for Corporate Declaration of Carbon Neutrality issued by the Ministry of Environment.
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	• Repeated the promotion of key amendments to the Gender Equity Education Act, Gender Equality in Employment Act and Sexual Harassment Prevention Act in January to raise staff awareness of the prevention and control of sexual harassment at all production sites. • Regulatory promotion: Promoted the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance in July; the Storage, Clearance and Disposal of Hazardous Industrial Waste in October. • Conducted preliminary training on confidential information management for intellectual property on August 1. • Shared the key amendments to Regulations for the Occupational Safety and Health Equipment and Measures at all production sites in October.
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. • Ensure that suppliers and contractors of all FENC production sites comply with FENC's corporate social responsibility policies regarding labor and human rights, health and safety, environmental protection and business ethics.	• All departments formulate and implement improvement plans to address deficiencies identified in the self-evaluations. • Require suppliers and contractors to sign the FENC Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement or add relevant clauses to transaction documents.	• Conducted monthly self-evaluation to monitor regulatory compliance among all FENC departments and subsidiaries. • Revamped and launched the self-evaluation system for regulatory compliance in April to improve efficiency, expand the regulatory database and boost information security. • Conducted on-site compliance audits at the Corporate Management in January and at all production sites in January, July and October. • Conducted on-site inspections at production sites in January to examine public hazardous substances. • There were no litigations related to the violation of anti-trust or fair trade regulations in 2024. • Waste disposal and cleanup: Audited management approaches as required by the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance in July and by the implementation measures according to the Storage, Clearance and Disposal of Hazardous Industrial Waste in October. • Assisted the U.S. subsidiary to fulfill its agreement with the state government and brought its emissions up to code.

Major Violations in the Past Two Years

	Company	Violation	Fine (NTD)	Improvement Plan
2024 (Three Cases)	OTIZ	The plant was cited for two violations against the exhaust and testing standards.	NT$1.45 million	• Additional exhaust treatment facilities were installed to reduce waste gas emissions. • The plant applied for an increase in permitted exhaust emissions and renewed the pollutant discharge permit. • The plant is testing exhaust emissions in accordance with the permit requirement and has reinforced staff training.
	APG Polytech	The plant was cited for not meeting the workplace safety requirements.	NT$1.03 million	• The plant has strengthened employee training and enhanced the workplace cleanup. • Staff's flame-retardant clothing was replaced.

Note:
1. A major violation refers to a single event resulting in pecuniary penalties of more than NT$1 million cumulatively. The definition is based on the list of "material information" referenced in the Taiwan Stock Exchange Corporation Procedures for Verification and Public Handling of Material Information of Securities Listed Companies. There were three such violations in 2024, and none in 2023.
2. Non-pecuniary penalties are defined as violations resulting in governmental orders of the suspension of work, suspension of business, termination of business, or the revocation or voidance of a permit pertaining to pollution. There were no such violations in 2023 and 2024.

Risk Ranking Project

FENC has a worldwide presence with production sites spanning across Taiwan, mainland China, Japan, Vietnam, Malaysia, the Philippines and the U.S. To ensure workplace safety and support corporate growth, the Company commissions consultants to conduct regular risk ranking projects at its global locations, evaluating 44 international risk indicators covering software, hardware and emergency response.

During 2022 and 2023, the consultants commissioned by FENC visited its 21 global production sites and conducted risk ranking as scheduled. The consultants identified 158 deficiencies, down nearly 50% from the previous round. The deficiencies were immediately addressed with monthly tracking and reporting. All improvements were completed by the end of 2024.

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Strengthening Risk Management Training

To ensure corporate sustainability, minimize damages and advance business interests, FENC offers regulatory compliance training targeting the human rights policy, ethical management, anti-corruption and risk management, and a total of 18,922 employees completed the training and exam in 2024. As to the training regarding occupational safety and health risks, details are provided in 4.3 Reinforcing Occupational Safety and Health Management.

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. 2024 Implementation

FENC conducted 52 audit projects in 2024 and identified minor internal control risks. The majority of the improvement projects have been completed. As of the end of December 2024, deficiencies identified in 10 audit projects remained outstanding with improvement measures in progress.

3. 2024 Priority Tasks

- Internal Control Self-Evaluation

A total of 60 corporations on the consolidated statement self-evaluate the internal control practice through an electronic platform, which optimizes the flow, efficiency and performance of all FENC units and subsidiaries. The results, once reviewed by the audit units, are presented to the Board and Presidents along with the deficiencies identified and improvement progress, which serve as the basis for evaluating the effectiveness of the internal control system and issuing the Internal Control System Statement. The outcome is also disclosed in the annual report and on the Market Observation Post System to show FENC's commitment to implementing effective internal control.

- Auditing With Digital Tools

The effectiveness and efficiency of audit operations are enhanced through continuous optimization of the audit data platform, mapping of risky hotspots and identification of operational risks with recommendations provided by monitoring unusual activities through the risk indicator dashboard.

Digital technologies are applied throughout the business operation to elevate management efficiency. Specific approaches are listed below:

A. A web crawler program has been developed to automatically browse and collect data on the Internet to facilitate real-time monitoring of market dynamics and improve information gathering.
B. The digital tools automatically generate financial statements, including the statement of operations, for subsidiaries. With augmented scope and strength of data analysis, the technology facilitates more timely and precise supervisory measures for the subsidiaries.
C. FENC has automated the regular audits, using RPA to verify data and prepare working papers for audits on loans, endorsement guarantees and derivative transactions, which significantly improves efficiency.
D. The audit management system is fully established. The system integrates project progress and data resources to improve the overall effectiveness of audit operations.

4. 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.

5. 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

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 the 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, the department oversees the implementation of information security tasks to demonstrate FENC's determination to defend corporate information security.

Building a Resilient Information Security Organization

1. Information Security Department

On November 9, 2022, the Board approved the establishment of the Information Security Department to spearhead the implementation of information security tasks, such as indicator setting, performance tracking and information security protection and training, working in tandem with the Information and Technology Center on information security management.

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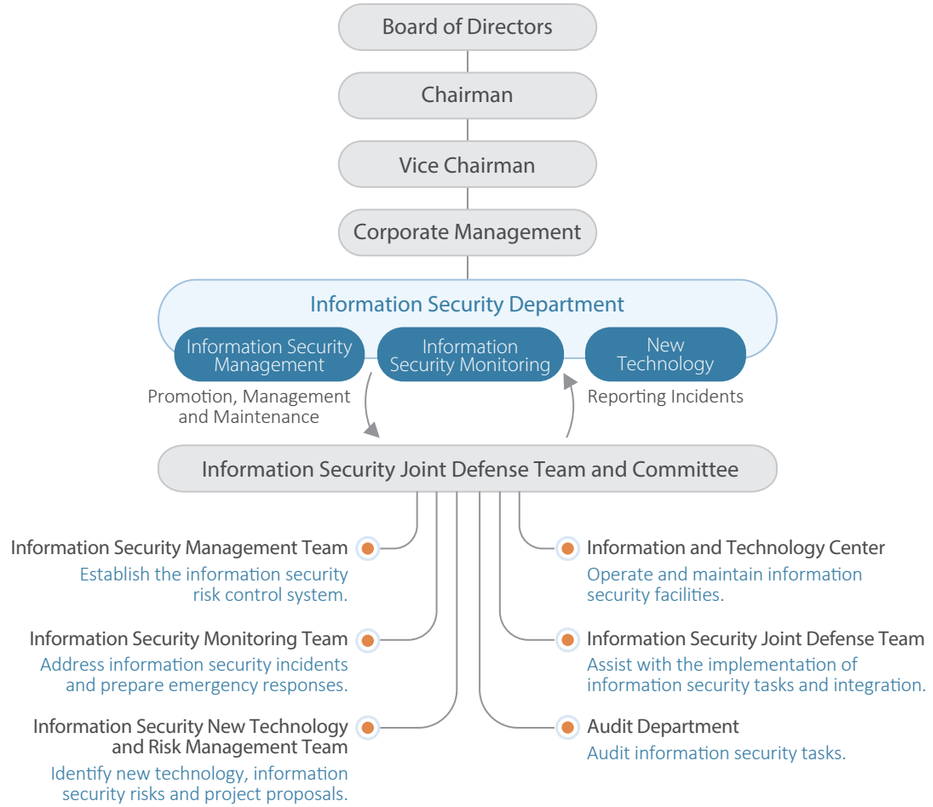
2. Information Security Joint Defense Team and Committee

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 interdepartmental 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.

Information Security Management Framework



3. Establishing Information Security Sub-Committee of Far Eastern Group

In December 2023, FENC formed the Information Security Sub-Committee (ISSC) with multiple affiliates under Far Eastern Group (FEG), including Far EasTone Telecommunications Co. Ltd., Asia Cement Corporation and Far Eastern International Bank. Initiating its operation in 2024, ISSC is tasked with coordinating the joint defense of information security and resource allocation within FEG. ISSC also improves the overall defense by leveraging synergistic effects through policy exchanges, emergency support, incorporation of technologies and equipment as well as talent development.

Strengthening Information Security Management Mechanisms

1. Information Security Management System and Business Continuity Management

FENC started incorporating the ISO 27001 information security management system (ISMS) 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 for ISO 27001:2013 was obtained in September 2022. The verification will remain effective until September 2025. Given the rapid evolvement in the cybersecurity landscape, FENC stays vigilant and aligns with the latest international standards. In July 2024, the Company moved ahead of the schedule and fully transitioned to the latest ISO / IEC 27001:2022 certification, demonstrating its conviction to safeguard information security. The Company also continues implementing the Plan-Do-Check-Act (PDCA) cycle for information security management while learning and adopting the NIST Cybersecurity Framework to strengthen network security.

Additionally, FENC has been implementing the ISO 22301 business continuity management system. In December 2023, FENC's subsidiary, Shanghai Far Eastern IT Company, obtained the ISO 22301:2019 certification, which is valid until December 2026. Obtaining the certification requires the integration of the ISMS and business continuity management to create a comprehensive security and operational shield, which is a testament to FENC's commitment to business continuity and information security.

2. Establish Information Security SOP

FENC joined Taiwan CERT / CSIRT Alliance (see note1), SP-ISAC and Taiwan Chief Information Security Officer Alliance, 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 2024, there were no major information security incidents (see note2) at FENC and no financial losses caused by information security incidents. Meanwhile, FENC strengthened password management for employees and enhanced mechanisms for protecting confidential corporate information, ensuring the security of customer privacy data. Throughout the year, there were no incidents of customer data breaches.

Note:
1. CERT / CSIRT refers to Computer Emergency Response Team (CERT) and Computer Security Incident Response Team (CSRIT). SP-ISAC refers to Science Park Information Sharing and Analysis Center.
2. A material information security incident is defined based on the frequently asked questions regarding the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

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3. 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.

4. Implementing Supply Chain Information Security Management

To strengthen the resilience of supply chain information security and construct a safe and reliable defense network, FENC created the FENC Supplier Information Security Agreement based on the Information Security Control Guidelines for TWSE/TPEx Listed Companies. The Company also performed a stocktake for its core systems and designed a rating matrix, classifying suppliers' information security maturity according to the management, defense, detection and response capabilities as a reference for supplier management. Information security incidents occurring at the supplier's end would immediately activate FENC's information security defense mechanism, which would then monitor the entire incident.

Bolstering Domain Security Through Dual Ratings

Supply chain security is important to FENC's brand customers, and FENC has responded with a comprehensive upgrade of domain security and management. The Company introduced the dual ratings by incorporating SecurityScorecard and Bitsight while fortifying the domain security system through innovative measures.

- **Stocktakes of external domain exposure:**
  FENC has reinforced the firewalls and implemented a real-name access and exit requirement for the Domain Name System to minimize potential risks.

- **In-house attack management platform:**
  FENC has developed the FE Attack Surface Management Platform, which automatically integrates threat intelligence, detects cyberattacks and forms rapid responses. Its joint defense framework covers over 20 of FENC's worldwide subsidiaries, enhancing digital resilience across the Company.

- **Dual information security ratings:**
  FENC is complementing the existing SecurityScorecard rating with the Bitsight cyber risk rating system. While Bitsight excels in third-party risk control, SecurityScorecard provides real-time risk rating and attack surface analysis, allowing the comprehensive management of supply chain and attack surface risks. FENC and its subsidiaries have reached the highest levels and surpassed the customers' requirements, scoring an "A" from SecurityScorecard and "Advance" from Bitsight.

Distinctions for Excellence in Information Security Defense

With an innovative spirit, FENC is safeguarding information security by building resilient governance and management mechanisms through the integration of digital technologies and AI applications. The approach has been widely recognized, giving the Company its second consecutive Information Security Leadership Award from Taiwan Corporate Sustainability Awards (TCSA) in 2024 and the invitation to share its insights in CYBERSEC 2024.

Chief Information Security Officer Gilbert Yi gave a lecture during CYBERSEC 2024 on May 15. His lecture, "Empowerment Through Generative AI–Innovative Phishing Drill Models for Listed Startup Companies,"touched upon the use of generative AI to automatically create templates for phishing emails, analyze organizational information security risks and examine social engineering weaknesses. He also recommended that corporations strengthen cybersecurity through the "three lines of defense," referring to the policy, technical and employee awareness aspects. He proposed hybrid models targeting various scenarios, such as onboarding, post-incident and department-specific drills to ensure employees' ability to respond to social engineering attacks.

FENC departed from conventional thinking by conducting phishing drills through an AI-powered platform. By sharing this approach, FENC is hoping to inspire the industry and the public while encouraging more corporations to safeguard information security.

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Information Security Management and Training

1. Information Security Training

FENC places high emphasis on information security training. While the training heightens employee awareness, the system developers and managers are also required to adhere to the standards governing system establishment and security management to reduce cybersecurity risks. In 2024, the designated information security units at FENC held eight training sessions with the aim to increase the awareness and hone risk response capabilities among all employees. A total of 1,074 participants took advantage of the training through diverse channels, including in-class, online streaming and digital sessions. The training is customized based on duties and business needs, offering content and case studies on cloud service security management, information security risks for emerging technologies, IoT information security control as well as information security risks at the operational level. The training has helped employees stay vigilant when it comes to information security.

2. Social Engineering Drills

As a measure to enhance employees' ability to safeguard information security, FENC conducted phishing drills for nearly 200 employees in 2024. The drills simulate actual network attacks to enhance risk response towards social engineering threats. The majority of the participating employees stayed alert towards the phishing emails and did not respond. However, a few did click on the link and provided personal information. Enhanced training was provided to improve their information security awareness.

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.

1.5.1 Sustainability Governance

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 TWSE 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 2024 include:

- External Board evaluation
- Operational performance and market conditions
- Industry strategies
- Financial conditions
- Sales overview
- Human resources management and development
- Board and employee remuneration
- Risk control
- Integrity and anti-corruption
- Implementation of regulatory compliance
- Internal audit
- Environmental safety and health
- GHG and energy management
- Innovative R&D
- Annual Sustainability Report
- Stakeholder dialogues
- 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

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 convenor, and one external Board member.

Two meetings were held during the reporting year. The first was held on April 11, 2024. Humphrey Cheng, President of Corporate Management and convener of the Sustainability Implementation Committee, presented the implementation tasks at FENC to the three committee members. All resolutions were approved unanimously by the attending members. Johnsee Lee, independent Board member and convener of the Sustainability Committee, presented the outcome of the resolutions to the Board on May 9.

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New members were appointed to the third Sustainability Committee. On August 7, 2024, the Board appointed two independent Board members and one outside Board member to serve on the committee with one of the independent members as the convener. The three members bring with them rich expertise in sustainable development, such as corporate governance, risk management, strategic planning, protection of employee rights, supply chain management, energy reliability as well as the operation of non-profit organizations.

The second meeting was held on October 16 and Humphrey Cheng presented the implementation progress, project and performance to the three committee members. Specifically, the presentation covered the publishing of FENC's Task Force on Climate-related Financial Disclosures (TCFD) Report; GHG management; implementation of internal carbon pricing; deployment of diversified renewable energy sources; promotion of green products and technologies; promotion of sustainable finance; implementation of environmental education programs; execution of sustainable supply chain projects; identification of stakeholders and material topics; planning for aligning with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards; ESG engagement with members of the public; enhancement of sustainability awareness. Resolutions covering the 2025 sustainability projects were proposed for discussion. All resolutions were approved unanimously by the attending members, and Si-Ming Gu, FENC's independent Board member and convener of the Sustainability Committee, presented the outcome to the Board on November 8.

FENC's audit units conducted audits over the operation of the Sustainability Committee in 2023 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

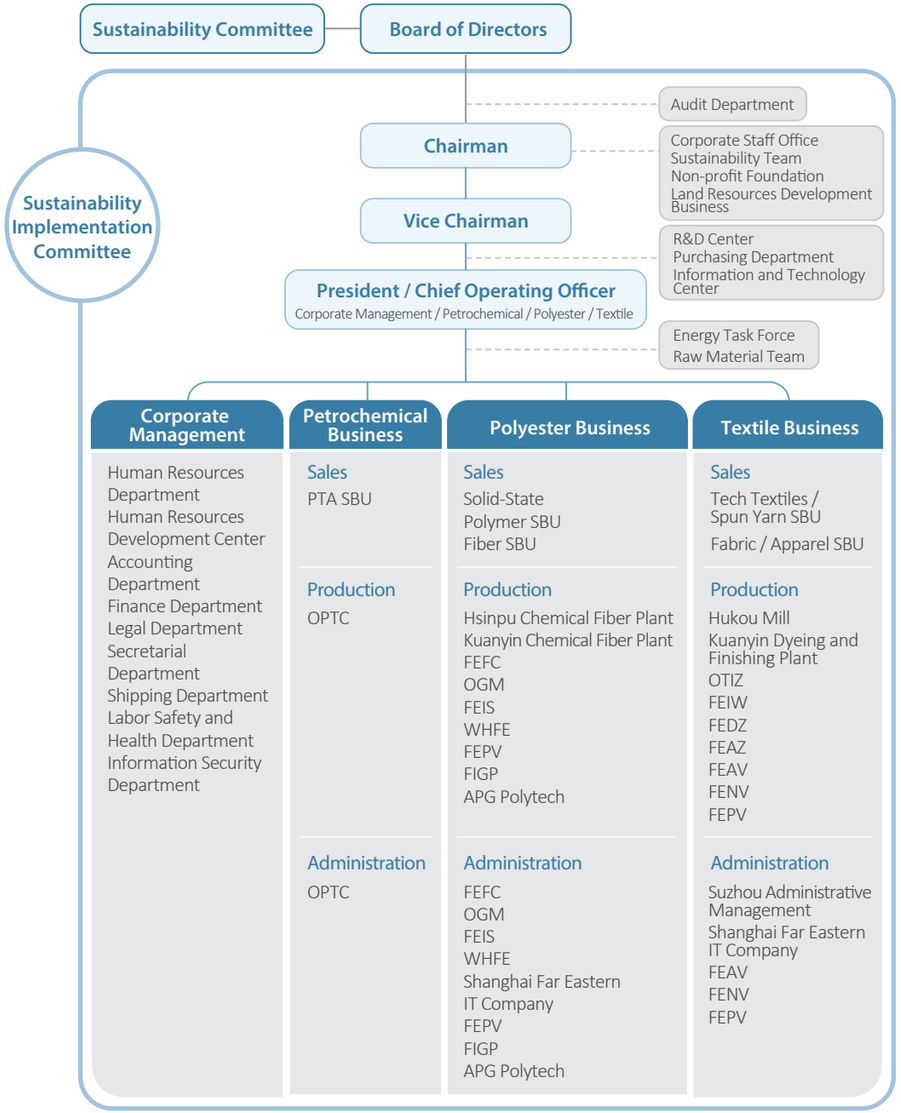
FENC established the Sustainability Implementation Committee in 2014 to facilitate corporate sustainable development. The President of Corporate Management serves as the convener. Specific tasks for the Sustainability Implementation Committee are as follows:

- 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 186 members in 2024. 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



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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. For the 2024 Sustainability Report, submissions for approval were made by the Sustainability Committee and the Board of Directors on April 23 and May 9, 2025.

The FSC released the Roadmap for Taiwan Listed Companies to Align with IFRS Sustainability Disclosure Standards on August 17, 2023. According to the roadmap, FENC will be subject to the IFRS Sustainability Disclosure Standards in 2026 due to having a paid-in capital of more than NT$10 billion. Hence, FENC will be making its 2026 disclosures in accordance with the IFRS Sustainability Disclosure Standards and releasing the disclosure in the annual report in 2027. Following the guidelines and regulations issued by the authority, FENC finished laying the groundwork in the fourth quarter of 2024, completing the four major tasks for phase 1: analysis and planning. The tasks include establishing an inter-departmental task force; making preliminary identification of major differences between current and IFRS Sustainability Disclosure Standards as well as the impact; making preliminary identification of reporting bodies; formulating the implementation plan. Beginning in the first quarter of 2025 and on a quarterly basis, the implementation progress will be presented to the Board for management and control and reported to the government authority. The FSC, Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of the Interior and Ministry of Agriculture released the second edition of the Taiwan Sustainable Taxonomy at the end of 2024. The scope of applicable economic activities has been expanded to include industries under which FENC falls, and the Company has started evaluating the disclosure involved. Based on the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, FENC established the Operating Procedures for the Preparation and Assurance of Sustainability Reports, which was integrated the internal control system to strengthen the reporting and verification mechanisms. The second edition of the operating procedure was completed in 2024 with implementation pending upon the Board approval. The Audit Department has incorporated sustainable data management into the internal control system, and the audit of sustainable data is scheduled to begin in 2025 to ensure accuracy.

To facilitate data collection, digitization and preservation, FENC introduced the ESG Portal in 2022. Company forms, which used to be delivered through emails, are now digitized to be completed, submitted and reviewed on the portal. The ESG Portal also sends reminders for overdue documents, which has improved the overall operational efficiency. All forms had been digitized in 2023, and the platform optimization continued in 2024 to bolster information security.

Sustainability Report Preparation Process

Fifth Consecutive TCSA Top Ten Taiwanese Companies Sustainability Model Award

FENC took home the fifth consecutive TCSA Top 10 Taiwanese Companies Sustainability Model Award and won the Platinum Award for the Corporate Sustainability Reports Award, both of which are the highest honor. For its outstanding performance in sustainable practices, FENC was acknowledged with the TCSA Climate Leadership, Circular Economy Leadership, Information Security Leadership, Growth Through Innovation Leadership, People Development Leadership and Creative Communication Leadership Awards. In addition, the Global Corporate Sustainability Awards (GCSA) presented FENC with the Gold Class Sustainability Reporting Award, the highest distinction for the category. FENC's pursuit of ESG excellence is well recognized by the judging panels.

The pace of low-carbon transformation is accelerating at FENC. Aiming for 50% carbon reduction, 50% green products and 50% green raw materials by 2030, FENC has an ambitious determination to decarbonize. With a long track record in the development of the circular economy, FENC transforms waste into valuables, creating eco-friendly materials through innovative R&D, and building a business model that fosters sustainability and circularity through green manufacturing and value chain partnerships. In November 2024, FENC shared this experience at COP29, joining governments around the world on the march towards net zero 2050. These efforts made FENC the first-place award recipient of the Climate Leadership Award from TCSA.

FENC ranks among the top 1.5% among nearly 600 global companies in the chemical sector in the ESG rating conducted by Sustainalytics. FTSE Russel, a subsidiary of London Stock Exchange Group, also made FENC a constituent of the FTSE4Good Emerging Indices with the 6th-place ranking among the listed companies in Taiwan. Additionally, the Dow Jones Sustainability Emerging Markets Index has chosen FENC as a component stock, making the Company the first and only industrial conglomerate in Taiwan to be selected. These organizations have acknowledged FENC's ESG efforts and its continuing contribution to global sustainability.

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1.5.2 Sustainable Finance

FENC is committed to building a sustainable business model that fosters harmonious coexistence with the environment. Its corporate development strategies are fully embodied through sustainable investments, and the fund raised is linked to its sustainable development goals. While striving to become the benchmark enterprise for innovation in sustainable finance, FENC will continue to create win-wins for the government corporations and stakeholders in Taiwan.

Integrating Sustainable Development With Diversified Financing Channels

Between 2018 and the end of 2024, FENC issued nearly 40 sustainable financial products. Among them, many are either the first in Taiwan or Asia. The products incorporate diverse financing channels to attract the market capital. Raising almost NT$80 billion, the entirety is devoted to projects that advance sustainability.

1. Capital Market Bonds

World's First 1

Corporation issuing four types of sustainable bonds listed on the Sustainable Bonds Database from the International Capital Market Association

Taiwan's Only 1

Corporation qualified for and being the first issuing four types of sustainable bonds

The sustainable bonds issued by FENC, such as green bonds, social bonds, sustainability bonds and sustainability-linked bonds (SLB), have raised over NT$22.5 billion from the capital market to date for funding ESG and sustainability projects. In 2024, FENC issued an additional NT$5.25 billion in sustainable bonds.

2. Green Financing

FENC has fully embraced the sustainable development goals through its business practice. Partnering with major banking institutions in Taiwan and the world, the Company established the equivalent of over NT$57 billion for ESG financing between 2018 and the end of 2024. FENC has also promoted the practice to its overseas subsidiaries in mainland China, Japan and Southeast Asia, adding approximately NT$12.1 billion in 2024.

Since 2020, FENC has been aligning with global trends in sustainable development with progressive measures. Guided by the Sustainability Strategy Blueprint and the United Nations Sustainable Development Goals (UNSDGs), FENC has internalized the sustainable financial products as part of its corporate business strategies. Its Framework for Sustainable Finance and Framework for Sustainability-linked Bond, which are verified by third-party assurance agencies, ensure the environmental and social benefits of the Company's investment projects and sustainability performance targets, laying a strong foundation for fulfilling core corporate values through sustainable finance.

As a measure to comply with Corporate Governance 3.0 and the recalibrated green financial policies from the FSC, FENC updated the Framework for Sustainable Finance in 2024. The update enhanced the framework integrity, bringing it on par with international practices and trends while maintaining a forward-looking perspective. The core values and highlights of the framework are as follows:

- **Setting Sustainable Development Directions**

  The framework ensures effective fund utilization to fuel green investments projects, such as the development of circular products as well as renewable energy. The fund is also used to advance social benefits with programs that support local small and medium enterprises, independent recycling establishments and recycling operations run by disadvantaged groups. FENC is taking aggressive strides towards accomplishing the 15 UNSDGs.

- **Diversified Financial Instruments**

  In addition to green bonds, social bonds and sustainability-linked bonds for the capital market, FENC also includes bank-financed blue loans as well as an array of green and social loans among its diversified financial instruments, becoming the first corporation in the world to issue four types of sustainable bonds at the same time.

- **International Standards and External Verification**

  Investment projects are evaluated and selected based on the principles established by the ICMA with funds earmarked to ensure proper management. The effectiveness of fund allocation is assured through third-party verification with regular disclosure on the Company website, Market Observation Post System and the ICMA database.

- **Financial Innovation and Market Influence**

  FENC's financial innovation has been praised repeatedly by international media, such as The Asset, Treasury Today and FinanceAsia, which is a recognition for the Company's leadership in the field of sustainable finance.

- **Broadening Global Presence**

  FENC has expanded the practice of sustainable finance to its subsidiaries, making sustainable financial strategies a main direction that will drive sustainable transformation throughout its entire supply chain.

The Framework for Sustainable Finance is the accelerator of sustainable transformation within FENC. It is also attracting more funds from the capital market for sustainable development, which propels the industry and society forward to shape a more environmentally friendly and responsible future.

Framework for Sustainable Finance | Framework for Sustainability-Linked Bond

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Taiwan's First Sustainable Exchangeable Bond

For years, FENC has been an avid supporter of the sustainable development policies in Taiwan. After becoming the first to issue four types of sustainable bonds, FENC took the lead once again and issued the first sustainable exchangeable bond in 2024 with underlying shares from Asia Cement Corporation and Far Eastern Department Stores Ltd. under FEG. Combining the strengths of stock shares and bonds, exchangeable bonds are further diversifying FENC's financing channels. With approvals from the Board and the Securities and Futures Bureau of the FSC and Taipei Exchanges, the exchangeable bond was listed and issued on August 8, 2024. The fund raised will power green investment projects at FENC and its subsidiaries. The projects, such as production improvement, equipment refinement and energy management, will be driving sustainable development at FENC, helping the Company complete its green transformation.

This exchangeable bond brought FENC international recognitions from three prominent financial magazines, which is a vote of confidence for FENC's innovation in sustainable finance.

Financial Magazines	Awards
Treasury Today	Adam Smith Awards Asia – Best Sustainable Treasury Solution Overall Winner
FinanceAsia	Achievement Award – Best Sustainable Finance Deal
The Asset	Triple A Awards for Sustainable Finance – Best Sustainability Exchangeable Bond

FENC will continue enhancing its green investments network. By internalizing ESG strategies and fostering mutual prosperity in the capital market and for sustainable development, FENC is contributing to the global transformation to a low-carbon economy.

Three-year Winning Streak From Institutional Investor and FinanceAsia

For the third year in a row, FENC was voted the Most Honored Company in the Institutional Investor Asia (ex-Japan) Executive Team rankings. The voting process involved 1,669 financial services and 5,894 investment professionals in Asia (excluding mainland China), and FENC received Best CEO, Best ESG, Best CFO, Best Board of Directors, Best IR Program, Best IR Professional and Best IR Team under consumer discretionary, demonstrating excellence in corporate governance and investor relations.

Another financial magazine, FinanceAsia, named FENC the recipient of multiple awards for the Taiwanese market, including Best Mid-Cap Company, Best CEO, Best CFO and Best Overall Company. The awards mark the third consecutive win for FENC, which is also one of the companies from traditional industries with the highest number of awards. The accolades are a true testament to FENC's commitment to stakeholder engagement. With transparency, disclosure, engaging programs and professional teams, FENC has won the trust and recognition of international investors, showing its resolve in the pursuit of sustainable development and corporate excellence.

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2

Enabling Unlimited Innovation

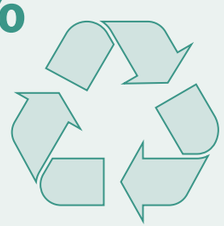
Target Readers:

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

Content

2024 Highlight

Green Product Revenues
NT$ **48.3** Billion
Accounting for **33%**



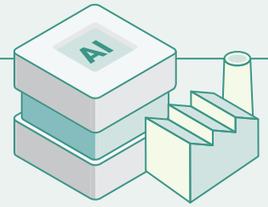
The World's First Commercialized
Shoes With **Midsoles** Made of **rPET**

Developing **100%**
Chemically Recycled Polyester
Airbag Fiber

FEFC
Developing **PFC-Free** and
Water-Repelling Fiber
Reducing Negative Environmental Impact

Sustainable Products
Awarded at
ISPO Textrends

FEAZ
Building **HIVE Automated Factory**
Boosting Production Efficiency



929
Patent Approvals

Co-hosting With Nike
The First Lean Learning Community for Suppliers

Developing Carbon-reducing
100% Bio-based PEF Fiber

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Target and Progress

	Introducing Innovative Production	Increasing in Proportion of Green Product Revenue	Obtaining Product Certifications	Improving Customer Satisfaction
2030 Target	Introducing **5** innovative production process each year	Reaching **50 %**	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2027 Target	Introducing **5** innovative production process each year	Reaching **41 %**	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2025 Target	Introducing **5** innovative production process each year	Reaching **35 %**	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2024 Target	Introducing **5** innovative production process each year	Reaching **33 %**	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2024 Progress	Achieved **Please refer to 2.1 Instigating Production and Product Innovation**	Achieved **Reaching 33%**	Achieved **Please refer to 2.2 Developing Green Products, 2.3 Honing Product Management**	Achieved **Host 2024 product showcase. Collaborate with customers on product development.**
Action Plan	• Continue incorporating AI and Industry 4.0 applications • Develop low-carbon production	• Accelerate research and development of green products • Expand production capacity • Enhance sales to customers	• Enhance production and provide quality products • Align with international certification standards	• Gain insights into customer needs through meetings and plant visits • Respond to customer requests on a timely manner and conduct review and improvements based on customer feedbacks

Content

Sustainability Issues

Production and Product Innovation

Material

Significance and Purpose of Management for FENC

Innovation is the entrepreneur spirit 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.

Authority

- Production Units
- R&D Center

Green Products

Material

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.

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Product Accountability and Life Cycle Assessment

Material

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.

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Customer Relations Management

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.
- Actively participate in various exhibitions, showcase the latest products and record exhibition performance (including customer data, signed order quantities and business development status).
- Managers of business units are to monitor the interaction between sales and customers and conduct customer satisfaction surveys to maintain customer orders.

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Content

2.1 Instigating Production and Product Innovation

FENC is committed to continuous improvement and growth through the relentless promotion of new product launches and the enhancement of research capabilities. This includes focusing on the development of differentiated products that are high-value, eco-friendly, and highly functional. In addition, the company is actively adopting artificial intelligence technology to improve production efficiency and management effectiveness, thereby creating a competitive edge through digitalization.

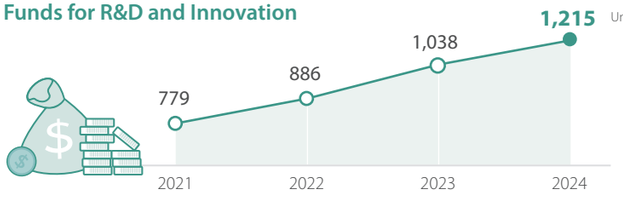
Diverse Innovative Momentum

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 FENC.

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.

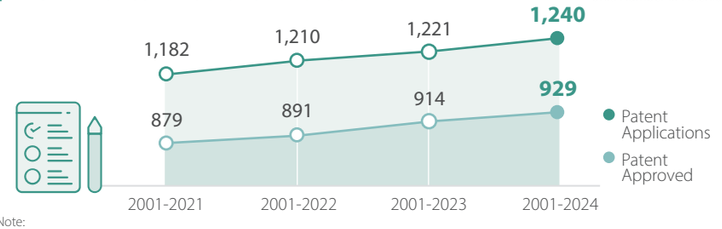
Funds for R&D and Innovation

Unit: NT$ Million



Performance in R&D and Innovation

Unit: Number of Patents



Note:
1. R&D Center was founded in 2001.
2. 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 2023, ownership for 483 of them has been transferred.

Accelerating Digital Transformation

FENC has been incorporating an extensive mix of intelligent management systems to strengthen its smart production framework, such as the operation management information platform, intelligent recruitment system, WebHR integration system, customer contribution management system and big data visualization platform. To build smart factories, the Company has introduced the robotics and automated manufacturing, product quality prediction model, drone inspection and smart energy management system.

Boosting Production Efficiency With HIVE Automation at FEAZ

FEAZ has successfully reinvented itself from traditional manufacturing to a high-tech plant powered by automation and AI. FEAZ implemented the HIVE (Hub-Innovation-Vision-Evolution) plant automation, upgrading its facilities with advanced equipment supported by digital and intelligent technologies, which transformed the entire clothing production process. While boosting the overall production efficiency, the transformation also lowered the costs and maximized resource utilization.

- **Smart Equipment**
  FEAZ has incorporated smart cutting machines, which automatically perform high-precision cutting according to the digital design drawings and improve the fabric utilization rate. Compared with manual operation, smart cutting reduces time consumption and fabric waste. The plant is also replacing manual handling and sorting with smart transportation devices, such as the smart lifting system, container transfer unit and automated guided vehicle, to transport fabrics, auxiliary materials and semi-finished products, which reduces wait time during production and the risk of occupational injuries.
- **Radio Frequency Identification (RFID)**
  The RFID tag is used to attach information such as styles, color codes, production batches and storage locations to the raw material or product. Upon scanning the tag, the system instantly displays the storage location and usage of raw materials, which enhances the precision of raw material management. Managers and customers may also use RFID to track product logistics in real time, thus improving the transparency of customer orders.
- **Digital Management System**
  The management personnel use the manufacturing execution system (MES) to monitor the status of each process in real time to ensure on-time delivery. The MES is also connected to the enterprise resource planning system to integrate the order, production, warehousing and logistics data with the capability of automatic calculation and scheduling to reduce the time spent on paper documentation and manual scheduling, which minimizes error rates and improves production agility.
- **IoT Technology**
  The IoT technology facilitates real-time data sharing among the equipment, materials and personnel in the production workshop. For instance, when the smart cutting machine completes fabric cutting, the system automatically notifies the smart lifting system to deliver the fabrics for the sewing operation, forming a seamless production flow with high efficiency.

The philosophy behind the HIVE factory automation is maximizing resource efficiency to minimize environmental impact. Automated and smart production has reduced manual labor by 5% and increased production efficiency by 15%. Furthermore, production optimization has established FEAZ as a trusted partner among its customers.

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International Spotlight With Multiple Recognitions for FENC's Sustainable Innovations at ISPO Textrends

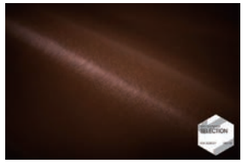
ISPO Textrends, which is considered the Oscars in the global textile industry, is a world-class platform that showcases sports and outdoor textile products. In 2024, nine of FENC's innovative products received the ISPO Textrends Awards. The Company's presence at the global award events has put its sustainable innovations under international spotlight and highlighted FENC's leadership role in sustainability, innovation and the development of functional materials. The features of FENC's award-winning products are as follows:

FENC® Carbon Fixation High Strength Fabric

FENC® Carbon Fixation High Strength Fabric, which contains the proprietary aramid fiber, FENC® Telix™, is made of chemicals sourced from carbon dioxide recycled through carbon sequestration. The production bypasses the use of concentrated sulfuric acid as a solvent, making it friendly to the environment. The product performs exceptionally in puncture and abrasion resistance, which is ideal for a wide range of products, such as backpacks, shoes and jackets.

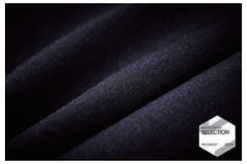
FENC® Recyclable Vegan Leather

This eco-friendly product is made entirely of polyester, of which 68% is recycled materials. The use of polyester simplifies the recycling process, which protects Earth and its ecosystems by promoting reuse, sustainability and carbon reduction.



FENC® PCR Polyester Coated Textile

Featuring a waterproof and breathable coating made of rPET, FENC® PCR Polyester Coated Textile comes with a superb moisture-regulating property and enhanced fabric durability to withstand long periods of use. Made of 100% polyester, of which over 60% is recycled materials, the product is fully recyclable at the end of its life cycle.



FENC® RD24002A

FENC® RD24002A, a sustainable product created by fusing pineapple leaf fibers, FENC® Eco-friendly EM2™ (Enhanced Moisture Management) and environmental polyurethane materials, offers a leather-like texture with exceptional durability and lightweight quality. Ideal for a broad mix of applications, such as footwear, bags and fashion accessories, the product promotes the use of recycled resources while cutting carbon emissions and waste.

FENC® RD23002-1

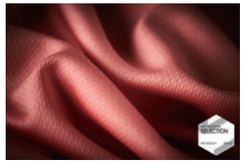
The production of FENC® RD23002-1 incorporates the FENC Zero Solvent Coating & Lamination technology, which cuts carbon emissions by 50% compared with conventional methods. While adding environmental benefits, this innovation gives the product remarkable abrasion resistance, which is well-suited for footwear.

FENC® RD21002-01

FENC® RD21002-01 merges FENC® Eco-friendly EM2™, a cooling staple fiber, and the Modal rayon fiber through a low-temperature melt spinning technique, which consumes 40% less energy than the conventional production process while giving the product supple and fast-drying qualities.

FENC® RD23004-01

Made of FENC® Eco-friendly EM2™, FENC® RD23004-01 is a soft and quick-drying fabric with an exceptional moisture-regulating ability. The chemically modified recycled polyester is well-suited for the low-temperature melt spinning processing. With a production temperature 20°C lower than that for the conventional method, the product also reduces energy consumption and carbon emissions.



FENC® Hydrophilic Cationic Dyeable Thermoplastic Polyether-ester Elastomer Fabric

Soft to the touch, this product retains its color vibrancy well after dyeing. The fast-drying fabric comes with superb wickability that is 50% higher than that of its conventional counterparts. Being recyclable, this fabric can be seamlessly integrated into the existing polyester recycling process, which supports environmental sustainability.

FENC® Carbon-Fixation 3-layers

This proprietary carbon-fixing fabric is produced without solvents and isocyanate, a highly toxic pollutant. Its molecular structure is infused with 22% of carbon dioxide, marking a revolutionary breakthrough in the carbon capture and utilization technology with 60% less carbon emissions. Its hot-melt property allows direct bonding with other fabrics without any adhesives, giving it the advantage of cutting the weight by 20% while adding suppleness and flexibility.

Content

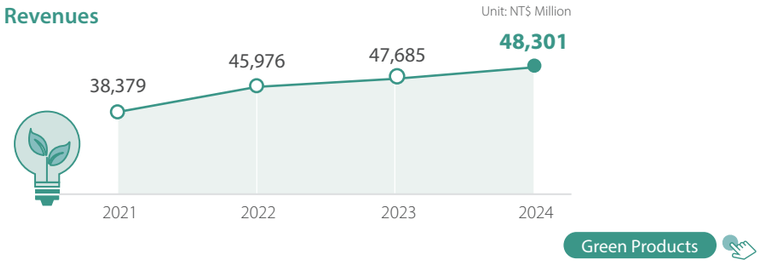
2.2 Developing Green Products

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.

Green Product Revenues

FENC set a record high in 2024 with NT$48.3 billion in green product revenues, up by 1.3% from 2023 and marking revenue growth for the fourth straight year.

Green Product Revenues



Green Product Certification

- Global Recycled Standard (GRS) Version 4.0
- Recycled Content Certification Version 7.0
- Ocean Bound Plastic Recycling Standard Version 2.2
- Carbon Footprin of Products ISO 14067 : 2018
- Based on Life Cycle Assessment ISO 14040 : 2006 ISO 14044 : 2006
- The Association of Plastic Recyclers (APR)
- Taiwan Green Mark
- Registration, Evaluation, Authorization and restriction of Chemicals (REACH)
- Organic Content Standard (OCS) Version 3.0
- OEKO-TEX® Standard 100 Tested for Harmful Substances
- bluesign® Standard
- Global Organic Textile Standard (GOTS-NL) Version 7.0
- Regenagri Content Standard, regenagriCS
- Responsible Wool Standard (RWS) Version 2.2

Climate Mitigation Series

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

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.
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.
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.

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 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)
- The National Association for PET Container Resources (NAPCOR)
- The Association of Plastic Recyclers (APR)
- Packaging Recycling Organization Vietnam (PRO-Vietnam)
- Association of Taiwan Bio-based and Sustainable Material Industry (TBSM)
- Japan Clean Ocean Material Alliance (CLOMA)
- Japan Container and Packaging Recycling Association (JCPRA)
- Textile Exchange (TE)

Content

Co-developing 100% Chemically Recycled Polyester Airbags With Autoliv

OTIZ co-developed the industry's first 100% chemically recycled polyester airbag with Autoliv, the world's leading automotive safety supplier. The breakthrough denotes a success in crossing the technological threshold of applying recycled textile materials in automotive safety products.

As the global automotive industry pivots towards carbon neutrality and net zero emissions, Autoliv, a major European airbag manufacturer, had been seeking to develop low-carbon products by forming partnerships with suppliers powered by low-carbon technologies. OTIZ caught Autoliv' attention with its 100% chemically recycled polyester. Together through trial and error, the partnership gave birth to the performance airbag sourced from recycled polyester, a product that has met all the functional criteria.

The 100% chemically recycled polyester airbag marks an unprecedented success in the industry's attempt in using recycled raw materials. By continuously pushing technological advancement, FENC has created products sourced from recycled materials with the same performance as those from virgin polyester. In 2021, FENC set an industry record with the pioneering rPET tire cord fabrics, which have been commercialized. Now, FENC has done it again by expanding the polyester application to airbags, a crucial element in automotive safety. The breakthrough represents not only FENC's ability to integrate the polyester technology innovatively, but a boost in confidence in the development of low-carbon automotive textiles.

Minimizing Environmental Impact From Energy and Resource Consumption in Downstream Processing With FEFC®dwr

FEFC®dwr, a nylon 66 product developed by FEFC, is completely PFC-free. This eco-friendly product, which boasts durable, water-repelling and water-resistant qualities with a fine texture, is currently being produced in partnership with multiple internationally renowned sports brands and seeing growth in popularity on the market.

Through material modification and production optimization, FEFC®dwr has achieved a water-proofing effect rivaling that of fabrics containing PFC and outperforming its counterparts in washability and durability. It has been used in a broad range of textile products, such as apparel for yoga, jogging and outdoor sports, as well as down jackets, women's underwear and high-end fashion. The polo shirt FEFC co-developed with Lululemon using FEFC®dwr has been introduced to the market in 2024, and additional collaborations with brand customers are underway. FEFC®dwr allows the downstream customers to bypass the use of water repellents, a practice that reduces energy and resource consumption. Meanwhile, as a PFC-free product, FEFC®dwr is protecting the environment from negative impacts.

The Carbon-reducing 100% Bio-based PEF Fiber

PEF is an environmentally friendly polyester material that can be 100% sourced from bio-based materials. With a molecular structure more tightly arranged than that of PET, PEF has a superior gas-barrier property that makes it well-suited for food packaging. According to a 2023 report on the life cycle assessment of PEF released by the bioplastics company, Avantium, PEF reduces carbon footprints by more than 33% compared with PET.

Aggressive efforts have been devoted to the innovative application of PEF in anticipation of its competitive positioning as a low-carbon and eco-friendly material. FENC delved into the development of 100% bio-based PEF fiber by leveraging its R&D advantage in textile and polyester. Through multiple experiments, the Company successfully created the PEF fiber, which has been tested as being able to deliver a deep-dyeing effect under temperature settings lower than those required for polyester fibers. Delivering color strength that could reach up to 1.4 times that of polyester, PEF also reduces energy and dye consumption during production.

By applying PEF in the textile industry, FENC has expanded the market scale for bio-based products, which also accelerates its pace towards carbon reduction and sustainability.

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The World's First Commercialized Footwear With rPET Midsoles

Currently, shoes available on the market consist of a mix of materials, such as rubber soles, leather or synthetic uppers and foam midsoles, which are tightly bonded with adhesives and often end up in incinerators due to the difficulty of separation for recycling, resulting in pollution in the environment and deviation from the global carbon reduction trends. As the carbon footprints and circularity of a product's life cycle become decisive factors in product competitiveness, footwear brands have begun the search for mono-material shoes, making shoes recyclable to embody the circular economy.

Capitalizing on its know-how in polyester synthesis, FENC has developed polyester materials of diverse specifications through polymerization and by modifying the material property to suit the various shoe components, hence creating a solution to the difficulty in separating shoe components for recycling. FENC developed uppers, laces, linings, insoles, shanks and toe cap adhesive made of rPET, and midsoles from rTPEE. Unlike the virgin TPEE produced by its industry peers, FENC's rTPEE is made of post-consumer-recycled PET bottles, which reduces carbon emissions by 10% to 30% compared with virgin TPEE, and completes a closed loop from "post-consumer waste" to "new post-consumer products."

The rPET footwear material has obtained three patents and received recognitions at the ISPO Textrends Award. It has also been adopted by the mountain sports brand Salomon, which launched the world's first river trekking shoes containing materials such as 100% rPET and rTPEE in the first quarter of 2025. The recyclable materials have made total recycling a possibility in the footwear industry. FENC will expand the applications of these recycled materials for products such as casual and walking shoes to advance the sustainable development of the footwear industry.

Creating a Sustainable Lifestyle With New Applications of Used Coffee Grounds

FENC utilizes used coffee grounds collected from convenience stores as the raw material during yarn spinning for the downstream processing of non-woven dry wipes and facial masks. This innovation has set a precedent in Taiwan for the large-scale application of used coffee grounds in skin care and sanitary products, which were unveiled at the 2024 Asia Nonwovens Exhibition and Conference.

Each year, approximately 50,000 metric tons of coffee grounds are generated in Taiwan. FENC carbonizes the coffee grounds into activated charcoal using its existing production facilities, which delivers a production scale higher than that using extraction method in Taiwan. The charcoal boasts a deodorizing effect that has been third-party verified. Being a carbon-fixing product, it cuts 3 kgCO2e of carbon emissions per kilogram. The transformation has helped convenience stores turn waste coffee grounds into sustainable products.

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.

Product Quality and Safety Certification

• ISO 9001 Quality Management System	• HACCP Hazard Analysis and Critical Control Points
• IATF 16949 Automotive Quality Management Systems	• Halal Certification
• FSSC 22000 Food Safety System Certification	• India BIS Certification
• ISO 22000 Food Safety Management System	

Life Cycle Assessment

To assess the potential environmental impact of products made of different raw materials, FENC conducts product life cycle assessments based on the ISO 14040 and ISO 14044 standards or the guidelines of Product Environmental Footprint (PEF). Using systematic approaches, the assessment quantifies the environmental impact throughout a product's life cycle, including the consumption of raw materials, energy and resources, as well as the GHG emissions. Multiple FENC products are included in the scope of the assessment. Among them are PTA, polyester filaments, recycled PET filaments, bio-PET filaments, dope dyed polyester filaments, low-melt bonding fiber and recycled low-melt bonding fiber and polyester tire cords. Following the cradle-to-gate approach, the assessment covers processes

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such as raw material extraction and production. For PET and rPET, the scope is expanded to include the point of delivery, encompassing a life cycle that stretches from raw materials to when the finished products reach the customers. According to the product life cycle assessment report, which was verified externally by TÜV Rheinland in 2017, environmental impacts of rPET and recycled polyester filaments sourced from recycled PET bottles are lower than those of their virgin counterparts.

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	PTA	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 polyester filament, low-melt bonding fiber and recycled low-melt bonding fiber	Raw material acquisition, manufacturing
Textile Business	Industrial fiber: polyester tire cord fabric	Raw material acquisition, manufacturing

Concerned Substance and Issue Management

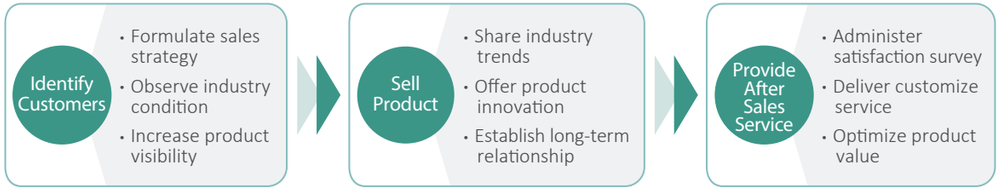
- Products, raw materials and production processes at FENC do not involve (not applicable) genetic engineering, nanotechnology, stem cell research, conflict minerals, animal testing or endangered species.
- Safety Data Sheet (SDS) is provided for all FENC products in compliance with regulatory requirements, 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.
- 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.)
- All of our products comply with the regulations of the countries where they are manufactured and sold, as well as with our customers' chemical substance management standards.
- During the reporting period, there were no incidences or disputes involving inappropriate usage, storage, transport or waste disposal regarding Company products.

2.4 Building Customer Rapport

FENC has a robust production and marketing framework powered by a vertically integrated production network that spans across the petrochemical, polyester and textile industries, which gives the Company the ability to respond to market trends and formulate R&D strategies with agility. Among FENC's customers are major international brands across a wide spectrum of industries, and the Company bolsters these partnerships through diverse communication channels, such as in-person and virtual meetings, email correspondence, product launches and corporate visits. FENC also accepts invitations from international brands to attend their supplier conferences on a regular basis to assess customer needs.

FENC administers customer satisfaction survey to assess customer attitudes towards FENC's products and services. The survey mechanism is determined and implemented by the production and business departments, and customer feedback is discussed during internal review meetings to formulate improvement plans and for follow-up purposes.

FENC's Customer Relations



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
- Customs-Trade Partnership Against Terrorism, C-TPAT

Content

The First Supplier Lean Learning Community by FEAV

FEAV co-hosted the first Lean Learning Community with its customer, Nike, on December 13 and 14, 2023. The event featured lean production deployment as the theme, and Nike's suppliers and partners were invited to brainstorm on the subjects of expanding production lines and productivity as well as improving production processes to enhance operational efficiency. FEAV shared its "building block" approach, which entails assigning varying combinations of staff at the same production line based on the complexity of the product styles. The method enables the manufacturing of multiple product styles through one production line, which cuts waste in labor and time while improving efficiency. The event received high praises from the 70 participants in attendance.

Supporting Puma Singapore Marathon With Flexible Resource Integration

The Standard Chartered Singapore Marathon, which is sponsored by Standard Chartered Bank, is a world-renowned event drawing more than 55,000 participants. Puma was the apparel sponsor of the 2024 marathon. To embody its goal of becoming a sustainable brand, Puma made the eco-friendly choice by opting for the lightweight double-sided fabric made of FENC's 100% recycled polyester.

Facing a tight schedule and enormous demand, FENC capitalized its agile operation and integrated the internal resources. Within one month after the styles was confirmed, samples were provided to the customer, and within one and half months after the order was confirmed, all deliveries were fulfilled, thus meeting Puma's expectation in shipping schedule and product specifications. FENC has demonstrated that in addition to its impressive green product lineup, the Company is able to provide a total solution through flexible production and advantages in sales and marketing.

Shining With Green Power at 2024 TITAS

The 2024 Taipei Innovative Textile Application Show (TITAS) was held between October 15 and 17 in Taipei Nangang Exhibition Center with a total of 385 suppliers from 11 countries in attendance, drawing approximately 32,000 buyers to the event.

FENC's showroom, which was inspired by the 2024 Paris Olympics, featured the eco-friendly sports jerseys sourced from "the greenest materials." These jerseys made their appearance during multiple international sports events. The main stage revisited the stylish purple athletics track at the Paris Olympics, setting off FENC's flagship products on the interior wall. The center display, which was built upon a raised platform open on three sides, featured the popular tennis, football and basketball jerseys, as well as winners of major international fashion design awards, putting FENC's expert knitting techniques, which is famed internationally, on display.

At the section devoted to eco-friendly automotive materials were the ultra-functional tire cord fabrics suitable for aircraft tires or air suspension, as well as seat belt and airbag yarns with carbon-reducing and environmental advantages. At the recreational sports section were a selection of over 20 specialty products, such as dresses, windbreaker jackets and sweatpants. Proudly displayed with these products was FENC's long dedication to innovative textiles for the outdoors, sports and leisure, and lifestyle.

FENC adheres to the strategies of continuing transforming PET bottles into recycled polyester materials and accelerating the development of the rTEX textile recycling infrastructure, technology and production capacity. Among the recycled textile products exhibited during the 2024 TITAS was the eco-friendly fabric spun and woven from recycled polyester fibers blended with scraps from shoe factories. The production process bypasses the dyeing process, which reduces water consumption during the dyeing and finishing stage.

FENC's TITAS display fully demonstrated its status as an industry pioneer, which was manifested through the R&D skills that gave way to the innovative green products and advanced recycling technologies. By transforming waste from diverse sources into value-added products, FENC is steering the industry revolution and transformation.

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3

Navigating a Green Future

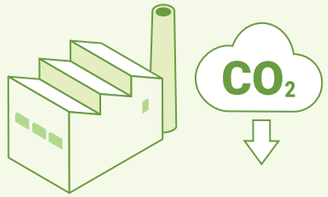
Target Readers:

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

Content

2024 Highlight

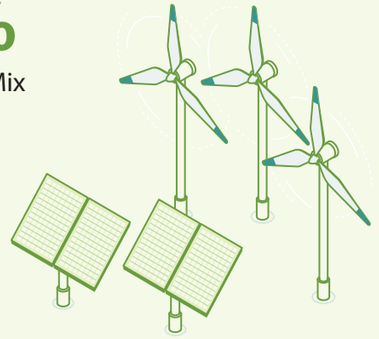
GHG Emissions
↓34% From the Base Year
Reaching 2025 Near-term Target Ahead of Schedule



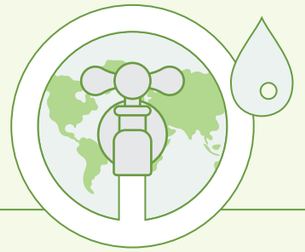
Officially Launching
Internal Carbon Pricing System

94 Energy and Emission Reduction Projects
Averting **70,188** tCO_2e

230 GWh
Renewable Electricity Usage
14%
of Energy Mix



Total Water Withdrawal
↓22% From the Previous Year
Total Water Consumption
↓27% From the Previous Year
99% Water Recycling Rate



Total Energy Consumption
↓6% From the Previous Year

Air Pollution Emissions
↓11% From the Previous Year

Total **Hazardous Waste**
↓62% From the Previous Year

Hsinpu Chemical Fiber Plant Winning
The 6th National Enterprise Environmental Protection Award

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Target and Progress

	Reducing Energy Consumption per Unit of Production	Reducing Water Withdrawal per Unit of Production	Reducing Waste (Non-Recycling and Reuse)	Reducing Air Pollutant Emissions	Reducing GHG Emissions	Increasing the Use of Renewable Electricity
2030 Target	↓ 20 %	↓ 20 %	↓ 20 %	↓ 20 %	↓ 50 %	6 GWh
2027 Target	↓ 14 %	↓ 14 %	↓ 14 %	↓ 14 %	–	3 GWh
2025 Target	↓ 10 %	↓ 10 %	↓ 10 %	↓ 10 %	↓ 30 %	2.5 GWh
2024 Target	↓ 8 %	↓ 8 %	↓ 8 %	↓ 8 %	–	1.2 GWh
2024 Progress	Achieved ↓ 9 %	Achieved ↓ 30 %	Achieved ↓ 41 %	Achieved ↓ 21 %	Achieved ↓ 34 %	Achieved 2.3 GWh
Target Base Year	2020	2020	2020	2020	2020	–
Base Year Data	2.91 GJ/ metric ton of production	2.98 kiloliter/ metric ton of production	23,238 metric tons	1,606 metric tons	2,432 $ktCO_2e$	–
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 CCU • Foster raw material transition	• Build additional solar stations and biogas generators • Purchase renewable electricity

Note: The target setting scope covers 100% of the production sites addressed in this report.

Content

Sustainability Issues

Climate Strategy and Low-Carbon Transition

Material

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 impacts.
- Establish GHG reduction targets, formulate strategies and track project performance.
- Continue to expand the scope and category of GHG inventory.
- 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

Energy Resource Management

Material

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

Environmental Management

Material

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 air pollution, waste materials and leakage incidents, as well as measures for prevention and control, targets setting, implementation and 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

Content

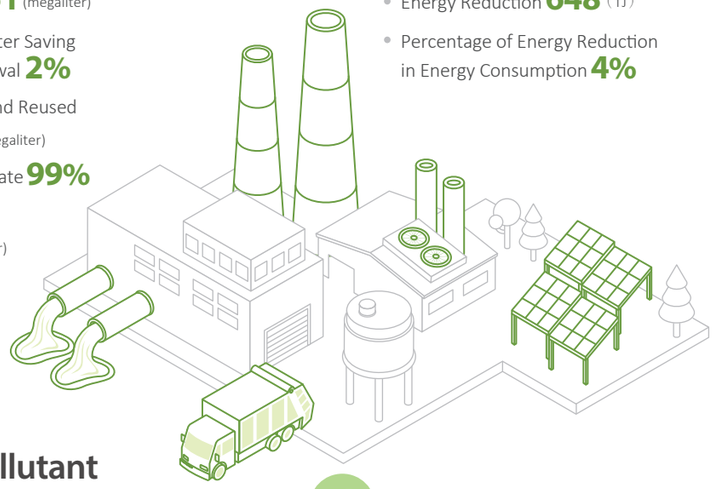
3.1 Fostering Environmental Sustainability

Water Resources

- Water Withdrawal **14,154** (megaliter)
- Water Saving **251** (megaliter)
- Percentage of Water Saving in Water Withdrawal **2%**
- Water Recycled and Reused **977,578** (megaliter)
- Water Recycling Rate **99%**
- Water Discharge **7,993** (megaliter)

Energy

- Energy Consumption **17,728** (TJ)
- Energy Reduction **648** (TJ)
- Percentage of Energy Reduction in Energy Consumption **4%**



Air Pollutant

- Air Pollutant Emissions **1,266** (metric ton)

GHG Emissions

- Scope 1 and 2 GHG Emissions **1,598** ($ktCO_2e$)
- Scope 3 GHG Emissions **11,289** ($ktCO_2e$)
- GHG Emissions Avoided **70** ($ktCO_2e$)
- Percentage of GHG emissions Avoided to Total Emissions **4%**

Waste

- Waste Generated **103,234** (metric ton)
- Percentage of Recycling and Reuse **87%**

Resources Consumed for Operation in 2024 | Environmental Impact Avoided in 2024 | Environmental Impact on Operation in 2024

Note:
1. Historical data and data categorized by Business are available in 7.1 Environmental and Employee Data.
2. The percentage of GHG emissions avoided (%) is calculated based on the total GHG emissions of Scope 1 and Scope 2.

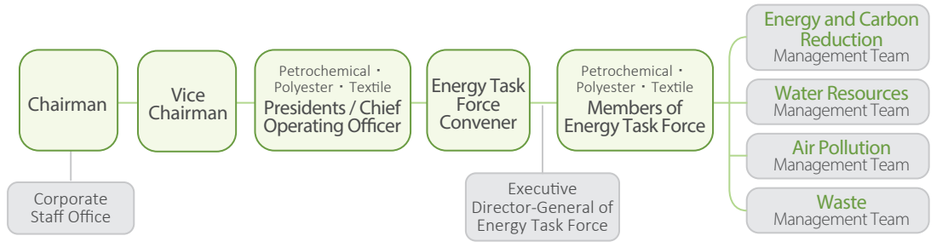
Sustainability Strategies and Management Approaches at FENC

System Establishment and Management	Establish specific management goals and track the progress; optimize management systems and adjust as necessary; provide training that enhances environmental awareness and skills among employees.
Incorporation of Innovative Technology and Equipment	Integrate AI technologies into production management; optimize processes and enhance equipment to boost production efficiency and minimize environmental impact.
Value Chain Collaboration	Implement environmental policy through the management of FENC's green value chain and reduction of air, water and waste pollution, greenhouse gas emissions, as well as energy and resource consumption.
Avid Support for Governmental Policies	Comply with policies and regulations; support local energy transition policies; promote applicable management projects internally to co-create environmental sustainability.
Reduction, recycling and Reuse	Reduce waste by enhancing production flow and increasing resource efficiency by recycling and reusing waste materials generated from operational activities.

Environmental and Energy Management Authority: Energy Task Force

Establishment and Operation	FENC established the inter-departmental Energy Task Force in 2010. With each FENC Business as the unit, the task force establishes mechanisms for internal environmental audit and review, and charts the operation and planning of environment and energy management systems. The scope of management covers FENC production sites in Taiwan, mainland China, Vietnam, Japan, Malaysia and the U.S.
Scope of Implementation	The Energy Task Force is responsible for the implementation of energy and emission reduction measures covering the management of GHG and energy, as well as the application of renewable energy and emerging decarbonization technologies. Additional responsibilities include the management of water resources, air pollution and waste materials. The task force systematically collects environmental data from all production sites through an online database, and conducts performance review and tracking during the regular energy management meetings to continue fine-tuning FENC's environmental performance.
Reporting Mechanism	A monthly Energy Task Force management meeting is held at all production sites. During the meeting, the environmental performance and responses targeting climate risks and opportunities are reported to executive managers with discussions on environmental and energy management strategies to fulfill FENC's mission to attain environmental sustainability. The Energy Task Force holds special briefings on energy and carbon reduction annually with the convener and committee members of the Energy Task Force presenting the environmental performance to corporative executives such as the Chairman, Vice Chairman and President of each Business to establish future strategies and plans.

Organizational Framework of Energy Task Force



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

Certification Standards	Coverage Rate	Verification Agency
ISO 14001	76%	BSI, DNV, SGS, TUV, GCC, CQC
ISO 50001	38%	BSI, SGS, TUV, LRQA, CQC
ISO 46001	5%	SGS

Note: The disclosure within the scope of third-party verification was collected through December 31, 2024.

ISO Certification Dates and Validity Periods

Special Budget for Energy Reduction and Environmental Protection

To fulfill its sustainable vision, FENC has been appropriating budgets earmarked for the implementation of energy conservation and environmental protection projects since 2010 to advance its performance in environmental sustainability. At the end of 2024, FENC appropriated NT$4.16 billion for the 2025 energy and emission reduction budget.

The special budget for environmental protection from 2024 to 2025 amounts to NT$150 million as the R&D funding for the avoidance or reduction of pollution, waste and resource consumption.

Energy Reduction and Environmental Protection Technical Exchange Meeting

The Energy Task Force conducts cross-Business and cross-regional meetings annually to facilitate peer exchanges regarding energy conservation and environmental protection. In May 2024, representatives and committee members visited ten FENC production sites in mainland China and Vietnam, conducting engagement and exchanges with approximately 150 participants. Such exchanges amplified the effect of energy conservation measures through on-site demonstrations and observation. The exchange meetings focused on three major aspects:

1. Low-carbon technologies: Among the featured projects are the adoption of the new N-type solar panels and the conversion to biomass fuels.
2. Outstanding environmental management projects: Among the projects featured is the management approach that facilitates zero production waste.
3. Additional topics: The topics discussed include the incorporation of management systems, participation in international initiatives and the experience with the sustainability rating.

Recognition for Hsinpu Chemical Fiber Factory at the 6th National Enterprise Environmental Protection Award

Hsinpu Chemical Fiber Plant is committed to reaching net zero through circular and sustainable practices. Its efforts were recognized by the Ministry of Environment with the Bronze Award during the 6th National Enterprise Environmental Protection Award. The award demonstrated FENC's determination to support the government's environmental policies. The highlight of the award-winning actions are as follows:

- Hsinpu Chemical Fiber Plant has been attending the Supplier Leadership on Climate Transition course series, and the plant has obtained the certification. The course series covers the GHG inventory as well as the establishment of carbon reduction pathways and GHG reduction targets based on the 1.5°C scenario. The aim is to reduce emissions from the industry and value chains through collective action. In June 2024, the carbon reduction targets submitted by FENC's Polyester Business received the approval from SBTi.

- In 2022, Hsinpu Chemical Fiber Plant teamed up with the President convenience store chain, 7-ELEVEN, and President Packaging Ind. Corp. on an exclusive partnership to promote the use of Efficient Smart Recycling Machines in northern Taiwan. Waste plastic bottles collected at the 7-ELEVEN store locations were transformed into rPET through FENC's vertically integrated recycling system, thus building a green, sustainable ecosystem.

- Hsinpu Chemical Fiber Plant joined forces with Zhubei City Office to implement a project that facilitated zero emissions and smart environment. With smart recycling machines as the anchor, waste PET bottles were collected, cleaned, decontaminated and transformed into food-grade rPET chips through the plant's eco-friendly recycling technology, which effectively reduced plastic waste and increased the recycling rate.

Hsinpu Chemical Fiber Plant plays a critical role in the promotion of the circular economy in the plastics industry in Taiwan. It is the largest rPET manufacturer and the first in Taiwan to obtain the letter of no objection from Taiwan Food and Drug Administration to produce rPET food contact materials. The award is a testament to these exemplary practices.

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3.2 Marching Towards Net Zero

3.2.1 Building Climate Resilience

Climate Policy

Commitment

- FENC aligns with the Paris Agreement by setting its carbon reduction targets and responding to climate change with the overarching goal of limiting the temperature increase to 1.5°C above pre-industrial levels. Through phased decarbonizing actions targeting its own operations and forming coalitions with supply chain partners, FENC is promoting green transformation and building climate resilience within the industry.

Target

- As the world moves towards carbon reduction in the net zero era, FENC stays in line with this trend and boosts its competitiveness by recalibrating its carbon reduction targets upward in 2024. With 2020 as the base year, the Company is aiming for 30% reduction in scopes 1 and 2 GHG emissions by 2025 as the near-term target, 50% by 2030 as the mid-term target, and net zero emissions by 2050 as the long-term target.
- At FENC's Polyester Business, the target has been set for 42% reduction in scope 3 emissions by 2030 with 2022 as the base year.
- To support the net zero vision and steer carbon reduction actions within the industry chain, FENC has also established new targets for the low-carbon transition in 2024, setting the trajectory for 50% carbon reduction, 50% green raw materials and 50% green products by 2030. By transforming the entire operation through the low-carbon model, including the raw materials, production processes and products, FENC is leading the industry into a green future. Details are provided in Special Report 2. The March Towards Net Zero: FENC's Low-carbon Innovation.

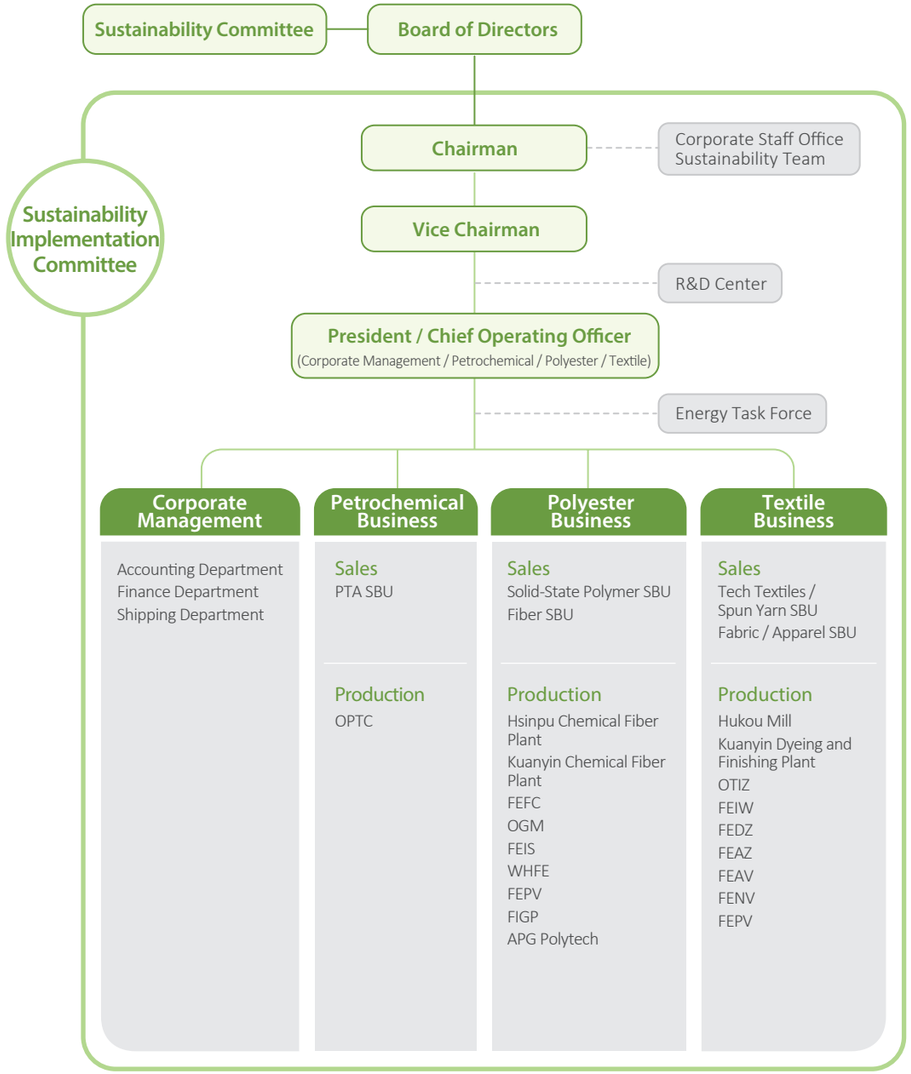
Strategy

1. Improve energy efficiency
2. Adopt low-emission fuel alternatives
3. Develop renewable energy
4. Utilize CCU
5. Foster raw material transition

Climate Management Framework

FENC's climate governance is led by the Board, which oversees the Company's climate-related strategies and management guidelines, and the Sustainability Committee, a functional committee, has also been set up at the Board level. In addition, the Sustainability Implementation Committee was established under the Company's organizational structure with the President of Corporate Management as the convener. The committee consists of representatives from each Business, including the production sites, business units and the administrative departments, working collectively to promote the Company's climate-related risk mitigation, adaption and low-carbon transition. Among these tasks, matters related to GHG and energy management are under the responsibility of the Energy Task Force, and the Sustainability Team under the Corporate Staff Office compiles sustainability performance data and reports to the Board and the Sustainability Committee. The Presidents and Chief Operating Officers of each Business and the Energy Task Force present climate-related issues during the Board and internal meetings on a regular basis.

The Organizational Chart of Climate-Related Risk and Opportunity Management



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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 Shared Socioeconomic Pathway 5-8.5 (SSP5-8.5) 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	SSP5-8.5 (Very High GHG Emissions)	NZE (Net Zero Scenario)
Type	Physical risks	Transition risks and opportunities
Detail	The SSP5-8.5 scenario is presented in the IPCC's Sixth Assessment Report (AR6) under the assumption of absence in climate actions from all countries, which would result in the highest CO_2 concentration. It could be regarded as the most stringent climate scenario. Adopting this 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.
Parameter	Assuming the worst case scenario (SSP5-8.5), it is projected that by 2050, the annual average of total precipitation in East Asia, including Taiwan and mainland China, will see a 15% surge, and the heaviest single-day precipitation will increase by 20% in intensity, accompanied by the occurrence of extreme weather events such as typhoons, floods and rainstorms.	Assuming the NZE scenario, carbon fees/taxes are levied across all sectors in all regions: By 2050, the carbon price will move up to US$250/$tCO_2e$ in advanced economies and US$200/$tCO_2e$ in non-advanced economies.
Projected Temperature Rise by the End of This Century	>4°C	~1.5°C (Consistent with the commitment under the Paris Agreement)

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List of Climate-Related Risks and Opportunities

No.	Type	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 2024 and 2025; medium term 2026 and 2030; long term 2031 and 2050.

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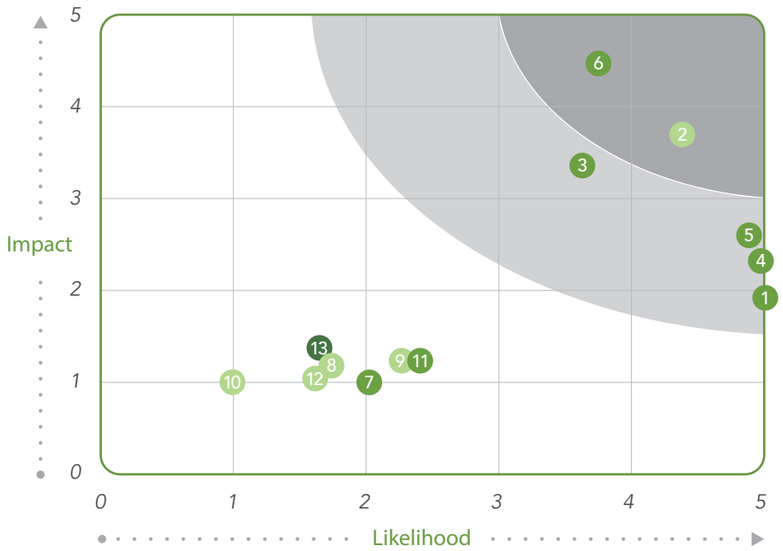
Identification Outcome of Material Climate Risks and Opportunities

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. Though physical risks were not among the material climate risks determined during the identification process, FENC decided to proceed with the routine risk ranking projects to reduce operational risks at its production sites.

FENC Climate-Related Risk Matrix



Transition Risks

- 1 Regulations on greenhouse gas reduction and renewable energy
- 2 Carbon pricing mechanism
- 3 Carbon border tax
- 4 Transition to low-carbon technologies and fuels
- 5 Research and development in net zero technologies
- 6 Changes in customer behavior
- 7 Loss of investment attractiveness
- 8 Industry stigmatization

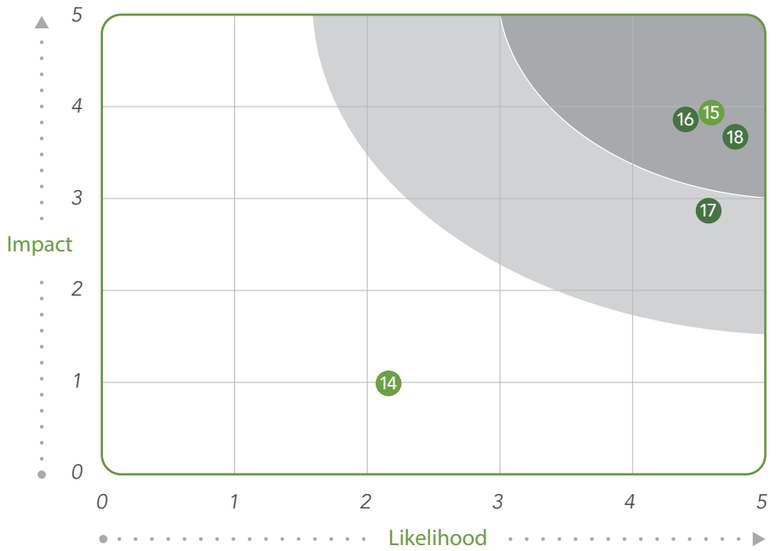
Physical Risks

- 9 Increased severity and frequency of extreme weather events such as cyclones and floods
- 10 Rising sea levels
- 11 Increased severity and frequency of extreme weather events such as cyclones and floods (supply chain)
- 12 Rising mean temperatures
- 13 Changes in precipitation patterns and extreme variability in weather Patterns

Short-term Risks
Medium-term Risks
Long-term Risks

Low Impact
Medium Impact
High Impact

FENC Climate-Related Opportunity Matrix



Opportunities

- 14 Reduced water usage and consumption
- 15 Use of lower-emission sources of energy
- 16 Development or expansion of low emission goods and services
- 17 Development of new products or services through R&D and innovation
- 18 Access to new markets

Short-term Opportunities
Medium-term Opportunities
Long-term Opportunities

Low Impact
Medium Impact
High Impact

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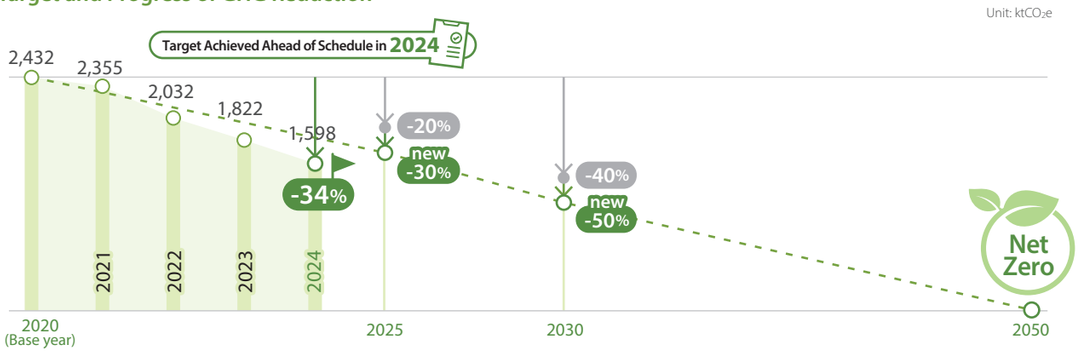
Material Climate-Related Risks and Opportunities: Strategies and Response Plans

Material Climate-Related Issues	Strategies and Response Plans
Carbon pricing mechanism	GHG emissions at each production site are monitored, and FENC aims to achieve its short-, mid- and long-term GHG reduction targets through the five major low-carbon transition strategies to ultimately accomplish net zero by 2050. Meanwhile, the Company adopted the internal carbon pricing mechanism as a management tool that incentivizes carbon efficiency during the evaluation of energy and emission reduction projects. Carbon costs are also included in the monthly management reports of each Business as a decision-making reference.
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 lower-emission sources of energy	Renewable electricity will be acquired through means such as long-term electricity purchase agreements. FENC will also continue expanding the installed capacity of renewable energy, such as solar and biogas power, at its worldwide production sites for self-use. The company expects the use of renewable electricity across its global sites to reach 250 GWh by 2025, in order to meet customer expectations.
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

The 2024 GHG emissions fell by 34% compared with the base year, meaning that FENC achieved its near-term targets ahead of schedule. Additional details regarding the climate targets and progress are provided in Chapter 3. Navigating a Green Future–Target and Progress.

Target and Progress of GHG Reduction



Note:
1. The disclosure of GHG emissions includes scopes 1 and 2 emissions from 100% of the production sites covered in this report with 2020 as the base year.
2. FENC does not use carbon offsets as the means to achieve its GHG reduction targets.

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 3.3.1 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 mid- to long-term plans are to be fully transitioned, replacing natural gas completely with hydrogen fuels. Please refer to Special Report 2. The March Towards Net Zero: FENC's Low-carbon Innovation.

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 3.3.1 Energy Management -Renewable Energy Use for details.

- Renewable energy generators: 21.9MW installed in 2024 with 25 GWh and 38.2MW in 2025 with 47 GWh expected in capacity.
- Long-term electricity purchase agreement: At least 100 GWh purchased per year starting from 2023.

Utilize CCU

The technology is utilized to convert carbon dioxide into usable products. FENC plans to focus on capturing and reusing the carbon dioxide from the boiler exhaust in the future and continue its research on microalgae-based, bio-integrated carbon capture technologies.

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 for details.

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3.2.2 GHG Management

GHG Management Policies

1. FENC Greenhouse Gas Management Operating Procedures

All FENC production sites comply with the FENC Greenhouse Gas Management Operating Procedures and conduct the GHG inventory annually based on the standards of ISO 14064-1:2018 or the Greenhouse Gas Protocol (GHG Protocol). Scope 3 emissions should be identified based on the principle of materiality and classified into the 15 categories in the GHG Protocol, such as purchased goods and services, fuel-related activities, upstream and downstream transportation and employee commuting. Data integrity and credibility have been guaranteed through the annual third-party verification since 2023, which exemplifies FENC's rigorous approach and unwavering determination for improvement when it comes to GHG management.

2. Internal Carbon Pricing System

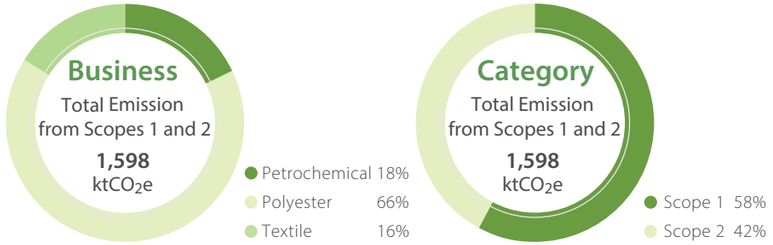
FENC has established an internal carbon pricing system to accelerate carbon reduction within the Company. The system is established based on international studies, such as the International Energy Agency's World Energy Outlook and the World Bank's annual State and Trends of Carbon Pricing Reports. Considerations also include the internal and external carbon costs at FENC's worldwide locations as well as analyses conducted over the industry's pricing methods, instruments and strategies. The pricing has been finalized at NT$1,500/$tCO_2e$ in developed economies and NT$1,000/$tCO_2e$ in emerging economies. The internal carbon pricing system was in 2024 after being presented to the Board, and the system encompasses two implementation approaches:

1. The system acts as an incentive for carbon reduction when evaluating the carbon benefits of energy and emission reduction projects.
2. The system serves as a reference during decision-making when calculating the carbon cost of each Business for the monthly management report.

The goals of implementing internal carbon pricing across FENC are as follows:

- Drive energy efficiency.
- Drive low-carbon investment.
- Stress test investments.
- Identify and seize low-carbon opportunities.

GHG Emissions in 2024



Note:
1. Data collection on scopes 1 and 2 accounts for 100% of the scope of this report.
2. Scope 2 emissions are accounted according to the market-based method.

Direct and Energy Indirect GHG Emissions (Market-Based)

Unit: $ktCO_2e$

		2021	2022	2023	2024
Direct Emissions	Scope 1	1,340	1,163	1,016	934
Energy Indirect Emissions	Scope 2	1,015	869	806	664
Biogenic Emissions		25	37	33	44
Total		2,355	2,032	1,822	1,598

Direct and Energy Indirect GHG Emissions (Location-Based)

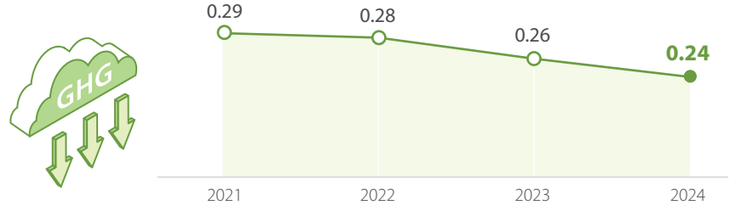
Unit: $ktCO_2e$

		2021	2022	2023	2024
Direct Emissions	Scope 1	1,340	1,163	1,016	934
Energy Indirect Emissions	Scope 2	1,015	881	829	700
Biogenic Emissions		25	37	33	44
Total		2,355	2,044	1,845	1,634

Note:
1. The scope of data collection covers 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
2. GHGs include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.
3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
4. Biogenic emissions are not included in the total.
5. From 2020 to 2024, 100% of the emission data passed the internal audit.
6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 88%, 100%, and 100% in 2021, 2022, 2023, and 2024, respectively.

Direct and Energy Indirect GHG Emissions per Unit of Production

Unit: tCO_2e / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

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In 2024, direct and energy indirect GHG emissions from scopes 1 and 2 were down by 12% from the previous year, and GHG emissions per unit of production were cut by 8%. The energy and emission reduction projects as well as lower petrochemical production were the main factors behind the emission decrease.

Other Indirect GHG Emissions (Scope 3)

Unit: $ktCO_2e$

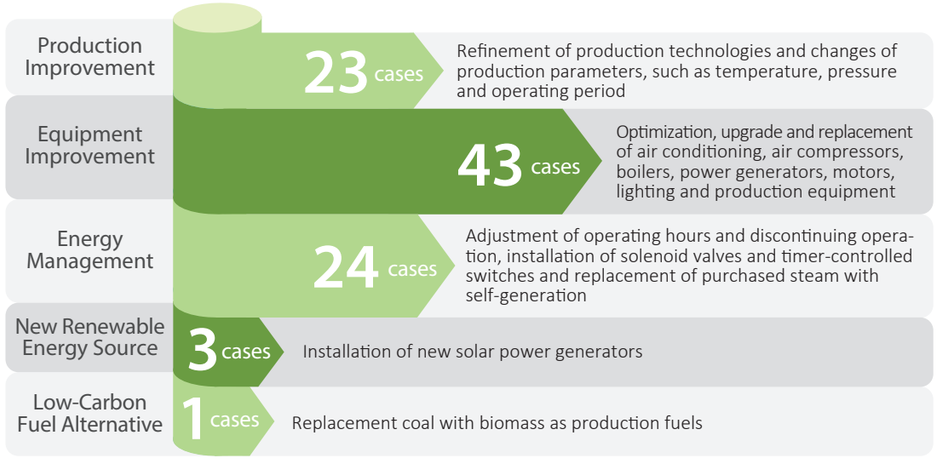
	2021	2022	2023	2024
Purchased Goods and Services	7,754	7,640	7,297	6,749
Capital Goods	53	91	91	177
Fuel- and Energy-related Activities	473	406	338	297
Upstream Transportation and Distribution	240	220	224	200
Waste Generated in Operations	12	14	10	10
Business Travel	0.92	0.95	1.97	1.43
Employee Commuting	25.27	30.32	26.24	15.86
Upstream Leased Assets	4.70	3.14	4.15	3.66
Downstream Transportation and Distribution	424	381	376	568
Processing of Sold Products	-	2,824	2,809	2,866
Use of Sold Products	-	-	-	0.01
End-of-Life Treatment of Sold Products	-	294	355	402
Downstream Leased Assets	0.07	0.18	0.19	0.28
Franchises	0	0	0	0
Investments	0	0	0	0
Total	8,988	11,906	11,531	11,289

Note:
1. The disclosure of GHG emissions covers 100% of the production sites included in this report, and the emissions data is consolidated following the operational control approach.
2. Significant indirect GHG emissions are identified in accordance with the ISO 14064-1:2018 standards and divided into the 15 reporting categories based on the GHG Protocol.
3. The calculation of GHG emissions generated from "processing of sold products" and "end-of-life treatment of sold products" began in 2022; the calculation of GHG emissions generated from "use of sold products" began in 2024.
4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
5. From 2020 to 2024, 100% of the emission data passed the internal audit.
6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 94%, 100% and 100% in 2021, 2022, 2023 and 2024, respectively.

Measures and Performance in Energy Saving and Emission Reduction

FENC's efforts in promoting energy and emission reduction measures continued in 2024 with the implementation of 94 energy and emission reduction projects, which averted 70,188 tCO_2e in GHG emissions. Equipment improvement was the primary focus, among which was the replacement of dated air compressors. The secondary focus was on the enhancement of energy efficiency through production and equipment improvement.

2024 Energy Saving and Emission Reduction Projects



Energy Saving and Emission Reduction Project in 2024

Unit: tCO_2e

	GHG Emissions Avoided		
	Scope 1	Scope 2	Total
Project of Production Improvement	4,496	4,537	9,033
Project of Equipment Improvement	0	6,047	6,047
Project of Energy Management	0	17,923	17,923
Project of Low-Carbon Fuel Alternative	340	7,508	7,847
Project of New Renewable Energy Source	29,337	0	29,337
Total	34,173	36,015	70,188

Note:
1. The estimate of energy efficiency is compared against the energy consumption with original production process and equipment prior to project implementation.
2. Scope 1 emission sources are coal, coal-water slurry, and natural gas; scope 2 emission sources are purchased electricity and purchased steam.
3. The emission factor of each energy source is based on the externally verified emission factor from each production site, including plant-specific / mass balance factors and those released by the local government.
4. GHGs avoided include CO_2, CH_4 and N_2O.

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Energy Saving and Emission Reduction Projects in the Past Four Years

	2021	2022	2023	2024
Actual Investment (NT$1,000)	268,365	204,725	828,566	759,187
Savings (NT$1,000)	85,467	64,121	349,047	242,239
Energy Savings (TJ)	754	1,188	586	648
GHG Emissions Avoided (tCO_2e)	114,048	135,168	78,425	70,188

Priority Energy Efficiency and Emissions Reduction Project

Production Site	Detail and Performance
Hsinpu Chemical Fiber Plant	• The temperature of the chilled water supply has been adjusted for the higher setting gradually through equipment improvement. With the rise of each degree Celsius, the electricity consumption drops by 3%. • The aluminum alloy fan blades have been replaced with high-efficiency fiberglass reinforced plastic blades, which saves 10% to 25% in electricity consumption. • The fixed-frequency chillers has been replaced with low-carbon magnetic bearing chillers to improve efficiency. • The waste heat recovery system has been installed for the condensing unit, which replaces electricity as the energy source. The residual heat is recovered during production to evaporate the refrigerant, such as water. Once inside the condenser, the evaporated refrigerant is condensed into chilled water. The above measures are averting approximately 7,000 tCO_2e in GHG emissions each year.
FEIW	The cotton suction system of the spinning machine has been optimized. The structure and weight of the fan blade have been upgraded, the suction function added and the roving frame modified, which have improved energy efficiency and reduced energy consumption, translating to a 3% cut in carbon emissions per year.
FEPV-Knitting and Dyeing Plant	The plant installed inverters on the pump motors of the wastewater system and replaced dated equipment with high-efficiency motors. The plant also improved the stenter without incurring any costs. These measures averted a total of 2,153 tCO_2e of GHG emissions in 2024.

A total of 21 energy and emission reduction projects from 2024 are still underway. Once completed, they are expected to cut carbon emissions by 43,075 tCO_2e annually.

Avid Support for Governmental Policies

1. Climate Change Response Act, Taiwan

On February 15, 2023, the Climate Change Response Act was promulgated in Taiwan. The law stipulates the levying of carbon fees as one of the policies to thrust Taiwan towards net zero by 2050. In August 2024, three delegated regulations governing the carbon fee system were announced, marking the official beginning of the carbon pricing era. Efforts to reduce GHG emissions already began at FENC production sites in Taiwan, which will submit voluntary reduction plans to the authorities by June 30, 2025 to win preferential rates.

2. Decree 06/2022/ND-CP Regulations on Reduction of Greenhouse Gas Emissions and Protection of the Ozone Layer, Vietnam

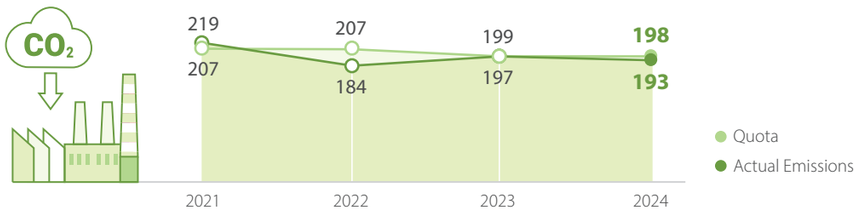
In 2022, Vietnam enacted Decree 06/2022/ND-CP, which governs the reduction of GHG emissions, protection of the ozone layer and development of carbon market. FEPV is among the enterprises on the control list and must start submitting a GHG inventory report annually beginning in 2025 and a GHG reduction plan covering a period between 2026 and 2030 by the end of 2025. Starting in 2027, the plant must submit a GHG reduction report annually. FEPV has made the GHG inventory an annual practice since 2021 with third-party verification. The plant also has multiple emission reduction projects in the pipeline, ready to provide projects, reports and full support to advance government policies.

3. Interim Regulations for the Management of Carbon Emission Trading and the carbon quota provisions under Trial Measures for Shanghai Municipality on Carbon Emission Management, mainland China

On May 1, 2024, the Interim Regulations for the Management of Carbon Emission Trading, which governs the national carbon trading system in mainland China, went into effect. FEIS, though currently not considered as being within the polyester industry, is within the demonstration zone for the carbon emission trading pilot program. The plant ensures compliance with governmental mandates through various emission reduction projects and control measures with annual energy and carbon reduction targets established at the end of each year. Monthly meetings are held to track and review energy consumption and carbon emissions with proposals for improvement measures and the designation of departments responsible for implementation. FEIS also established the carbon emission management team, carbon trading decision-making team, carbon trading capital trading team and carbon trading confirmation team to track the daily fluctuation of carbon pricing, and present the report at the monthly energy conservation meetings to monitor the entire carbon trading process.

Carbon Quotas and Emissions of FEIS

Unit: $ktCO_2e$



Note:
1. The quota in 2024 were estimated emissions; the actual quota is yet to be verified by the government.
2. The 2023 carbon allowance was updated to reflect the actual allocation by the authority.

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Value Chain Collaboration

1. Carbon Reduction Alliance with Value Chain Partners

Upon the invitation of Nike, FENC's Textile Business joined the Manufacturer Climate Action Program developed by the Sustainable Apparel Coalition and proposed scopes 1, 2 and 3 reduction targets that meet the science-based standards. In October 2024, the Textile Business submitted the commitment letter to SBTi, joining the collective action to fight climate change with its global peers.

OTIZ has been closely collaborating with its customer, Autoliv. To achieve the carbon reduction targets set by Autoliv, OTIZ has been purchasing low-carbon electricity, enhancing energy efficiency and adopting low-carbon raw materials and logistics. The targets set by Autoliv are identical to those that have been established by FENC, which are to reduce 50% carbon emissions by 2030. OTIZ will continue to maintain close relationship with its customers, working together towards the common goal of reducing carbon emissions.

2. Regular Tracking of Carbon Reduction Performance by Brand Customers

FENC conducts product life cycle assessments of its major products and provides the results, including the product carbon footprint, to downstream customers in order to guide them towards low-carbon products. To reduce the carbon footprint, FENC provides holistic solutions that embody circularity by converting recycled and biomass materials to meet the value chain customers' needs in emission reduction.

The Company also reports GHG reduction targets and progress on platforms established by CDP, EcoVadis and the brand customers. For instance, the Textile Business is required by customers, such as Nike and adidas, to report monthly energy consumption and develop carbon reduction strategies. Each quarter, the plant confirms the progress towards carbon reduction targets and ensures tracking, management and inspection.

Advocating and Participating in Climate Change Initiatives and Associations

At one of the main zones of the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change in 2024, Dr. Ching-Ying Yu, Associate Professor of Yuan Ze University, an affiliate under Far Eastern Group, delivered two speeches that featured FENC's circular economy products and carbon reduction performance. Additionally, FENC is a member of the Center for Corporate Sustainability, whose mission includes addressing the challenges of climate change, mitigating overexploitation, minimizing environmental impact and safeguarding a sustainable ecological habitat.

Tour of FIGP-Himeji Plant for Non-profit Organization

The Nishinomiya branch of the Global Warming Prevention Promotion Agency, a non-profit organization (NPO) in Hyogo Prefecture, Japan, is committed to engaging local residents in activities that prevent global warming.

In 2024, FIGP invited members of this NPO and local residents on a tour of the Himeji Plant to illustrate how rPET could reduce the demand for virgin plastic and lower the carbon emissions derived from raw materials. FIGP explained that washing waste PET bottles and removing labels prior to recycling would help waste treatment suppliers improve the recycling efficiency. In addition, recycling PET bottles would lessen the load on landfills or incinerators, and further reduce GHG emissions.

The tour and dialogues have helped raise the local awareness of environmental protection and enhanced stakeholder engagement.

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3.3 Elevating Energy and Resource Efficiency

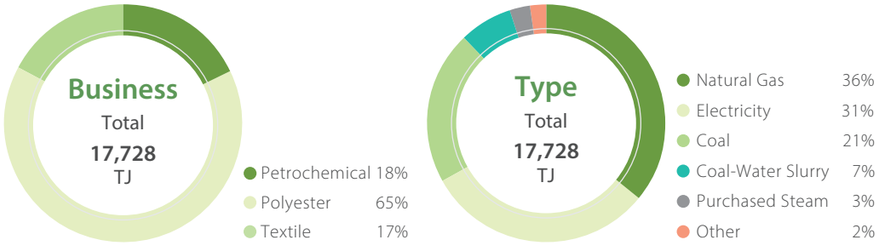
3.3.1 Energy Management

In 2024, the overall energy consumption at FENC dropped by 6% from the previous year and the energy consumption per unit of production fell by 1%. The reduction is the result of energy and carbon reduction projects implemented by FENC as well as the decrease in production at the Petrochemical Business. A total of 90 projects were implemented for the year to improve energy efficiency, including production improvement, equipment enhancement and energy management. The Company will extend this approach and maximize energy efficiency through a mix of energy conservation projects.

Energy Management System and Establishment

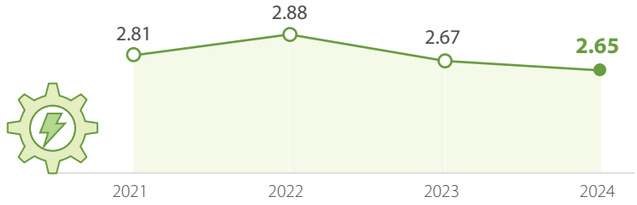
- Expand the scope governed by the ISO 50001 energy management systems.
- Implement energy management and operation.
- Continue energy efficiency improvement.
- Establish an internal incentive system for energy conservation.
- Procure energy conservation equipment and incorporat innovative technologies.
- Comply with applicable energy regulations.

Energy Consumption in 2024



Energy Consumption per Unit of Production

Unit: GJ / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

FENC's total renewable energy use in 2024 amounts to 1,229 TJ, which accounts for 7% of its total energy consumption during the year. Of the total electricity consumption, 14% is renewable electricity.

Energy Consumption

Unit: TJ

	2021	2022	2023	2024
Purchased Electricity	6,609	5,707	5,451	4,753
Purchased Renewable Electricity	27	349	589	714
Self-generated Renewable Electricity	40	49	66	87
Total Electricity Consumption	6,676	6,105	6,106	5,554
Natural Gas	7,432	7,428	7,416	6,304
Heavy Oil	288	255	74	25
Diesel	53	47	39	29
Coal	5,112	4,482	3,103	3,636
Coal-Water Slurry	2,441	2,062	1,390	1,253
Biomass Fuel	201	317	284	428
Purchased Steam	561	505	470	499
Total Energy Consumption	22,764	21,201	18,882	17,728
Percentage of Renewable Electricity	1%	7%	11%	14%
Percentage of Renewable Energy	1%	3%	5%	7%

Note:
1. Energy consumption is mainly for production purposes, covers energy used for the generation of electricity, heat and steam; cogeneration; firefighting pumps; vehicles for internal transport.
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.
5. Percentage of renewable electricity = (purchased renewable electricity + self-generated renewable electricity) ÷ total electricity consumption.
6. Percentage of renewable energy = (purchased renewable electricity + self-generated renewable electricity + biomass fuel) ÷ total energy consumption.

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Renewable Energy Use

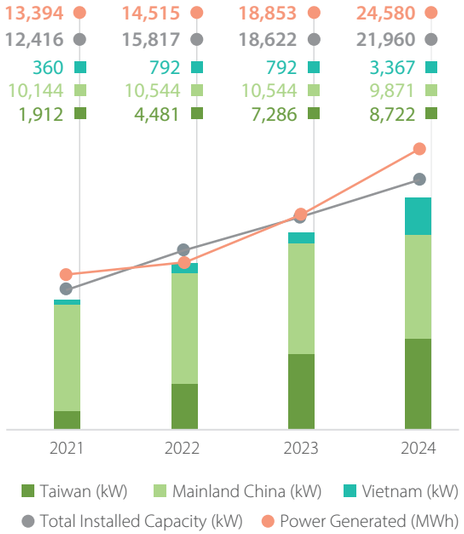
FENC has been aggressively investing in renewable energy, building a wide array of power generation facilities and purchasing renewable electricity to phase up the use of renewable electricity each year. The total renewable electricity use in 2024 is approximately 230 GWh, accounting for approximately 14% of the total electricity consumption. The target is to reach 250 GWh in 2025.

1. Installation of Renewable Energy Facilities

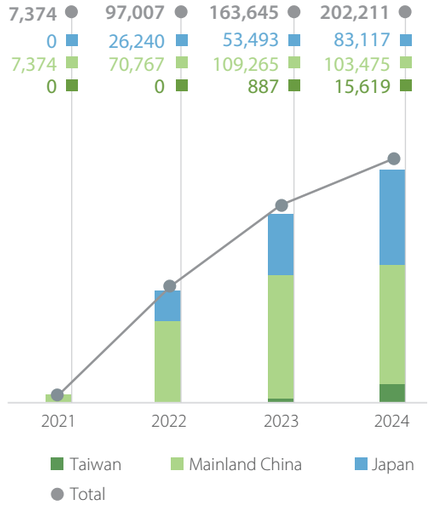
"Develop renewable energy" is one of the five major strategies propelling FENC forward along its march towards net zero. The Company has been intent on investing in and installing a broad mix of renewable energy facilities with additional solar and biogas power generators installed in Taiwan, mainland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

Since 2016, FENC has been installing renewable power stations at its production sites in mainland China with a main focus on solar power. In 2024, the combined solar power generated at FENC sites in Taiwan, mainland China and Vietnam reached 24,580 MWh, of which 98% was consumed by FENC, which averted 12,681 tCO_2e of GHG emissions. It is anticipated that in 2025, the total capacity will reach 38.2 MW, which will generate 47,250 MWh of electricity annually.

Renewable Energy Generation and Installed Capacity



Purchased Renewable Electricity Unit: MWh



2. Support for the Renewable Energy Development Act

The Renewable Energy Development Act stipulates that energy-heavy industries in Taiwan must build renewable energy generation facilities with a capacity equivalent to 10% of their contract capacity. FENC showed its support when the law went into effect by stepping up plans to construct new energy facilities, and by partnering with the government to promote the development of renewable energy. As of the end of 2024, FENC has installed solar power stations with 8,272 kW in capacity at its production sites in Taiwan, a 20% growth from 2023, and the expansion will continue. FENC also signed long-term power purchase agreements to increase the percentage of renewable electricity in its energy mix.

In addition to ongoing efforts in building solar power facilities, OPTC completed the installation of biogas generators in 2025 to be eligible for preferential rates offered to energy-heavy industries. Utilizing the biogas generated from its own anaerobic treatment system, it is estimated that the plant will generate approximately 6000 MWh in annual capacity. This is a climate action that demonstrates OPTC's contribution to mitigating environmental impacts caused by global warming.

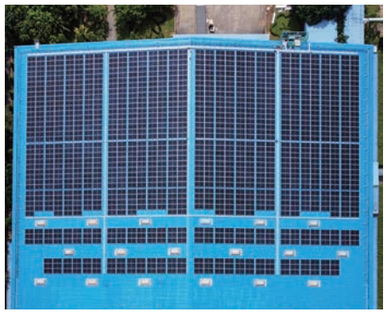
3. Purchase of Renewable Energy

FENC has been purchasing green power since 2015. In 2024, ten FENC production sites in Taiwan, mainland China and Japan purchased a total of 200 GWh of renewable energy certificates and avoided 98,227 tCO_2e of GHG emissions. FENC plans to purchase a minimum of 100 GWh of renewable energy certificates per year in the future to avert indirect energy-related GHG emissions.

High-efficiency Energy Conversion With Double-sided Output From N-Type Solar Panels

By installing N-type solar panels, a model with double-sided output, FENV has increased the efficiency of power generation by approximately 3%.

The new panels began operating in January 2025. With an installation capacity of 810 kW, it is estimated that the new panels will generate 1 GWh of solar power, averting 677 tCO_2e of GHG emissions.



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Internal Energy-Saving Incentives

1. Far Eastern Energy Award

To excel further in energy management, FENC is encouraging collaboration with the affiliates under FEG. Through peer exchange, these corporate entities may acquire energy conservation approaches that will inspire technological advancement and increase energy efficiency. Since 2005, FEG has been presenting Far Eastern Energy Awards to encourage and recognize excellence in improving energy conservation technologies and practices within the conglomerate. In 2024, FENC submitted 14 projects, accounting for 28% of the total entries. FEAZ submitted an energy-saving project that drastically reduced the steam used during production. The plant retrofitted the steam iron, turning it into an electric model. As its production increased by the quarter, the overall energy efficiency also grew noticeably, delivering an average annual energy-saving rate of 22%. The performance won accolades and the Award of Excellence from FEG.

2. Incorporation of Energy-Saving Performance Into Remuneration

In 2016, Hsinpu Chemical Fiber Plant established the Regulations Governing Energy Conservation Incentives, tying energy-saving performance with the evaluation for salaries and bonuses. Among the performance indicators is energy conservation, specifically, the energy-saving (electricity-saving) rate and the rate of change in energy saving per unit of consumption.

Avid Support for Governmental Policies

For the past ten years, FENC production sites in Taiwan has met the target of reaching the 1% electricity-saving rate set by the Ministry of Economic Affairs (MOEA). On January 2, 2025, the MOEA announced the new targets for the period between 2025 to 2028. For private and state-owned enterprises with contracted electricity capacity exceeding 10 MW, the target of average electricity-saving rate has been increased to 1.5%. It is FENC's intent to continue optimizing its energy management system with progressive approaches to achieve the new target.

3.3.2 Raw and Packaging Material Management

The refinement of production processes and techniques is an ongoing pursuit at FENC. Through technological and system innovation, the Company is minimizing raw material damages and maximizing its recycling rate. Measuring itself more stringently than the industry standards, FENC selects raw material suppliers that comply with regulatory and sustainability standards based on a set of procurement management procedures and operational guidelines. Meanwhile, the Company upholds quality standards through testing conducted by its quality control units.

All FENC production sites have operational guidelines in place for the management of packaging materials. The Company matches appropriate packaging materials and methods with customers' needs in terms of products and transport options. Priority consideration is given to recyclable and reusable materials, and operational adjustments are made to ensure waste avoidance. FENC sets recycling targets for packaging materials. Each month, the recycling quantity, recycling rate and achievement rate are tabulated, and unmet targets are examined. By managing the recycling of packaging materials, FENC is prolonging their product life cycle, which reduces consumption, costs and waste. In addition to implementing recycling and reuse internally, FENC also partners with suppliers, customers and qualified recycling companies, reusing packaging materials recycled from domestic customers at its production sites.

Raw and Packaging Material System Establishment and Management

- Conduct training on raw and packaging material management.
- Develop the Material Usage Safety Management System.
- Establish goals and compile achievement rates regularly.
- Create the proposal improvement system.
- Establish warehouse management operation standards to reduce redundant packaging.

Supplier assessments and development process for Raw and Packaging Materials

Quality Control for Raw and Packaging Materials	• Establish annual production plans and goals. • Regularly review raw material and auxiliary material consumption rates, new product/process technologies, to improve production efficiency and reduce waste generation. • Hold at least one management review meeting annually. • Implement supplier assessments to ensure supply quality and reduce substandard products. • Engage with suppliers to reduce packaging material usage.
Training and Inspection	• At least once a year, conduct training on raw material and packaging material management in accordance with company policy. • The quality control unit conducts random inspections of packaging materials and works on improving the size and method of packaging.
Supply Chain Engagement	• Planning and preparation of packaging materials are based on the customer targets discussed in sales and marketing meetings. • Engage with customers to achieve packaging reduction through improved packaging methods.
Packaging Material Recycling	• Recycling and reuse are implemented on-site. • Packaging materials are recycled from domestic customers. • Qualified suppliers are commissioned for off-site recycling.

FENC engages customers consistently on recycling packaging materials such as pallets, paper tubes and peg boards to establish a robust recycling management system. In 2024, the average recycling rate for packaging materials from the production sites within the scope of this report reached 62%. The average recycling rate for in-house recycling is 58% while that for recycling through external programs is 84%.

There were no leakages of raw materials, oils or fuels from FENC sites in 2024.

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Sustainable Practice for Packaging Materials

Paper Boxes	• Once the finished products are delivered to customers, the paper boxes are returned to FENC through the deadhead trucks. The boxes are then sorted and selected based on specifications, overall condition and usability. Those in decent quality are returned to the warehouse to be collected and reused by on-site units for packaging and shipment.
Paper Tubes	• The recycled paper tubes are boxed and sealed properly to prevent deterioration due to moisture.
PE bag / PP bag / bulk bag	• The tank truck option is increased for shipping finished products to reduce the use of bags and additional packaging materials.
Pallets	• Engagement efforts are made with domestic customers to reduce the use of pallets. • Unusable wooden pallets are outsourced to be processed into wooden boxes.

Decarbonizing With Coal Dust Recycling and Reuse

Coal dust tends to scatter and causes pollution when used to fuel the coal boilers. To address this problem, FEPV-Polyester Plant installed a baghouse filter system to collect and recycle the scattered coal dust into the hopper for reuse.

In the past, coal dust processing was outsourced for treatment. By repurposing it as a fuel and looping it back to the combustion chamber, the plant cuts processing costs while reducing coal consumption and approximately 516 tCO_2e in annual GHG emissions, multiplying the benefits through recycling, reuse and decarbonizing. In addition, the new baghouse filter system minimizes health risks for boiler operators by improving the working environment.

3.3.3 Water Resources Management

FENC believes that water resources should be shared and protected, and pays close attention to the health of water resources and environment in regions that house its production sites. The Company continues to lower water consumption during production by establishing reduction targets for water withdrawal per unit of production. Partnering with its customers, FENC strives to protect water resources. Its water resources management plan has 100% coverage, and takes governmental policies, corporate development, industry evolvement as well as the local needs into consideration. FENC manages, allocates and distributes water resources in a reasonable and effective manner, aiming to minimize consumption and maximize efficiency during storage and utilization. In addition, the quantity and approach of water withdrawal at FENC do not pose any significant negative impact on the water sources as well as the surrounding habitats and residents.

Water Resources System Establishment and Management

- Set reduction targets for water resources.
- Conduct water risk management.
- Implement management approaches based on water classification.
- Monitor water quality, and prevent and control spillage.
- Track water consumption and the performance of water conservation projects regularly.

Water Conservation Measures and Performance

Avoidance	Water conservation devices and technologies are incorporated to reduce water withdrawal. The pipelines and equipment are inspected and maintained regularly to avoid leakage and waste. Water conservation training is provided to heighten staff awareness and encourage employees to integrate water conservation practices into their work routines.
Rainwater Recycling	Rainwater is harvested in the retention pond to replenish the cooling tower or stored for reuse. After being filtered through the RO system, the harvested rainwater may be used as domestic water. • At FENV, a total of 5,733 KL of rainwater was harvested and recycled in 2024 for restroom cleaning or landscape irrigation purposes.
Reclaimed Water Reuse	Water reclamation and reuse measures include the recycling and reuse of water that circulates through the boiler and production process. • WHFE used to outsource the treatment of approximately 40 KL of production wastewater to qualified suppliers. After adopting the low-temperature evaporation technology, a mechanical treatment, more than 86% of the wastewater is now treated in-house and reused for restroom cleaning. Approximately 34 KL of water is recycled annually. • The effluent recycling process at OGM was optimized in 2024 with additional filtration equipment, which purifies the production wastewater and loop the water back to operations such as PET bottle washing and crushing, water bath float/sink, and ditch flushing. OGM is able to recycle and reuse approximately 12,636 KL of effluent annually, which cuts down its water withdrawal. The additional filtration equipment also alleviates the burden on its wastewater treatment facilities by removing impurities from the wastewater.
Equipment Improvement	The filtration membranes are replaced to increase the recycling rate of reclaimed water and new equipment is incorporated to improve water efficiency. • FEFC has installed a side stream filtration system for the cooling tower, which effectively removes suspended solids in the cooling water. Its effectiveness and stability are ensured by backwashing or replacing the filter media periodically. The measure has dramatically reduced the use of cooling water by 7,200 KL in 2024.
Production Refinement	The refinement of production processes is ongoing with production parameters calibrated based on professional expertise to improve water conservation. • Kuanyin Dyeing and Finishing Plant increased the cloth capacity of the printing and dyeing machine by 2.2%, which saved 7,600 KL of water in 2024.

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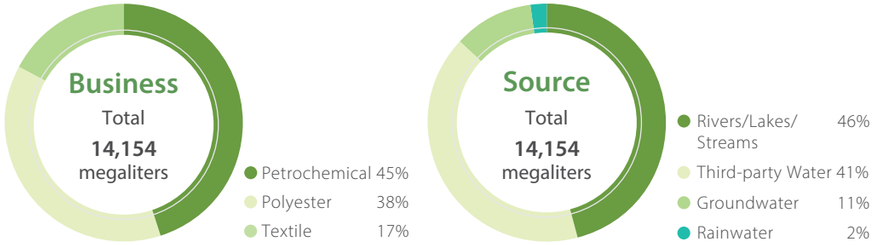
Measures for Water Resources Management and Contingency Plan

Water Reserve and Contingency Plan	Response measures have been established based on the water shortage warnings issued by local governments. In Taiwan, this would refer to the water level signals issued by the Water Resources Agency. All production sites have established contingency plans to provide backup water supply during emergencies. In 2024, there were no occurrences of production interruption caused by water shortages. FENC's emergency responses for water shortages are as follows: 1. Adjust the discharge flow from water towers and air-conditioning systems to reduce the need for discharge and replenishment. 2. Activate effluent recycling and the RO filtration system as a backup water source. 3. When the water level in the retention pond reaches the lowest permitted level, initiate evaluation procedures to assess the need for activating the backup water supply within the production site. 4. Make price inquiries regarding water tankers and delivery distance periodically, and formulate contingency plans as emergency responses.
Real-time Monitoring	Water meters are installed to record daily consumption, track areas with unusual water usage and perform timely repairs.
Incorporation of Management Systems	FENC conducts water consumption review, completes performance evaluation and optimizes the daily management of major water facilities based on the international standards of ISO 46001:2019 water efficiency management systems-requirements and usage guidelines. The Company also incorporates the Plan-Do-Check-Act cycle regarding the improvement of water recycling procedures and formulation of response strategies and actions that address water risks and opportunities, as well as the establishment, implementation, operation and control of the water efficiency targets. • In March 2022, OPTC-Plant 2 was among the first ten entities in Taiwan to obtain the ISO 46001 certification. The plant also passed the reassessment in 2024.

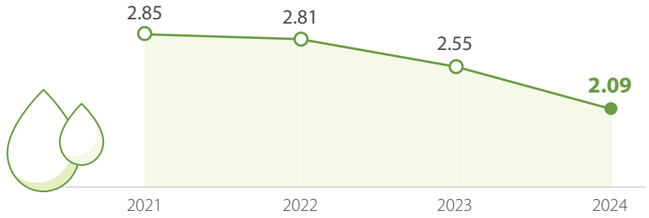
Water Consumption Performance

Water Withdrawal in 2024



Water Withdrawal per Unit of Production

Unit: kiloliters / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

The total water withdrawal in 2024 was down by 22% from the previous year, and the total water consumption dropped by 27%. Water withdrawal per unit of production decreased by 18% compared to 2023. Aside from a decrease in total production at the Petrochemical Business, the performance is attributed to efforts from the water conservation projects at all FENC production sites. These projects and measures will be fine-tuned on an ongoing basis to optimize water efficiency.

Water Withdrawal and Water Consumption

Unit: megaliter

	2021	2022	2023	2024
Rivers/Lakes/Streams	8,794	8,213	7,292	6,496
Third-party Water	12,348	10,686	9,142	5,868
Groundwater	1,937	1,804	1,553	1,556
Rainwater	205	154	162	234
Total Water Withdrawal	23,284	20,857	18,149	14,154
Total Water Consumption	10,705	9,375	8,403	6,161

Note:
1. Rivers, lakes, streams and rainwater are surface water. 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 because 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. Data collection on water resources management accounts for 100% of the production sites within the scope of this report.

Water Risk Management

FENC regularly assesses the level of water risks in areas where FENC production sites are located using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). The tool assesses the overall water risks, such as water stress, riverine flood risk as well as regulatory and reputational risks. When the overall water risk score is between 3 and 4, which indicates "high risk," the production site is located in an area with high water risks.

The assessment conducted in the fourth quarter of 2024 identified nine FENC production sites as being located in high-risk areas, four of which are located in water-stressed areas. FENC is responding by strengthening its adaptation strategies, such as improving production water efficiency, establishing a rainwater harvesting system and increasing reclaimed water recycling rates. The details are provided in Water Risk Adaptation and Mitigating Actions under "3.3.3 Water Resources Management".

In 2024, water withdrawal from FENC sites in water-stressed areas was down by 6% and water consumption by 9% compared with 2023. Moving forward, FENC will continue stepping up its action towards improving water efficiency to promote reasonable water allocation and utilization.

Located in a water-stressed area, OTIZ has been implementing a slew of measures, making technological advancements that focus on avoidance and recycling, and supporting government policies. The results are noticeable. On avoidance, OTIZ has adjusted the concentration ratio of cooling water and reduced the frequency of water softening and regeneration. Recycling measures include reclaiming and reusing the concentrate generated during the reverse osmosis (RO) filtration process; adding pipelines to increase rainwater harvesting during the flood season; implementing zero discharge of production wastewater.

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Water Withdrawal and Water Consumption of Production Sites Within Water Stress Zones

Unit: megaliter

	2021	2022	2023	2024
Rivers/Lakes/Streams	0	0	0	0
Third-party Water	1,894	1,594	1,603	1,511
Groundwater	0	0	0	0
Rainwater	41	16	27	25
Total Water Withdrawal	1,935	1,610	1,630	1,536
Total Water Consumption	542	397	468	428

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, a region is considered as facing high water stress when it is withdrawing 40% or more of its available water supply annually.
2. The boundary of data collection includes the four FENC production sites located in water-stressed areas. The concentrations of total dissolved solids (TDS) tested across all water withdrawal categories are equal to or lower than 1,000 mg/L.

Water Recycling and Reuse

The amount of water recycled in 2024 decreased by 15% compared with 2023. The main contributing factor is lower production at the Petrochemical Business, which led to a 16% drop in the use of cooling water and a 19% decline in the reclaimed water recycled compared with the previous year. The water recycling rate rose to 99%.

Reused Water Volume and Recycling Rate

Unit: megaliter

		2021	2022	2023	2024
Circulating Water	Cooling Water	1,239,475	1,231,627	1,123,254	946,518
	Other circulating Water	16,903	15,527	29,173	28,063
Recycled Water	Recycled Water Excluding Reclaimed Water	2,141	1,392	1,046	930
	Reclaimed Water	3,736	2,898	2,543	2,067
Total (Reused Water)		1,262,255	1,251,444	1,156,016	977,578
Water Recycling Rate		98%	98%	98%	99%

Note:
1. "Circulating water" refers to water that is used by a water consumption facility and is directly recycled and reused within said facility without being discharged.
2. "Recycled water" refers to water that is recycled and reused after being discharged out of the water consumption facility.
3. The "Other circulating Water" category under circulating water mainly includes boiler and production circulating water.
4. The water recycling rate is calculated as: total reused water ÷ (total water withdrawal + total reused water) × 100%. The calculation is based on the formula for recycling (reuse) rate, R1, in the Water Usage Plan issued by the MOEA of Taiwan.
5. The data disclosed in the table, Reused Water Volume and Water Recycling Rate, covers 100% of the FENC production sites covered in this report.

Improvement for Water Reclamation Efficiency at FEDZ

FEDZ has adopted a host of improvement measures to increase the efficiency of water reclamation. The ultrafiltration (UF) and the RO membranes are cleaned more frequently to maintain system stability. The cleaning methods include backward flush, maintenance cleaning, mechanical maintenance cleaning and automated chemical cleaning. Backward flush involves flushing the membrane surface with reverse water flow to remove pollutants. Maintenance cleaning rinses off organic and inorganic matters on the membrane surface using a low-concentration chemical solution. Mechanical maintenance cleaning eliminates dirt through brushing or ultrasonic cleaning and automatic chemical cleaning is a closed-looped cyclic cleaning process.

In addition, the replacement rate of new filter membranes has been increased from 62% to 71%, which further improves the filtering and operating efficiency. In 2024, these measures improved the recycling rate of reclaimed water from 69% to 71%.

Measures for effluent management

Effluents Management Policy

- Obtain the effluent discharge permit in accor dance with the law.
- Inspect effluent treatment facilities regularly to ensure proper functioning.
- Monitor effluent discharge quality regularly.
- File effluent discharge with the authority in accordance with regulatory requirements.
- Promote water pollution prevention and control.
- Conduct regular training for management personnel and obtain applicable professional certification.

1. Effluent Source Management

The discharge of oil agents and surfactants is minimized by modifying and optimizing the production process.

2. Treatment Efficiency Management

Gradually phase out old equipment, regularly replace filter membranes, and perform routine maintenance to prevent equipment failures in wastewater treatment facilities that could cause water quality issues and environmental impact.

Content

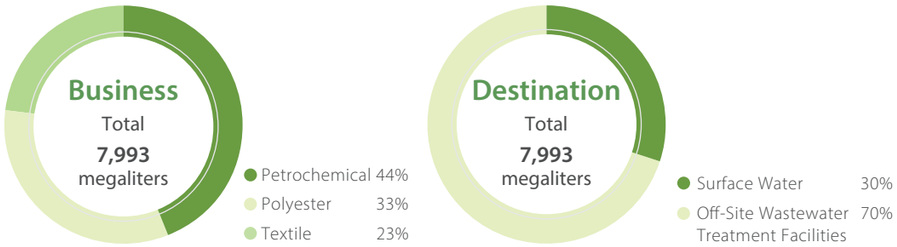
3. Environmental impact management

Continuously establish low-noise, low-odor, and low-pollution effluent treatment facilities, fully enhance effluent recycling rates, and implement resource recycling and reuse. Use online monitoring instruments to measure and monitor the concentration of Mixed Liquor Suspended Solids (MLSS) in the wastewater treatment system. Provide real-time sludge concentration data to facilitate operator adjustments and ensure stable system operation.

FENC has a comprehensive set of guidelines and operating procedures established to address effluent discharge. The Company conducts pollutant treatment with regular self-evaluation and testing that target an array of pollutants. Among them, those regulated by the local government are prioritized for treatment to keep the water quality in line with regulatory standards. Permits are obtained from the government authority prior to discharging the effluent into water bodies as stipulated by law, and the recycled effluent is for internal use only.

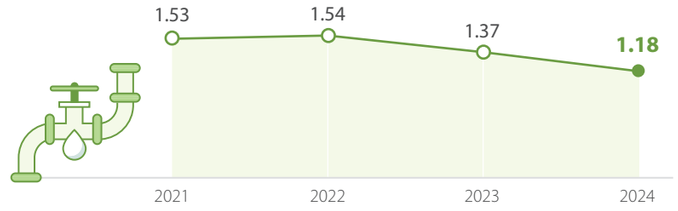
Since February 1, 2023, water users in Taiwan with over 9,000 KL in monthly consumption have been imposed a water conservation charge during the dry season. After the requirement went into effect, FENC paid a yearly charge that amounted to approximately 0.1% of the total revenues generated by its production sites in Taiwan, which does not constitute a material financial impact. FENC will minimize its water conservation charge by continuing to implement water conservation measures, utilizing reclaimed water and increasing the water recycling rate.

Water Discharge in 2024



Water Discharge per Unit of Production

Unit: kiloliter / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

The total effluent is down by 18% in 2024 compared with the previous year, and the effluent per unit of production is cut by 14%. The Company will install additional effluent recycling and reuse systems to increase water efficiency per unit of production.

Water Discharge

Unit: megaliter

		2021	2022	2023	2024
TDS	Freshwater	1,814	812	696	1,940
	Other Water	10,765	10,670	9,050	6,053
Destination	Surface Water	3,849	2,973	2,288	2,426
	Off-Site Wastewater Treatment Facilities	8,730	8,509	7,458	5,567
Total Water Discharge		12,579	11,482	9,746	7,993

Note:
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 Destination.
2. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids>1,000mg/L.

Water Discharge of Production Sites Within Water Stress Zones

Unit: megaliter

		2021	2022	2023	2024
TDS	Freshwater	728	231	182	198
	Other Water	665	982	980	910
Destination	Surface Water	0	0	0	0
	Off-Site Wastewater Treatment Facilities	1,393	1,213	1,162	1,108
Total Water Discharge		1,393	1,213	1,162	1,108

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, an area is considered to be faced with water stress when the ratio of total annual water withdrawal to the total available annual renewable water supply is 40% or higher.
2. The scope of the statistics covers the four FENC production sites located in water-stressed areas. Wastewater from these sites is treated on-site to meet discharge standards before being discharged into the municipal sewage system, where it is further treated by a wastewater treatment plant prior to final discharge.
3. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids>1,000mg/L.

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Effluents Treatment and Final Discharge Destination

Business	Production Sites	Effluents Treatment and Final Discharge Destination
Petrochemical	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.
Polyester	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	Wastewater goes through biotreatment (contact oxidation) and sedimentation internally. Once the water reaches the effluent standards, it is discharged into Shulin River.
	OGM	Plant 1: The wastewater is treated at the effluent treatment facility within OGM. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Kuanyin Industrial Park and eventually discharged into Shulin River. Plant 2: The wastewater is treated at the effluent treatment facility within OGM. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Taoyuan Science and Industrial Park and eventually discharged into Dajue River.
	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	Tokyo Plant: Wastewater is treated internally until reaching the required standards and then discharged to Tone River. Himeji Plant: Wastewater is treated internally until reaching the required standards and then discharged to Yumesaki River.
	APG Polytech	Wastewater is treated internally until reaching the required standards and then discharged to Ohio River.
Textile	Kuanyin Dyeing and Finishing Plant	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.
	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 Thị Tính River.

Note:
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 and 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, domestic wastewater and lab wastewater. Wastewater at Kuanyin Dyeing and Finishing Plant, OTIZ and FENV 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. Wastewater at the textile plant of FEPV and FIGP is from manufacturing process.
3. Calculation of wastewater at Hukou Mill also includes the biomedical business unit of Oriental Resources Development Limited.
4. There is no significant impact caused by the effluent on water bodies and adjacent habitats.
5. Minimum wastewater discharge standards have been established at all production sites in accordance with local regulations and industry characteristics.
6. The discharge water treatment method and final discharge location have not changed in the past three years.

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Wastewater Improvement at APG Polytech

The Department of Environmental Protection in West Virginia, U.S. issued a new mandate regarding volatile organic compounds. To respond to the mandate, APG Polytech teamed up with Hsinpu Chemical Fiber Plant in Taiwan and installed an organic stripping column to remove organic pollutants from production wastewater. The project, which was completed in June 2024, has pushed the pollutant removal rate above 99%, bringing the plant up to code and enhancing its image as being environmentally conscious.

Water Risk Adaptation and Mitigating Actions

Climate change has led to environmental risks such as water shortages, and FENC is responding by investing in mitigation and adaptation projects to address water risks. The Company devoted approximately NT$12 million in capital spending to avert water-related risks in 2024 with approximately NT$96.4 million appropriated in the 2025 budget.

Additionally, FENC is enhancing water efficiency through multiple water conservation projects, such as lowering evaporation and wind losses from the cooling tower; increasing the concentration ratio for the water circulating through the cooling system under controlled production conditions; creating water recycling and reuse systems; recycling and reusing effluents with membrane technologies.

Water Conservation Project in 2024

	Actual Investment (NT 1,000)	Annual Water-Saving Benefit (NT 1,000)	Water Saved (kiloliter / year)	Percentage of Water Saving in Water Withdrawal
Water Conservation Project	6,059	18,625	250,746	2%

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

Avid Support for Governmental Policies

OPTC signed a recycled water use contract with the Taoyuan City Government for a three-phase project to utilize reclaimed water. The completion of phase one is expected in 2025 with 40,000 KL in the daily output, approximately 15,000 KL of which will be utilized by OPTC. Taoyuan North District Water Resources Recycling Center supplies the treated effluent. Once meeting the water quality standards, the effluent is reclaimed through the UF and RO membrane systems, and then sent to the industrial end users through the pipelines. This project is the exemplification of water recycling and reuse with the added benefit of preventing water shortages during the dry seasons.

Water Conservation Achievement Through Production Improvement at FEPV-Knitting and Dyeing Plant

FEPV-Knitting and Dyeing Plant delivered remarkable water conservation performance in 2024 by cutting its water withdrawal through five innovative production improvements without any capital spending.

- Refinement of the dyeing process: Water consumption is minimized by applying direct dyeing to fabrics with minor color variations to reduce the need for returning the fabrics to the dyeing machine for repeated dyeing.
- Production adjustments: The production of filament products are relocated to the low-liquor-ratio dyeing machine, which delivers the same result but uses less dyeing liquid.
- Reduction of the dyeing stages for greige goods.
- Production optimization: The washing process is no longer required as the color fastness has been improved by modifying the dry setting at the stenter using a lower temperature.

These measures reduced water withdrawal by a total of 132,504 KL, which accounts for 14% of the total water withdrawal at FEPV-Knitting and Dyeing Plant.

3.4 Steering Environment Management

3.4.1 Air Pollution Management

FENC adopts a stream of technologies to prevent and control air pollution. Regular reviews are conducted over existing facilities and production flow to ensure compliance with all emission standards. The Company uses online monitoring systems and equipment to record real-time conditions and keep tabs on any unusual occurrences with a priority focus on mitigating environmental risks in production design and minimizing pollution caused by the production process. All pollutant emission data is in compliance with regulatory standards and filed with the authority.

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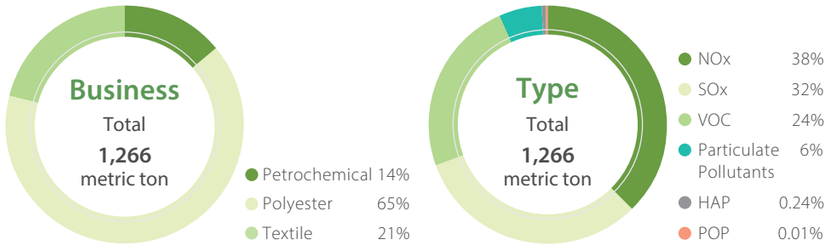
Air Pollution System Establishment and Management

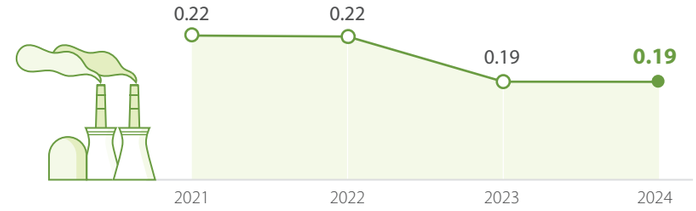
Continuous Emission Monitoring Systems (CEMS)	CEMS is installed to conduct the quarterly relative accuracy test audit (RATA).
Reporting Mechanism and Procedural Training	The internal reporting mechanism and procedural training are established for the reporting of unusual occurrences.
Stabilizing Production Operation	• Equipment inspection and maintenance are performed regularly to stabilize operation and prevent excessive pollutant emissions caused by malfunctions. • Advanced technologies are adopted to control emissions. • Desulfurization towers have been installed to reduce pollutant emissions. • Operation parameters of the control equipment are inspected daily to maintain consistent and efficient air pollutant removal.
Improving Boiler Combustion Efficiency	The air-fuel ratio of the combustion chamber in the boiler is adjusted to achieve complete combustion and improve combustion efficiency, which reduces air pollutants.
Boiler Stack Sampling by Qualified Testing Agencies	Qualified testing agencies are commissioned to perform the quarterly general testing and biennial testing for equipment components. Leakages identified in the result are addressed in a timely manner.
Employee Training	Equipment component training is conducted and volatile organic compound sensors are purchased for production personnel to help them identify and repair possible leakage with precision.
Supply Chain Management and Training	Supplier audits are conducted on a random basis to ensure compliance with applicable local air pollution regulations, and awareness training targeting air pollution prevention and control is provided for suppliers.

Air Pollutant Emissions in 2024



Air Pollutant Emissions per Unit of Production

Unit: kg / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

In 2024, the total air pollutant emission dropped by 11% compared with the previous year. The air pollutant emission per unit of production stayed on par with 2023. Efforts will continue to enhance the equipment, monitoring and efficiency of air pollution prevention and control.

Air Pollutant Emissions

Unit: metric ton

	2021	2022	2023	2024
NOx	810	699	520	477
SOx	365	370	448	400
VOC	490	430	382	308
Particulate Pollutants	82	89	77	78
HAP	3	3	3	3
POP	0	0	0.07	0.08
Total	1,750	1,591	1,430	1,266

Note:
1. Only the emitted gas types are listed.
2. Particulate pollutants include particulate matter, dust and smoke.
3. The data types include: actual measured values, annualized sample values and estimated values.
4. Data on the emission of hazardous air pollutants (HAPs) are collected at APG Polytech in accordance with mandates from the U.S. Environmental Protection Agency; at FIGP in accordance with the list of HAPs in Japan; at Kuanyin Chemical Fiber Plant in accordance with the Standards for Air Pollutant Emission from Stationary Pollution Sources enacted by the Ministry of Environment in Taiwan.
5. The disclosure on air pollutant emissions covers 100% of the FENC production sites in this report.

Incorporation of Innovative Technology and Equipment

1. FENV implemented a new chemical management strategy in 2024 by replacing the oil-based chemicals, which emitted more volatile organic compounds (VOCs) during production, with water-based versions. The replacement has lowered the emission of VOCs radically by 73%, which mitigates negative environmental impacts.

2. Kuanyin Dyeing and Finishing Plant replaced a dated stenter in 2024. The new model is equipped with a more efficient filtration and emission control system, which reduces the emission of particulate pollutants and VOCs, and cuts the emission of VOCs by 37% compared with the previous year.

3. WHFE installed a vacuum waste gas treatment system, which utilizes the ultraviolet photolysis method to photodegrade hazardous substances into small non-hazardous molecules. The system works in conjunction with the honeycomb activated carbon, which absorbs the photodegraded waste gas and further removes hazardous residues with its honeycomb-shaped structure to purify the air.

Supply Chain Management and Training

1. FEIS invited the suppliers of automatic monitoring equipment to participate in a training course organized by the Shanghai Municipal Bureau of Ecology and Environment in 2024, and seven representatives participated.

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2. In 2024, the Environmental Protection Bureau made two on-site inspections at FEDZ to monitor the exhaust gas in real-time. The bureau also offered training during the visit, and four FEDZ employees participated to ensure the accuracy and efficacy of the monitoring system.

3.4.2 Waste Management

General Waste and Hazardous Industrial Waste Management Policies

- Comply with the ISO14001 environmental management system.
- Facilitate avoidance.
- Classify, recycle and reuse waste materials.
- Sell valuable waste to external businesses for recycling and reuse.
- Commission qualified waste treatment companies to dispose of valueless waste.

1. Waste Management Goal and Principle

FENC strives to optimize waste management by improving resource efficiency in production activities, reducing waste through avoidance, and boosting the recycling and remanufacturing rates of production waste. The principle governing waste management is “classification to reduction; waste to earnings; earnings to valuables.”

2. Waste Disposal and Recycling

Qualified waste treatment companies are selected to ensure the recycling and reuse of valuable waste, and the proper disposal of valueless waste.

3. Compliance and Social Responsibility

Waste treatment is conducted in accordance with all applicable regulations and the quantity is filed with the authority as required by law. FENC will strengthen the control of hazardous waste, and track the type, quantity, destination, storage, utilization and treatment of outsourced hazardous waste to ensure compliance.

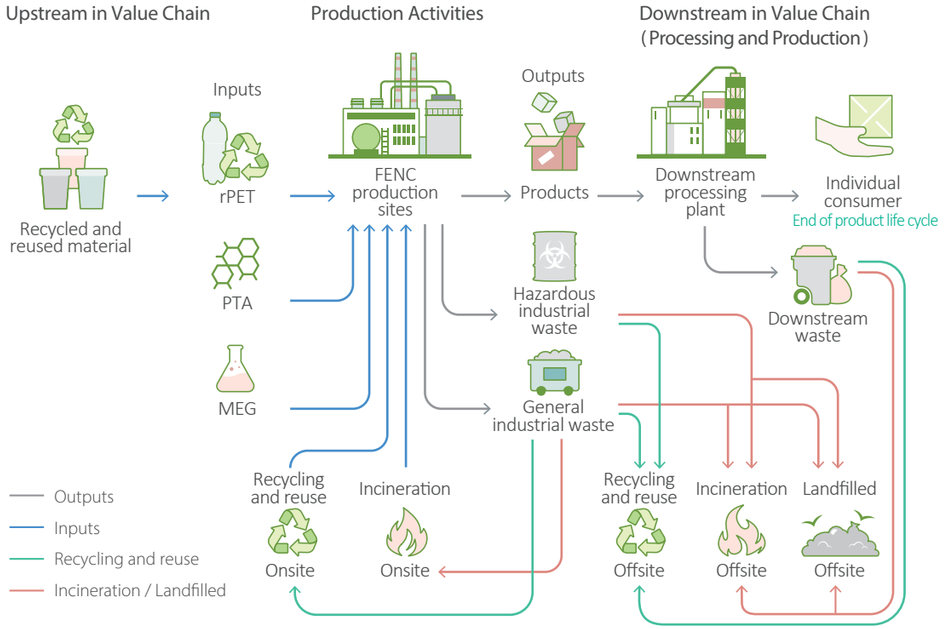
Waste Impact Assessment

Waste materials generated from the business activities at FENC can be broken down into 89% regular industrial waste and 11% hazardous industrial waste. The hazardous industrial waste includes used chemical bottles for testing, lubricant/oil and light tube/electrical batteries, which are stored in hazardous waste storage facilities and processed 100% by qualified waste management companies. There were no occurrences of waste leakage at FENC in 2024, and the waste treatment did not pose any substantial and significant impact on the environment.

Management Procedure for Waste Disposal Suppliers

Pre-Removal		During Removal	Post-Removal
Supplier selection	Supplier contract and training	Supplier operational management	Supplier audit
· Evaluate supplier sourcing. · Selection criteria include qualification, equipment and implementation.	· Sign tripartite contracts with waste disposal and treatment suppliers. · Conduct training on environmental safety and health operation.	· Document off-site waste disposal with electronic systems. · Track waste disposal vehicles with GPS. · Conduct regular waste management meeting.	· Make a minimum of one site visit annual. · Review deficiencies and make improvements.

Waste Treatment Process Flow



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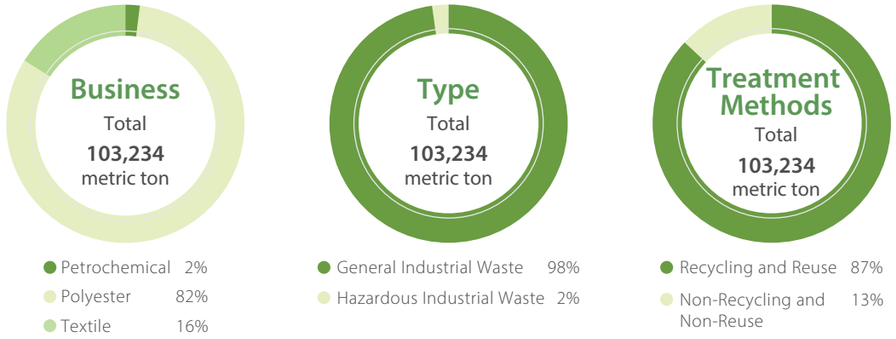
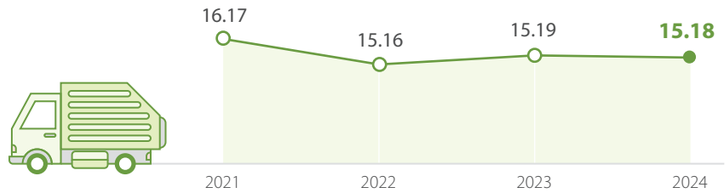
Waste Generated in 2024



Waste Generated per Unit of Production

Unit: kg / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

Waste Generated

Unit: metric ton

		2021	2022	2023	2024
Treatment Method	Recycling and Reuse	114,545	95,717	92,706	89,413
	Non-Recycling and Non-Reuse	18,480	18,497	16,384	13,821
Type	General Industrial Waste	126,411	111,024	102,544	100,776
	Hazardous Industrial Waste	6,614	3,190	6,546	2,458
Total Waste		133,025	114,214	109,090	103,234

Compared with 2023, the total waste generated in 2024 dropped by 5%, and the total waste per unit of production remained at the 2023 level mainly due to production decrease and adjustments in the industry structure. FENC will adhere to its commitment to waste avoidance and resource circulation, establishing improvement and action plans to implement reduction, recycling and reuse.

Data of Waste

Unit: metric ton

				2021	2022	2023	2024
Recycling and Reuse	General Industrial Waste	Production Waste	On-Site Recycling and Reuse	25,840	18,497	32,344	24,333
			Sold	30,475	28,230	22,775	25,160
			Off-Site Disposal	53,267	45,993	32,739	38,504
		Domestic Waste	On-Site Recycling and Reuse	0	0	0	0
			Sold	280	514	245	303
			Off-Site Disposal	841	720	82	99
	Hazardous Industrial Waste	Production Waste	On-Site Recycling and Reuse	0	0	0	0
			Sold	311	362	422	399
			Off-Site Disposal	3,531	1,401	4,099	615
	Total			114,545	95,717	92,706	89,413
Non-Recycling and Non-Reuse	General Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	0	495	2,344	2,816
			Incineration With Energy Recovery (Off-Site)	344	891	598	968
			Incineration Without Energy Recovery	6,736	3,555	2,802	2,428
			Landfilling	22	62	35	137
			Other Disposal Operations	2,905	6,128	2,894	1,718
		Domestic Waste	Incineration With Energy Recovery (On-Site)	0	0	0	0
			Incineration With Energy Recovery (Off-Site)	423	333	407	75
			Incineration Without Energy Recovery	1,463	1,248	1,808	1,438
			Landfilling	2,324	2,426	1,795	1,895
			Other Disposal Operations	1,491	1,932	1,676	902
	Hazardous Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	0	0	0	0
			Incineration With Energy Recovery (Off-Site)	55	25	59	3
			Incineration Without Energy Recovery	2,691	1,373	1,677	1,280
			Landfilling	1	1	5	1
			Other Disposal Operations	25	28	284	160
	Total			18,480	18,497	16,384	13,821
Total Waste				133,025	114,214	109,090	103,234

Note:
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 industrial waste in Taiwan.
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.
4. The waste disclosures from 2021, 2022, 2023 and 2024 have been 100% verified by SGS.

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Waste to Energy: Transforming Refuse Into Solid Fuel

FIGP-Himeji Plant recycles and remanufactures waste PET bottles. However, the labels on PET bottles and containers made of non-PET materials cannot be processed and would produce polylactic acid (PLA) as a waste material, which used to be outsourced and incinerated as general industrial waste. In 2024, the plant sent waste PLA to waste management suppliers that remanufactured the waste into refuse-derived paper and plastics densified fuel (RPF), which lowered the cost of industrial waste treatment while delivering environmental benefits.

FIGP is adamant about ensuring the compliance of its suppliers' waste conversion process. With proper treatment, the suppliers could sell the RPF for purposes such as boiler fuels in paper mills.

Between August 2024 and January 2025, a total of 248 metric tons of waste PLA were recycled, averting an estimated 100 tCO_2e in carbon emissions per year and approximately NT$1.26 million in waste disposal costs.

Reducing Waste and Energy Consumption With Innovative Technologies

FEIS used to recycle MEG through thermal distillation using Dowtherm. However, the process creates residues that are categorized as hazardous waste due to high moisture and oligomers.

To lower environmental impacts and processing costs, FEIS adopted a new method in 2024 using diaphragm pumps and centrifuges, a more effective separation technique that significantly reduced the residue by 96% and resulted in a low moisture content. The improvement reduced approximately NT$2.22 million in the cost of hazardous waste treatment. Additionally, as heating is no longer involved, the approach also cut the energy cost by approximately NT$2.08 million.

Promoting Zero Waste and Closed-loop Recycling With Waste No More

Since launching the zero waste policy and closed-loop recycling in 2022, FEAV has been able to recycle 100% of its production waste and repurpose scrap fabrics into materials such as rags, masks and plastic pellets. FEAV expanded the practice in 2024. By repairing and reusing waste computers as well as electronic products and parts, the plant has achieved a 12% reduction rate in hazardous waste.

FEAV's impressive accomplishment in waste reduction and recycling received international recognition, and the plant was invited to participate in Waste No More, a coordinated initiative by the German Agency for International Cooperation (GIZ) and brands such as Lululemon, Columbia, and PVH. The initiative aims to foster collective action for the closed-loop recycling of pre-consumer waste in the apparel and footwear supply chain, and boost the standards of the waste sector in Vietnam.

FEAV served as the guest speaker at five of the Peer Workgroup workshops between July and September 2024. During this period, FEAV shared its experience in waste management; source separation; the establishment and implementation of reduction targets; weighing management system and data management; suppliers management regarding the recycling and reuse of packaging materials. Its contribution has won trust and acknowledgment from the participating customers and brands.

Supply Chain Management and Education Training

FENC conducts safety training for waste treatment suppliers. The training raises their environmental awareness by covering safety precautions when loading waste materials and the plant security management system. A total of 209 participants, representing 66% of the 72 general waste treatment suppliers, attended the training in 2024; a total of 164 participants, accounting for 76% of the 22 hazardous waste treatment suppliers, were also in attendance.

FEAV participated in the waste management exchange program that Nike, its brand customer, organized for the suppliers to tackle waste through avoidance, recycling and reuse. FEAV launched its waste management program in 2023 with the aim to minimize waste. The plant listed specific management strategies targeting nearly 50 types of waste materials, such as waste fabrics, containers and oil. The plant also reinforced waste management training by conducting quarterly workshops and forming working groups and learning groups for employees to share practices in waste reduction and recycling. These approaches are helping FEAV accomplish its environmental goals.

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3.4.3 Ecological Protection

FENC has a profound understanding of the vital importance of biodiversity and natural resources to environmental protection and sustainable development. The Company supports the Kunming-Montreal Global Biodiversity Framework with engagement efforts carried out within its own operation and with suppliers and business partners, creating mutual prosperity and the flourishment of nature and FENC as the Company strives to achieve nature positive and zero deforestation.

Biodiversity and No Deforestation Commitment

Commitment

- Amid growing environmental challenges across the globe, additional attention is required from the corporate community to protect the natural capital and enhance sustainable development. Therefore, FENC is putting its focus on reaching nature positive, incorporating nature-related reporting from the Taskforce on Nature-related Financial Disclosures (TNFD) to create an economic model that reverses nature loss and fosters nature positive.
- FENC aims for no net loss (NNL) and zero deforestation for its own operation, striking a balance and seeking harmony between production activities and biodiversity. FENC also maintains rapport with local communities and environmental organizations, forming a coalition to safeguard ecological health on Earth.

Goal

- FENC aims to minimize the impact on biodiversity to the greatest extent throughout the production process while protecting local natural resources and ecosystems. extent.

Measure

- Biodiversity risk assessments are conducted when selecting locations for production sites. Developed or low-biodiversity areas are prioritized to prevent impacts on protected or high-biodiversity areas.
- All FENC sites adhere strictly to local environmental regulations during the entire production process, controlling the generation and discharge of GHG emissions, effluents, air pollutants and waste, reducing water and soil pollution, and adopting renewable raw materials and energy.
- FENC conducts environmental monitoring and assessment with regular reports on performance and improvement plans to applicable stakeholders.

Identification of Critical Natural Capital and Priority Management Locations

FENC has adopted the LEAP approach from TNFD and the ENCORE database to identify the dependency and impact on nature from its production businesses and significant raw material suppliers for an in-depth look into its own dependency and impact on natural capital. Using multiple tools in the identification of nature sensitivity in its value chain, FENC ensures the effectiveness of its management strategies regarding nature-related issues, laying the foundation for the establishment of subsequent management approaches and targets.

Management Procedures for Nature-related Issues

Locate	Evaluate	Assess	Prepare
Locate hotspots related to business operation and nature	Evaluate dependencies and impacts on nature	Access nature-related risks and opportunities	Prepare response strategies and implement actions
· Define the scope and boundary of the assessment. · Determine the connection between the value chain and surrounding ecosystems to identify critical nature-sensitive locations.	· Evaluate value chain's high dependency and impact on natural capital. · Compile and analyze the results to identify issues and locations of critical natural capital within the supply chain.	· Analyze international reports and industry status to compile lists of risks and opportunities associated with critical natural capital. · Identify nature-related material risks and opportunities within the value chain. · Quantify major nature-related risks and opportunities using methods such as scenario analysis and financial quantification as a reference for decision-making.	· Establish management measures and targets. · Implement nature-related performance disclosure and engagement. · Report the performance and progress regularly to the Sustainability Committee and the Board.

FENC has identified the critical nature-related risks, opportunities and issues associated with its production businesses and significant raw material suppliers through the management procedures for nature-related issues. The details will be disclosed in the Company's TCFD and TNFD reports in 2025.

Avid Support for Governmental Policies

In 2022, the Office of Coast and Resource Circulation of Taoyuan City Government formed the Taoyuan Blue Ocean Recycling Alliance with corporate entities and technical teams. As a member of this alliance, OGM contributes by processing the waste PET bottles collected by the Taoyuan City Government. After rinsing and shredding, the bottles are turned into flakes and chips, ready for the filament unit to proceed with spinning and subsequently transform them into eco-friendly textile products, such as clothing, shoes, bags and blankets, which are gifted to the participants or volunteers during beach cleaning. In 2024, OGM recycled and reused a total of 7.2 metric tons of ocean waste PET bottles.

Content

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Creating Inclusive Society

Target Readers:

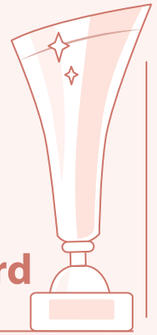
- ■ Employee / Labor Union
- ☐ Direct Customer
- ■ Government
- ■ Business Partner (Supplier / Contractor)
- ■ External Audit Agency
- ☐ Shareholder / Investor / Financial Institution

Content

2024 Highlight

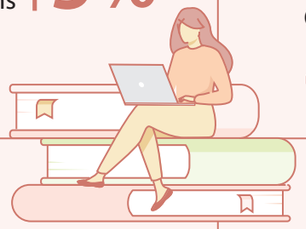
Average Regular Salaries
at Taiwan FENC Sites
50% Higher Than Market Salaries

Winning the
4th Consecutive
HR Asia
Best Companies to Work for in Asia Award



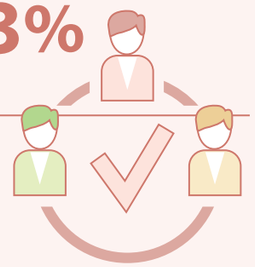
2 Consecutive Years Certification for Enterprise Friendly to the Middle-aged and Elderly
From Taipei City Government

Employee Training
Hours ↑16% Sessions ↑5%
Attendance ↑19%



Promoting **Sustainability Academy**
Offering **573** Sessions
42,389 Participants

Digital Learning
47% of Total Training
Attendance Count ↑33%



Recognition as Exemplary Unit for Green Procurement
From Ministry of Environment and Department of Environmental Protection of Taipei City Government

100% Significant Suppliers Passing
Supplier ESG Survey

Human Rights Due Diligence
Covering **100%** Global FENC Sites

Establishing
EAPs
Offering Mental and Physical Health for Employees

FEAV
Offering Free **Vaccination**
For **4,000** Employees and Families

FEFC
27 Consecutive Years
Accident-free Working Hours

Content

Target and Progress

	Optimizing Employee Care	Establishing International Talent Acquisition Database	Protecting Human Rights	Cultivating Sustainable International Management Talents
2035 Target	• Continue to optimize employee care measures	• Continue to incorporate talent evaluation resources to support the sustainable operation of FENC • Develop a succession team with a global vision	• Raise human rights awareness from the inside out and establish a human rights paradigm for the supply chain	• Cultivate an international management succession team
2030 Target	• Create a long-term mechanism to improve employee well-being • Establish a comprehensive health management system for expat employees	• Expand the database and construct a global talent pool to include FENC's worldwide locations	• Ensure all human rights are respected with high standards across FENC's global sites	• Establish a talent pool for international management and leadership
2025 Target	• Optimize employee care programs • Reinforce the assistance for expat employees • Focus on employees' career development needs	• Enhance visual presentation and provide reference information to supervisors for the planning of corporate development	• Conduct on-site plant inspections to address salient risks	• Establish a talent training system to pass down and manage the knowledge and lessons learned
2024 Target	• Implement specific improvement actions based on the result of employee satisfaction surveys • Provide holistic health management for expat employees • Launch EAPs	• Provide comprehensive training for supervisors to evaluate the person-job fit among employees and identify matches for appropriate corporate or academic training	• Conduct human rights due diligence	• Train **50** local managers at overseas locations • Train **100** Taiwanese managers with international leadership capabilities • Pass down sustainable business philosophies and experience with a total of **300** internal knowledge courses
2024 Progress	Achieved • **Reviewed the salaries offered in different regions** • **Designated a health management contact as support for expat employees during their overseas assignment** • **Established a wide range of Employee Assistance Programs (EAPs)**	Achieved • **Established talent acquisition programs in overseas regions** • **Re-examined the learning map for junior-level managers** • **Expanded the application of the DISC personality test to supplement recruitment interviews and improve the person-job fit; completed supervisory training for managers; provided assistance in team building** • **Completed the leadership development programs with information such as test results, performance appraisals, special projects and job competencies linked to the Talent Pool**	Achieved • **Implemented mitigation and remediation actions addressing salient human rights risks across FENC's global production and operation sites** • **Conducted human rights due diligence covering 100% of FENC's global locations**	Partially Achieved • **Completed the assessment of 471 employees with management potential in mainland China and established a localized talent pool** • **Conducted leadership programs in Vietnam and trained 150 Taiwanese managers** • **Passed down sustainable business philosophies and experience with a total of 291 internal knowledge courses(Note)**
Action Plan	• Conduct regular employee satisfaction surveys and establish improvement plans for implementation • Customize health management mechanisms to provide mental health support for expat employees • Create an employee development and care system and conduct career interviews based to address individual needs • Establish skills certification systems with regular review over promotion criteria	• Combine the talent information of the operating bases in various regions • Import training records, professional licenses, and project results, all linked to each employee's Individual Development Plan (IDP)	• Conduct human rights due diligence on a regular basis • Ensure the consistency of personnel regulations, work rules, and codes of conduct and compliance with international human rights requirements across FENC's global sites • Fully implement risk mitigation and remediation measures and address each grievance claim properly to continue risk reduction	• Establish multiple academies on FENC's digital learning platform and provide diverse course options for employees • Promote localized training programs and cultivate the succession team to fulfill FENC's commitment to talent sustainability

Note : The number of internal knowledge courses did not reach the 2024 target of 300. The digital learning systems in certain regions were offered through FENC's internal network, and were unable to accommodate a flexible schedule for certain employees. Some courses have been temporarily postponed. However, phase two has begun, and system upgrade and adjustment are currently underway.

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Target and Progress

	Zero Occupational Injuries for Employees and Contractors	Zero Occupational Illnesses for Employees and Contractors	Zero Fire and Chemical Leakage	Sustainable Supply Chain
2035 Target	Occurrence(s) at each business site : **0**	Occurrence(s) : **0**	Occurrence(s) : **0**	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement : 100% • All suppliers' ESG performance in line with the Company's sustainability development goals
2030 Target	Occurrence(s) at each business site : **0**	Occurrence(s) : **0**	Occurrence(s) : **0**	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement : 100% • Incorporate ESG performance into the supplier selection process at procurement units and expand the scope of implementation year by year
2025 Target	Occurrence(s) at each business site : less than **2**	Occurrence(s) : **0**	Occurrence(s) : **0**	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement : 96% • Reach a 100% passing rate for the supplier ESG assessment among significant suppliers and phase up the scope of implementation each year • Propose ESG performance improvement plans for significant suppliers
2024 Target	Occurrence(s) at each business site : less than **2**	Occurrence(s) : **0**	Occurrence(s) : **0**	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement : **95%** • Collect and analyze suppliers' ESG performance at the main procurement units
2024 Progress	**Occurrence(s) at each business site : 2** **1 occurrence less than 2023** Achieved	**Occurrence(s) : 0** Achieved	**Occurrence(s) : 1** (Note1)	• **Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement : 94%** • **Reach a 100% passing rate for the supplier ESG assessment among significant suppliers**(Note2) Partially Achieved
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 Code of Conduct and Corporate Social Responsibility Commitment Statement t as one of the selection criteria and increase green procurement each year • Conduct ESG campaigns and training • Implement and participate in social engagement activities with suppliers • Plan and implement ESG performance improvement plans for suppliers

Note : 1. A fire incident occurred at Hsinpu Chemical Fiber Plant due to a ventilator failure in 2024. To prevent future occurrences, FENC proposed several improvement measures, including the installation of high temperature alarms, steam and nitrogen fire extinguishing systems, and automatic and regular cleaning devices at the ventilator; the designation of separate fire zones for operation.

2. "Significant supplier" refers to the supplier of the Company's main raw materials and suppliers reaching NT$1 million in a single transaction with the main procurement unit within the reporting year.

Content

Sustainability Issues

Workplace Diversity and Inclusion

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

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

Employee Career Planning

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

Adopt project-specific management approaches and evaluate the results with the Kirkpatrick Model.

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

Authority

- Human Resources Development Center
- Human resources department at each Business

Occupational Safety and Health

Material

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Sustainable Supply Chain Management

Material

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 governance, social and human rights requirements. With collaborative efforts, we achieve sustainable supply chain development as a response to customers' sustainability goals.

Management Approaches and Effectiveness Evaluation Mechanisms

- Request the signing of Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement from suppliers.
- Significant suppliers should pass the supplier ESG survey assessment.
- Monitor and supervise supplier conducts and conditions through open communication and regular meetings.
- Evaluate environmental, social and governance impacts from suppliers and may provide assistance or terminate contracts depending on the severity.

Authority

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

Content

4.1 Molding a Diverse and Inclusive Workplace

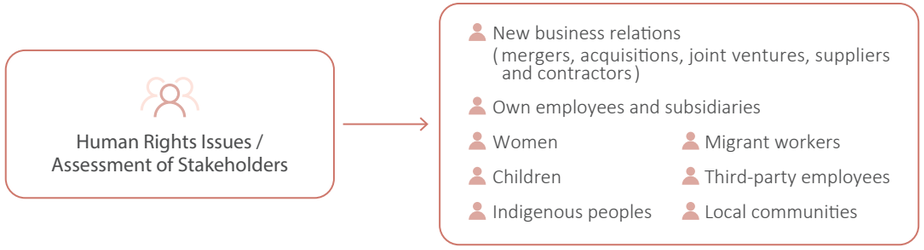
FENC has constructed the framework for human rights protection while its global management network for human resources takes shape. The Company's human rights policies and regulations are bolstered by the human resources systems across its worldwide locations and communicated through the local language to ensure employees' full understanding of FENC's commitment to labor rights. Access to policy details is provided through a multitude of channels, such as internal training, company websites and email notifications with adequate training programs and support to ensure policy effectiveness.

FENC supports its workforce with a globalized human resources and human rights blueprint with localized systems, strengthening competitiveness through Strategic Workforce Planning (SWP) using People Analytics (PA). By applying data-driven approaches, the Company evaluates changes in the external environment, identifies trends in the labor market, predicts future employee needs and formulates recruitment and retention strategies while engaging in long-term planning to keep its human capital in line with the business development strategies. The mid-term objectives zoom in on talent training and cultivation, and for the long term, the focus is to improve employee satisfaction, develop the global talent pool and conduct human rights due diligence on a regular basis.

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.

4.1.1 Human Rights Protection

The FENC Human Rights Policy has been signed into effect by the Chairman, and the policy implementation is under direct Board oversight. Each year, the corporate governance managers present the status report to the Board and publish the report on FENC's official website. The procedures of human rights management include the establishment of the human rights policy; human rights due diligence; mitigation and remediation actions for salient human rights risks; training on human rights issues; operation of the grievance mechanism. Ongoing efforts have been devoted to the optimization of systems and indicators, and the scope of the assessment has been expanded as follows:



When investing in new operation sites and forming new business relations with mergers, acquisitions, joint ventures, suppliers or contractors, FENC conducts the human rights due diligence to assess the implementation of human rights protection. The results are vital for guiding investment decisions and confirming supplier qualifications. When expanding existing or adding new production sites, the human rights risk assessment is also taken into consideration to evaluate local personnel policies, supplier management and the influence of the local community on the investment and expansion projects. FENC is committed to passing customer audits regarding human rights and labor conditions across its production sites with a 100% approval rate. Aligning with international standards and the principles of corporate social responsibility, FENC is determined to create a sustainable and responsible business model.

FENC Human Rights Policy → Strengthening Human Rights Policy and Human Rights Due Diligence Procedures

Human Rights Management Framework

Entity	Responsibility	Reporting and Frequency
Board of Directors	The Chairman, who has signed the FENC Human Rights Policy, leads human rights efforts, provides resources and supports the management level to implement human rights protection programs.	Corporate governance managers present the outcome of human rights due diligence and key implementation objectives to the Board on an annual basis.
Human Resources Department, Headquarters	The department implements human resources management systems and establishes human rights policies, goals and guidelines for the global human rights due diligence. When forming new business relations, such as mergers, acquisitions, joint ventures or investing in new operation sites, the department conducts human rights due diligence to confirm the status of human rights implementation as a basis for evaluation and subsequent improvement.	The department presents information regarding human rights risks and the tracking of risk indicators during the monthly risk management meetings.
Human Resources Unit Under Each Business	The unit establishes human rights implementation programs with procurement and production units. At the monthly meetings of each Business, the unit conducts review, proposes remediation measures, investigates grievance claims and makes improvements.	The unit reviews human rights implementation at the monthly meetings of each Business.
Labor Union	The labor union raises and discusses human rights issues from the employee perspective during labor relations meetings.	The labor relations, pension committee and employee welfare meetings are held quarterly.
Procurement Unit	The unit requires suppliers to sign the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement.	The unit reports on supplier management to the corporate governance managers during the monthly meetings.
Production Site	The majority of FENC production sites are located in industrial areas, and they monitor the management system through regular engagement with management entities at the industrial areas. Production sites located in non-industrial areas conduct regular community engagement and initiate testing and dialogues regarding issues such as noise, waste management, air pollution, water resources management and wastewater discharge.	1. All production sites engage and maintain rapport with local residents and organizations by soliciting their feedback and suggestions and responding with improvement plans to reduce the impact of production activities on the local communities. 2. All production sites conduct social engagement programs such as meetings, visits, exchanges and educational campaigns among local residents. 3. To mitigate and improve potential significant impacts on local communities resulting from existing and new operations, FENC is committed to conducting pre-operation dialogues with local residents and organizations through social engagement activities, such as meetings, visits, exchanges and educational campaigns, to provide mitigation and improvement.

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Human Rights Policy

FENC is dedicated to safeguarding the basic human rights of its employees and creating an environment where human rights are fully protected. To align with international standards, FENC adheres to and advocates the International Bill of Human Rights, International Labor Office Tripartite Declaration of Principles, OECD Guidelines for Multinational Enterprises, UN Universal Declaration of Human Rights and UN Global Compact.

At the end of each year, FENC conducts a self-assessment to monitor and review the implementation of the Human Rights Policy, strengthening human rights protection and creating an environment that fosters fairness, safety and respect for all stakeholders. FENC will continue to monitor trends in human rights development and enhance management approaches to ensure full implementation.

Progress and Measure of FENC Human Rights Policy

2018
Established the FENC Human Rights Policy :
The policy enactment was announced to keep all employees fully informed of their rights.

2020
Conducted the first human rights due diligence :
- The due diligence covered 100% of FENC's global locations.
- The human rights due diligence was conducted once every two years.

2021
Fine-tuned the Speak Up Policy :
- Existing corporate standards were integrated to improve the transparency of the grievance mechanism.
- Grievance policies in line with international environmental, social and governance (ESG) standards were established and implemented throughout FENC's global locations.
- Action plans and improvement measures were established to reinforce internal and external oversight.
- Training and outreach in regard to the grievance mechanism were conducted to protect the rights of stakeholders.

2022
Optimized the Human Rights Policy :
- Engagement policies for local communities were developed.
- The management issues were further explored in depth and breadth.

Regular Assessment of Human Rights Management and Implementation of Human Rights Due Diligence

FENC assesses the impact of its business operations on human rights and conducts human rights due diligence once every two years. In 2024, human trafficking was added to the issues examined in the due diligence. FENC administered human rights risk surveys to its stakeholders, including employees, suppliers and local communities. The survey was designed based on the nine categories in the FENC Human Rights Policy, and the scope covered 100% of FENC production and operation sites. The results were compiled and analyzed to arrive at six salient human rights issues. Their potential future impacts were assessed, and the mitigation and remediation actions were developed accordingly.

FENC also examined the implementation of the Human Rights Policy across its global locations during the reporting year. The review identified one violation against the local regulatory limit on maximum working hours, as well as seven grievance claims regarding manager's supervisory approaches and issues related to the corporate systems, all of which have been resolved after internal investigation and engagement efforts, and the cases were closed. In addition, FENC received 17 comments from the dialogue meetings and comment boxes, and the feedback has been incorporated into the human rights management procedures. These efforts represent the importance FENC has attached to ensuring open dialogues between labor and management.

Scope and Outcome of the Survey on Salient Human Rights Issues → Identification of Human Rights Issues With Impact Assessment and Mitigation and Remediation Actions

Human Rights Management for Migrant Workers

The number of migrant workers employed at FENC production sites in Taiwan accounts for 19% of its total employees. No migrant workers are employed at other FENC sites. The Company complies with all applicable regulations, standards and customers' requirements, protecting migrant workers' rights through robust and systematic measures.

Human Rights Management and Implementation for Migrant Workers

Stage	Implementation Detail
Recruitment	1. FENC assumes all recruitment costs for migrant workers. The Company first instituted the zero fee policy at Kuanyin Dyeing and Finishing Plant in 2020, paying for all brokerage fees to free the migrant workers from financial burdens and restrictions during the job search and employment. In the following year, FENC enacted the same policy at all production sites in Taiwan. Between 2020 and December 2024, FENC paid over NT$74 million in the recruitment and brokerage fees for migrant workers. 2. Employment contracts for migrant workers are written in their native languages with the working conditions, salaries and benefits explained in clear terms. All migrant workers enter into contractual agreements while being fully informed and on a voluntary basis. 3. FENC collaborates with legally certified brokers only and conducts regular audits to ensure the brokers' compliance with the FENC Human Rights Policy.
Employment	1. All management practices are in compliance with the labor regulations in Taiwan. 2. FENC assumes the brokerage fees that migrant workers accrue in Taiwan. 3. The withholding of migrant workers' legal documents is forbidden. 4. Wages are paid to migrant workers directly. 5. The housing quality for migrant workers is maintained with adequate living space and facilities that accommodate migrant workers' religious practices, such as a dedicated space for the Mass. 6. Monitoring and grievance mechanisms are in place, including a 24-hour hotline and grievance channels with multi-lingual support to provide the assistance migrant workers need at all times. 7. Preboarding training is provided to help migrant workers understand their job duties, rights and obligations. All working environments are in compliance with the occupational safety and health standards with the necessary training and personal protective equipment (PPE). 8. FENC devotes consistent efforts to improving migrant workers' life and cultural experience. Among them are activities such as tours, sports games and cultural festivals. The Company also expresses its care for migrant workers' well-being by establishing the Food Committee and holding dormitory meetings to involve them in the decision-making process to better their living environment. Their religious beliefs are also accommodated with Masses and appreciation banquets held every Christmas to promote cultural respect and a sense of belonging. 9. FENC respects migrant workers' rights to choose employment and offers assistance during their job switch in Taiwan. As of the end of December 2024, FENC had helped over 100 migrant workers change employment.

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FENC Human Rights Policy and Implementation in 2024

Human Rights Policy	Implementation in 2024
No Forced Labor FENC eradicates all forms of forced labor and punishment	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. FENC established the anti-forced labor policy with regular updates to ensure compliance with local regulatory requirements and customer standards. There were no incidences of forced labor and human trafficking at FENC in 2024.
Bans Child Labor FENC bans child labor	The hiring of child labor under the age of 16 is banned at all FENC sites and throughout its supply chain. The ban is incorporated into the Company's recruitment policies, and the protocol is established to address incidences when the hiring of child labor occurs. FENC did not employ any child labor in 2024.
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	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 In 2024, one violation was identified against the local regulatory limit on maximum working hours. The plan to reduce overtime is in progress through conducting the talent inventory and making work adjustments.
Freedom of Association and Collective Bargaining FENC respects employees' freedom of speech and association, and the right to collective bargaining	1. Freedom of speech: The Company established the Speak Up Policy with a comprehensive grievance mechanism in place, including a 24-hour online platform where grievance claims are accepted in Chinese, English, Japanese, Filipino, Malay and Vietnamese. The claim may also be filed anonymously to protect employees from any adverse impacts as a result of speaking up. 2. Freedom of assembly, association and speech: FENC respects and supports employees' right to choose, establish, join or refuse to join labor unions or other forms of employee organizations. FENC also respects the establishment and operation of labor unions. Employees have the freedom to voice their rights and propose improvement for FENC through the labor union, and employee representative meetings are held annually. In 2024, FENC received 17 comments from the dialogue meeting and comment box, and all of them have been addressed. There were no grievance claims regarding the freedom of assembly, association and speech, and FENC continues to abide by the collective bargaining agreements made between the labor unions and its operation sites.
Diversity, Equality and Anti-discrimination FENC eliminates discrimination in hiring and employment. We guarantee equal pay and a working environment of equality, diversity and safe	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. In 2024, FENC was certified by the Taipei City Government as an enterprise friendly to the middle-aged and elderly and selected as one of the Top 100 DEI Enterprises for the Strong Generation by Business Weekly. All regulatory requirements were met, and there were no human rights violations during the reporting year.
Maternity Protection FENC protects and supports female employees	FENC is committed to building gender-friendly systems and environments at the workplace. Breastfeeding rooms are provided at all FENC sites to offer comfort to female employees with breastfeeding needs. Flexible working hours are also provided for employees who are pregnant or with underage children. There were no disputes or grievance claims regarding maternal protection at FENC in 2024.
Privacy Protection FENC protects employees' personal information and privacy rights	FENC ensures the protection of personal data in accordance with local laws and regulations. All documents that require personal data must be confirmed by FENC's legal units and the information must be properly secured. There were no disputes or grievance claims regarding privacy protection at FENC in 2024.
Employment Stabilization FENC protects employees' right to work	FENC protects employees from mandatory redundancy and provides assistance to those who are suffering from the situation. All FENC sites hold labor relations meetings on a regular basis and have comprehensive grievance policies in place. The Company conducts bilateral communication and policy promotion with employees through labor unions. There were no disputes or grievance claims regarding employment stability at FENC in 2024.
Health and Safety FENC is committed to prioritize all stakeholders' 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. FENC offers pre-boarding medical examinations, annual health checkups, occupational health assessments, lectures and follow-up health checks. The Company also provides health evaluation and forums for employees aged 45 and above. There were no disputes or grievance claims regarding health and safety at FENC in 2024.

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FENC conducts satisfaction surveys among migrant workers every two years as a key reference for making policy adjustments and workplace improvements. According to the 2023 survey, 98% of the migrant workers expressed the willingness to recommend FENC as an employer to their relatives and friends, which is a nod to FENC's dedication to safeguarding human rights, improving labor conditions and creating a workplace culture friendly to migrant workers. Continued attention will be focused on the development of migrant workers' rights as FENC aligns with international standards. Through policy refinement and ongoing improvement, FENC aims to create a friendly workplace that offers diversity, equality and inclusion (DEI).


Catholic Mass


Birthday Celebration

Company Trip

Human Rights Issues Training

FENC provides training and promotion regarding Human Rights Issues to protect stakeholder rights.

1. Employees: Training is conducted through the labor union, welfare committee and monthly regulatory compliance meeting.
2. 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.
3. 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 Code of Conduct and Corporate Social Responsibility Commitment Statement, pledging to work with FENC towards human rights protection.

FENC has been offering training on human rights and DEI through its digital learning platform. As the amended Gender Equality in Employment Act went into effect, FENC developed its own digital training program targeting the provisions of the Act and supplemented the program with an externally developed training on Prevention and Control Strategies for Workplace Sexual Harassment. These programs aim to keep employees' informed of their rights, strengthen managers' response capabilities and ensure workplace safety and respect for all employees.

To develop a culture that champions DEI at the workplace, FENC sends monthly e-newsletters to all employees with information on the subject. In May and June, 2024, the Company published special issues with in-depth coverage on the practice and impact of the DEI culture to strengthen workplace equality and inclusion. A total of 36,627 employees underwent the human rights outreach and training programs during the reporting year. Additionally, FENC reinforced employees' understanding of labor and human rights as well as discrimination through the training program on Corporate Social Responsibility and Regulations Governing Anti-Corruption and Anti-Fraud.

Operation of Stakeholder Engagement and Grievance Mechanisms

FENC identifies salient human rights issues, conducts risk assessments and makes improvements through proactive stakeholder engagement.

2024 Statistics on Stakeholder Engagement Regarding Human Rights Issues

Stakeholder	Number of Engagement Session	Key Issue
Employees	3,202	FENC collects employee feedback through labor unions, pension committees, welfare associations, labor relations meetings, grievance mechanisms and employee satisfaction surveys. While informing employees of Company rules and their rights, FENC is adamant about maintaining two-way communication by gathering employees' recommendations for improvement to make modify internal management rules accordingly.
Suppliers	16,797	Efforts to require suppliers to comply with the Company rules include promotion campaigns and the signing of Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. FENC also engages suppliers through regular visits and exchanges to gather feedback.
Local Residents	152	FENC maintains rapport with local residents through regular engagement efforts on issues such as noise, waste management, air pollution, water resources management and wastewater discharge.

Diversity and Inclusion

1. Gender Equality

FENC values gender equality. We are keen on creating gender-friendly workplace and system. While the conglomerate spans across industries from the upstream to downstream, the up- and midstream industries rely more on chemical-related expertise where a higher concentration of the 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 22% in the recent decade. Among them, the number of female supervisors grew by 51%. The statistics reflect the Company's acknowledgment 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 2024, the average annual regular salary of the company offered by FENC is 38% higher than the local average. Average regular earnings for female employees, especially, averaged 50% higher than the local numbers, while those for male employees are 33% higher, which demonstrates FENC's contribution to pay equity. For regional data, please refer to 4.1.3 Employee Care.

The 2024 statistics indicated that female employees represented 51% of FENC's workforce, which met the Company's short-term target. The percentage of female managers reached 32% with 19% being senior female executives, while the short-term targets are 35% female managers and 20% senior female executives.

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Statistics on Female Employees

	2021	2022	2023	2024	2025 Target
Female Employees/Total Employees	50%	50%	50%	51%	50%
Female Managers/Total Managers	29%	30%	31%	32%	35%
Female Junior Managers /Total Junior Managers	29%	31%	31%	32%	35%
Female Executive Managers/Total Executive Managers	18%	17%	20%	19%	20%
Female Managers in Profit-seeking Departments/Total Managers in Profit-seeking Departments	27%	29%	29%	31%	32%
Female STEM Employees/Total STEM Employees	30%	22%	22%	27%	30%
Female Non-management Employees/Total Non-management Employees	54%	53%	53%	52%	52%

Note:
1. "Junior managers" refers to managers, deputy managers and section chiefs.
2. "Executive managers" refers to all positions above the assistant vice president.
3. "Non-management employees" refers to rank-and-file employees and operators.
4. "Profit-seeking departments" refers to the business units in Taiwan, excluding the Corporate Management and the operation and business units at overseas FENC sites.
5. "STEM" stands for science, technology, engineering and mathematics. STEM workers are those who apply their knowledge in these fields in their daily duties.

The results of the gender pay gap study for FENC sites across the globe correspond to the diverse industry and cultural characteristics in different regions. In Taiwan, FENC determines employee salaries based on education, experience, and performance, with no gender-based differences for management-level positions. A higher concentration in the textile and garment industries is observed among management-level positions in Vietnam, and the two industries are where female professionals tend to outnumber their male counterparts and earn higher salaries for their well-developed expertise. FENC production sites in mainland China and the U.S. are predominately in the chemical sector, where higher percentages of male technicians and engineers are employed, hence receiving higher remuneration. In Japan, salaries for female managers are slightly higher than those for their male counterparts while equal remuneration is nearly achieved between male and female rank-and-file employees. The differences in the gender composition across FENC's industry chain reflect the industry-specific gender patterns, hence influencing the salary level. However, FENC adheres to equal remuneration and offers salaries based on employees' skill sets. These results reflect the fairness of FENC's performance evaluation mechanism.

Salary Ratio by Gender in 2024

		Taiwan	Mainland China	Vietnam	Japan	U.S.
Section Chief and Above	(Female to Male)	1.01:1	0.83:1	1.05:1	1.01:1	0.83:1
Rank-and-file Employee	(Female to Male)	1.04:1	0.83:1	0.97:1	1.01:1	0.95:1
Factory Worker	(Female to Male)	1.19:1	0.95:1	0.94:1	0.97:1	0.99:1

Note:
1. The ratio is derived by female base salary to male base salary for the same rank of job.
2. Base salary" refers to the remuneration paid to employees in December of each year, including salaries with monthly stipends and performance bonuses.

Gender Pay Indicators

		2023		2024	
		Base Salary	Base Salary + Bonus	Base Salary	Base Salary + Bonus
Managers in Business Operation and Management	(Female to Male)	0.82 :1	0.81:1	0.84 :1	0.84 :1
Middle and Executive Managers	(Female to Male)	0.95 :1	0.96 :1	0.97:1	0.98 :1
Non-management Level	(Female to Male)	0.94 :1	0.94 :1	0.95 :1	0.96 :1

Gender Pay Gap

		2023	2024
Monthly Salary	Median	1%	4%
	Average	6%	5%
Bonus	Median	29%	-5%
	Average	0%	-2%

Note:
1. "Managers in Business Operation and Management" refers to all positions above the assistant vice president.
2. "Middle and Executive Managers" refers to managers, deputy managers and section chiefs.
3. The number of "Non-management Level" is calculated as the sum of employees not included in the two categories above.
4. "Base Salary" refers to the remuneration paid to employees in December of each year, including salaries with monthly stipends and performance bonuses.
5. "Bonus" refers to incentives such as year-end bonuses, employee compensation and profit sharing.
6. The gender pay gap is calculated as the percentage of male median/average salary/bonus higher (+) or lower (-) than the female median/average salary/bonus.

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 provided 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.

The Company has robust deputy and family care leave system and has built a family-friendly workplace that helps employees achieve work-life balance.

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Application of Parental Leave and Returning Statistics in Taiwan

		2021	2022	2023	2024
Entitled to Parental Leave	Male	219	199	257	188
	Female	43	53	47	45
	Total	262	252	304	233
Number Applied	Male	6	8	7	12
	Female	21	24	15	19
	Total	27	32	22	31
Number Should Returned	Male	4	8	8	5
	Female	22	19	16	13
	Total	26	27	24	18
Number Returned	Male	4	8	7	3
	Female	18	18	15	13
	Total	22	26	22	16
Return Rate	Male	100%	100%	88%	60%
	Female	82%	95%	94%	100%
	Total	85%	96%	92%	89%
Returned over One Year	Male	-	1	2	2
	Female	13	16	12	9
	Total	13	17	14	11
Retention Rate	Male	-	25%	25%	29%
	Female	37%	89%	67%	60%
	Total	37%	77%	54%	50%

Note:
1. The number of employees eligible for parental leave is the sum of employees applying for maternity and paternity leave in the past three years. Resignations are excluded.
2. Return Rate = Number Returned ÷ Number Should Return.
3. Retention Rate = Returned over One Year ÷ Number Returned Last Year.

Me to We Gender Equality Program–Care for Unpaid Caregivers

FEAZ has been promoting gender equality among its employees, and now, the plant is helping their families focus on this issue by exploring unpaid family caregiving on Mother's Day. The plant conducted interviews and collected a total of 539 surveys identifying the time employees spent on unpaid caregiving and how such duties were shared among family members. Posters showing statistics and information on the matter from Taiwan and abroad were also distributed for outreach and to raise the awareness in hopes of encouraging an equal share of family responsibilities between male and female employees. The survey indicated that 94% of FEAZ employees found exploring unpaid caregiving to be beneficial for promoting gender equality within their families; over 50% believed that the outreach effort could contribute to changes in the share of unpaid care duties in their households.

HerFinance–Supporting Women's Financial Empowerment

FEAV launched the campaign, HerFinance, to empower female employees with more financial knowledge, such as financial management and decision-making skills. The campaign included six training and outreach programs supporting financial health, independence and stability for women and their families, helping them to ultimately attain work-life balance. Pre-and-post training surveys indicate progress in employees' understanding of and practice in financial management. The entire campaign benefited over 2,100 employees.

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2. Middle-aged and Elderly Employee Care

FENC is approaching middle-aged and elderly employee care in a way that reflects its unique corporate characteristics and practices. With a workforce that averages 45 years of age and 16 years in service, 49% of FENC's employees are considered middle-aged or elderly, referring to employees over 45 years old. Therefore, FENC is creating an inclusive workplace that fosters multi-generational collaboration and where employees with diversity in ages, backgrounds and professional expertise may work and thrive together.

The executive management at FENC has publicly pledged to fight age discrimination, and taken action to keep employees safe from such discrimination during recruitment, employment, training and retention. As early as 1989, employees at FENC had formed a corporate union. The Company has also set up entities such as the Employee Pension Committee and labor-management meetings with rules and regulations to support and protect the rights of middle-aged and elderly employees.

Meanwhile, FENC believes in helping employees strike a balance between work and family life, and offers recreational programs designed for middle-aged and elderly employees, such as calligraphy, fitness and strength training classes. Another focus is health, which is promoted through regular checkups, lectures, government-funded vaccinations, in-house clinics and weight loss programs, as well as stress relief courses available on the Company's digital platform. Through these efforts, FENC is protecting employees' physical and mental well-being.

At FENC, middle-aged and elderly employees are able to maximize their skills, which is accomplished through the Company's consistent efforts to improve efficiency and comfort by refining equipment and processes, and to enhance safety and convenience by incorporating digital technologies and barrier-free facilities. These initiatives represent FENC's support for its employees, and more importantly, the determination to promote workplace diversity and inclusion.

Recognitions for Middle-aged and Elderly Employee Care

FENC was once again recognized by the Taipei City Government in 2024 as an enterprise friendly to the middle-aged and elderly employees for its unwavering commitment. Specifically, the Company was distinguished for its efforts in organizational culture; recruitment and appointment; training; workplace and job redesign; innovative practices. Additionally, FENC made the list of Top 100 DEI Enterprises for the Strong Generation in a 2024 survey conducted by Business Weekly and 104 Job Bank. The Company was also selected as one of the 22 benchmark enterprises and awarded the DEI Employer Award. The acknowledgement is a reflection of FENC's age-friendly culture, which is evident in the support the Company is providing throughout the recruitment process, workplace and physical environment, as well as in the lives of the middle-aged and elderly employees. FENC will continue to cultivate this culture while promoting multi-generational collaboration and inclusion.

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 employees. FENC continued to recruit talent from wide disciplines in 2024 through diverse channels, including job banks, recruitment consultants and dispatch agencies, to facilitate robust succession planning for its operation across the globe. To replenish its sales and administrative force, the Company has tapped into the recruitment mechanism of job banks. To bolster its talent pool at the middle and senior level, the recruitment team relies on the long-term partnerships with more than 20 recruitment consultancies, from which the team received over 100 referrals of management professionals for mid-level positions and above during the reporting year. These channels have given FENC diversified talent recruitment options.

FENC also works closely with dispatch agencies, through which the Company has supplemented its need for professional talent, including senior consultants and experienced production personnel. To achieve corporate sustainability and fulfill social responsibilities, FENC examines employment agencies' compliance with applicable labor regulations prior to contracting the service. The review plays a key role during the evaluation of the collaboration to protect the rights of dispatched personnel.

In 2024, FENC stepped up the talent acquisition efforts in the field of green materials to fuel its product transformation. Its production sites in Vietnam also saw a growing need for manpower to fulfill the increasing orders after being certified by customers. A human resource inventory was conducted across FENC to focus on promoting and training current employees. The effect of this strategy can be observed from the percentage of open positions filled through internal recruitment, which is also reinforced through the job rotation program to empower employees and maximize their potential. However, in an effort to attract more top talent, FENC has increased recruitment spending to concentrate on building a stronger employer brand.

Statistics on New Employee Hires

		2021	2022	2023	2024
Number of New Employee Hires		7,748	8,345	3,086	6,462
The Ratio of New Employee Hires		38%	38%	14%	32%
Number of New Employee Hires By Gender	Male	3,297	3,403	1,725	2,434
	Female	4,451	4,942	1,361	4,028
Number of New Employee Hires By Age	Under 30	4,990	5,439	1,566	3,668
	31~50	2,723	2,872	1,484	2,750
	Over 51	35	34	36	44
Average Recruitment Costs (Unit: NT$/person)		3,866	5,221	14,751	12,116

Note:
1. The Ratio of New Employee Hires: (Number of New Employee Hires ÷ Total Number of Employee) x 100%.
2. Average Recruitment Costs of New Employee Hires: Total Recruitment Costs ÷ Number of New Employee Hires.
3. Total Recruitment cost: The cost of recruiting new employees, including fees paid to human resources recruiting agencies, salaries of human resources employees involved in recruitment, advertising fees, recruitment activity fees, and other related expenses.

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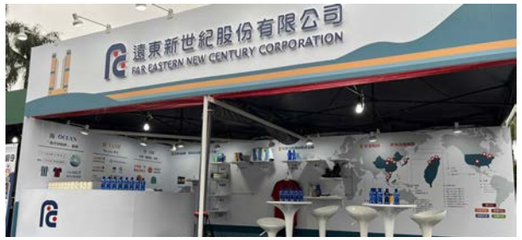
1. Campus Recruitment Program

To increase FENC's visibility among students as an employer brand and build stronger university relations, the recruitment team held eight campus recruitment campaigns in Taiwan during 2024. The campaigns targeted fields of study such as polyester and textile materials; textiles and clothing; chemistry and chemical engineering; business administration and management.



One of the campus recruitment events was the VISION 2024 NTU Campus Recruitment. The campus job fair, which took place at the National Taiwan University, is the largest in Taiwan. FENC built on-site exhibits to showcase its vertically integrated industry chain, innovative technologies and leadership status in the fields of polyester and textiles, which attracted crowds of students gathering for exchange.

To address its demand for talent in the management, R&D, manufacturing and sales departments, FENC held employer information sessions at seven universities in a format that combined a corporate briefing with an alumni sharing program. During the events, FENC gave students an in-depth look into its open positions, corporate systems and company culture, provided career advice and stressed the Company's corporate values and future development strategies to help students build a sense of identification with and trust in FENC.

In addition to campus recruitment campaigns, the FENC Classic Marathon held by Hsinpu Chemical Fiber Plant has become a spotlight when it comes to managing university relations. FENC provides free registration to students from National Tsing Hua University and National Yang Ming Chiao Tung University to share its corporate culture while promoting health awareness. The event has drawn active student participation throughout the years with the 2024 student registration doubling that of 2023.

2. The Talent Pool Program

FENC has been implementing the Talent Pool Program since 2012 with the goal of deepening industry-academia collaboration. The program offers internship and career development opportunities to top students from Yuan Ze University and Asia Eastern University of Science and Technology, which are founded by the Far Eastern Group (FEG). The program offered 22 internship opportunities in 2024, and 17 top-performing students were selected. During the internship, the students gained practical experience and an early start in adapting to the corporate culture, which prepared them for future employment.

3. Internal and External Personality Tests

FENC started assessing employees with the DISC personality test in 2023, and over 3,300 employees in Taiwan have completed the test. In 2024, the Company began supplementing job interviews with the personality test, which was completed by over 500 external candidates. The results were a significant aid for managers to determine the person-job fit. At the end of 2024, FIGP became the first overseas FENC site to implement the DISC personality test. Recognizing the effectiveness, the management implemented the personality test for the entire plant to fine-tune employee performance. The next phase is to expand the implementation across FENC's global production sites. The results of credible personality tests give employees insights into their own personality traits, and managers a clearer perception of their team members' personalities, strengths and weaknesses, which will optimize work planning, team building and the efficiency of internal collaboration.

Best Employer Recognitions From Evaluation Agencies Home and Abroad

FENC has demonstrated the strength of its employer brand amid challenges posed by the shifting demographic structure and talent shortage, and shared its experience in talent attraction and retention as well as building an appealing workplace. Its success in human resources management has earned domestic and international accolades, and in 2024, FENC was honored for the fourth straight year by HR Asia with the Best Companies to Work for in Asia Award. Additionally, HR Asia presented the Diversity, Equity and Inclusion Award, Sustainable Workplace Award and Most Caring Company Award to FENC for its distinguished performance.

The year 2024 also brought FENC the Best Employer Award from 104 Job Bank, making FENC the first recipient of the highest honor presented by this corporation. FENC stood out among over 400 companies for its performance in talent attraction and retention. Additionally, for the fifth consecutive year, FENC was the winner of the Happiness Enterprise Gold Award from 1111 Job Bank, demonstrating excellence in promoting the well-being of its employees.

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Attracting Young Talent and Promoting Employer Brand With Diverse Talent Acquisition Strategies

Career Insights from Employee Interviews

FENC is developing creative talent acquisition strategies to attract more top young talent, inviting current employees to share their journey from a novice to master. Through personal stories, they discussed the training resources, career opportunities and corporate culture at FENC, shedding light on the working environment and corporate philosophy for job seekers. Department heads with recruitment needs were also invited to reveal career insights from a manager's perspective, using relatable terms to explain job details, challenges and development potential to help job seekers assess themselves with more precision in order to determine the compatibility between their career aspirations and corporate needs.

Digitals tools are also deployed to produce recruitment materials. FENC promotes these materials through online platforms, such as its official website and LinkedIn to increase the reach rate among potential young talent and the familiarity with FENC. By leveraging these channels, it is the hope to pull in partners who identify with FENC's corporate culture and vision and build dynamic teams with competitive strengths. Through these strategies, FENC is embodying its talent development philosophy by creating endless possibilities through talent sustainability.

Engagement through External Podcast Programs

In 2024, 333 Pillow Talk, a podcast program produced by LINE Taiwan, extended an invitation to FENC. The target audience of the program is workplace freshmen from Generation Z, and the episodes feature corporate executives or seasoned veterans to share their experience. The HR managers from FENC, LINE and Rhino Shield came together in an episode to discuss the challenges of adapting to a new working environment as a novice to the professional world, and shed light on the similarities and differences among different industries. FENC took the opportunity to highlight the commitment and resources the Company had dedicated to employee care, a characteristic that breaks away from the stereotypes of traditional industries. The podcast provides an opportunity for the audience to understand FENC's corporate culture and business philosophy, with highlights on the Company's efforts to fulfill its corporate responsibility through talent discovery and cultivation and help young job seekers find the perfect career match.

Episode Theme	Surviving the First Three Months as a Workplace Novice! Differences Between Foreign and Taiwanese Companies?
Podcast Outline	• The hushed anxieties of a novice • Myth-busting for a novice through the HR perspective • Survival tactics for a novice in a foreign big tec/Taiwanese industrial corporation

333 Pillow Talk S3 EP04 | Surviving the First Three Months as a Workplace Novice! Differences Between Foreign and Taiwanese Companies? (Chinese)

Content

The Wolf Warrior Program: Molding the Successors of FENC

As competition intensifies in the global market and the wave of digital transformation sweeps across the world, FENC has been aggressively deploying its talent development operation. Working in tandem with DDI, a global leadership development firm, FENC is implementing the Wolf Warrior Program. With senior executives heavily involved, the program has developed systematic and personalized training through science-based assessments to shape the next-generation leaders with acute insight, digital savviness and the ability to encourage team spirit.

The central focus of the Wolf Warrior Program is to identify and cultivate high-potential talent. Candidates are evaluated through the talent assessment tools developed by DDI, which feature six key performance indicators, such as communication, decision-making, collaboration and strategic thinking. Development plans are tailored according to the results. A total of 23 candidates attended the program.

The program focuses on a triad of learning, practice and feedback, adopting a holistic approach to help participants develop professional and leadership skills. Program specifics include:

- **Classroom learning:** Strengthen theoretical foundation and management knowledge.
- **Team action learning:** Solve actual business challenges collectively through inter-departmental collaboration.
- **Project completion report:** Verify learning outcome and ensure field application.

This training model not only sharpens participants' decision-making abilities, but hones their communication, leadership and resource integration skills in actual business scenarios.

As the keystone for FENC's leadership development, the benefit of the Wolf Warrior Program reaches far beyond talent cultivation. It also serves as a driving force for organizational innovation and performance growth. During the program implementation phase, the participants successfully tackled five internal organizational challenges through team action learning, and demonstrated excellence in inter-departmental collaboration and decision-making capabilities.

To maximize the effectiveness of talent training and ensure field implementation, a presentation was held in May 2025 to showcase the outcome of the Wolf Warrior Program. The highest-ranking executives from the Businesses were invited to witness the fruit of labor from program participants and the results of the action projects achieved over the course of six months. The scale of this program will be augmented to cover FENC's overseas locations to add to the Company's competitive advantage in the global market.

Human Resources Overview

When it comes to human resources, FENC has always believed in finding the right person for the right position and giving employees the opportunity to develop their full potential. The Company puts such conviction to practice with a comprehensive organizational structure and human resources system. Permanent employees hold 94% 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 2024 turnover rate among all employees in Taiwan is 13%, which is considerably lower than the 20.9% 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 385, dropping significantly by 30% from the previous year.

FENC sites in Vietnam offers highly competitive salaries at a level 50% higher than the market average. With robust internal and external recruitment strategies as well as a quality workplace, the effectiveness of recruitment and retention is amplified to power its expansion in Vietnam. The number of new employees rose by 4,027 from 2023, a jump by 253%. Among the new hires, 58% are under the age of 30, indicating the Company's effort to bring new blood into the organization.

A relatively low turnover rate, 5%, is observed at the FENC sites in Japan. The Company creates a win-win by providing comprehensive welfare systems to employees, fostering work-life balance and generating cohesiveness to help them refine work performance and efficiency. The 2024 turnover rate at FENC sites in the U.S. is 12%, a slight uptick comparing with past years. FENC is reviewing and adjusting the employee welfare systems to retain employees by providing a workplace featuring attractive working conditions and development opportunities.

FENC has a total of 20,386 employees worldwide, among whom, 65 are with physical or mental disabilities and 1,570 are ethnic minorities. As an advocate of localizing work opportunities across its global locations, its employees comprise mainly local residents. At FENC production and operation sites in Vietnam, approximately 65% of the management personnel are Vietnamese nationals.

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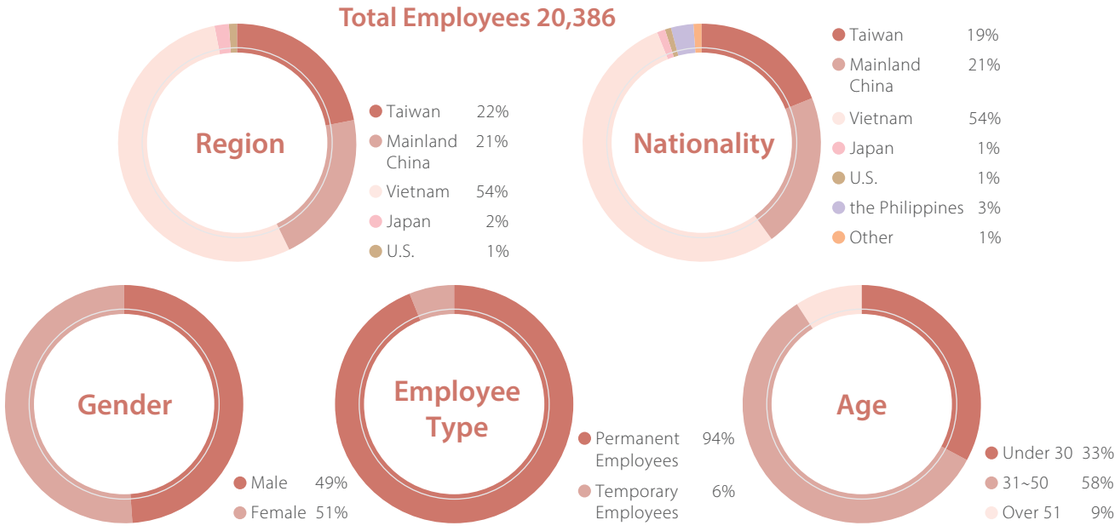
Human Resource Overview in 2024



Note: Other nationalities include Malaysia, Indonesia, and South Korea.

Human Resource Statistics

		2021	2022	2023	2024
Permanent Employees	Male (%)	48%	48%	49%	47%
	Female (%)	52%	52%	51%	53%
	Number	19,622	20,725	18,598	19,248
Temporary Employees	Male (%)	67%	80%	76%	78%
	Female (%)	33%	20%	24%	22%
	Number	2,070	1,224	1,203	1,138
Total	Male (%)	50%	50%	51%	49%
	Female (%)	50%	50%	49%	51%
	Number	21,692	21,949	19,801	20,386

Note:
1. The term, "Permanent Employees" in this report is identical to the terms, "Permanent Employees" and "full-time employee" referenced in the GRI standards.
2. The term, "Temporary Employees" in this report refers to migrant workers in Taiwan; contract or outsourced workers in Mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
3. The headcount is based on the payroll settlement date in December of the current year at all FENC sites.
4. There are no part-time employees or non-guaranteed hours employees at any FENC production sites.

Employee Nationality Composition

Unit: person

	2021	2022	2023	2024
Taiwan	4,511	4,502	4,322	3,995
Mainland China	5,426	4,821	4,668	4,228
Vietnam	10,591	11,401	9,557	10,938
Japan	160	196	276	287
U.S.	184	185	178	172
the Philippines	819	840	794	763
Indonesia	1	1	1	1
Malaysia	0	1	1	1
India	0	1	2	0
Türkiye	0	1	1	0
South Korea	0	0	1	1
Total	21,692	21,949	19,801	20,386

Number and Rate of New Employee Hires

		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%
Under 30	Male	2,134	69%	2,602	60%	877	19%	1,488	36%
	Female	2,856	64%	3,646	45%	689	15%	2,180	27%
	Subtotal	4,990	66%	6,248	26%	1,566	8%	3,668	15%
31~50	Male	1,144	23%	1,337	38%	822	10%	915	18%
	Female	1,579	29%	2,024	38%	662	10%	1,835	17%
	Subtotal	2,723	26%	3,361	19%	1,484	5%	2,750	9%
Over 51	Male	19	1%	22	160%	26	40%	31	81%
	Female	16	4%	12	486%	10	114%	13	237%
	Subtotal	35	2%	34	120%	36	30%	44	60%
Total		7,748	40%	9,643	44%	3,086	14%	6,462	32%

Note:
1. "Number of New Employee Hires" refers to the total number of employees hired by the FENC sites in a specific region. Beginning in 2024, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.
2. The rate is derived by dividing the number of the new employees hires of an age group by the total number of employees of the same age group, gender and region.

Number and Rate of Resignations

		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%
Under 30	Male	1,883	61%	2,244	61%	1,296	45%	1,321	45%
	Female	2,546	57%	2,844	58%	1,419	38%	1,901	49%
	Subtotal	4,429	59%	5,088	59%	2,715	41%	3,222	47%
31~50	Male	1,237	25%	1,374	24%	1,191	21%	1,150	20%
	Female	1,651	31%	2,032	35%	1,323	24%	1,985	33%
	Subtotal	2,888	28%	3,406	29%	2,514	22%	3,135	26%
Over 51	Male	128	9%	139	10%	178	13%	244	19%
	Female	46	11%	53	12%	50	10%	120	27%
	Subtotal	174	10%	192	10%	228	12%	364	21%
Total		7,491	35%	8,686	40%	5,457	28%	6,721	33%

Note:
1. "Resignations" refers to the total number of employees who resigned from FENC sites in a specific region. Beginning in 2024, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.
2. The rate is derived by dividing the number of the resignations of an age group by the total number of employees of the same age group, gender and region.

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Number and Rate of Voluntary and Involuntary Resignations

	2021		2022		2023		2024	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Voluntary	6,930	35%	5,802	26%	4,509	23%	4,147	20%
Involuntary	561	3%	2,884	13%	948	5%	2,574	13%
Total	7,491	38%	8,686	40%	5,457	28%	6,721	33%

Note:
1. The term, voluntary resignation, refers to the termination of employment relationships initiated by employees, such as the request to resign or retire.
2. The term, involuntary resignation, refers to the termination of employment relationships initiated by the employer or in accordance with the law, such as retirement upon the statutory retirement age, retirement with distinctions, dismissal and contract termination.
3. The percentage is calculated by dividing the numbers of voluntary resignation and involuntary resignation by the number of employees in the region.
4. "Resignations" refers to the total number of employees who resigned from FENC sites in a specific region. Beginning in 2022, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.

4.1.3 Employee Care

FENC regards employee health and welfare as its priority. While engaging employees through advanced hardware and equipment, the Company also supports them with a safe and friendly workplace as well as robust remuneration and welfare policies, helping them thrive for the long term.

FENC adheres to the principle of equal remuneration, committing to providing a remuneration system that is fair and reasonable. The salary structure consists of the base salary, performance bonus and year-end bonus supplemented with a comprehensive welfare system. With a performance-based remuneration system, employees' compensation is closely associated with the individual and team performance. Meanwhile, the environmental, social and governance (ESG) aspects and the sustainable development goals have also been incorporated into the performance review indicators to motivate employees to strive for environmental protection, social responsibility and corporate governance while pursuing business growth.

Compensation

An analysis of the salary level across FENC production sites indicates competitiveness in the salaries FENC offers in Taiwan, mainland China, Vietnam and the U.S., while the salary level at FENC sites in Japan remains on par with the market rate. The main factor is the hiring of more first-time job seekers at FIGP–Himeji Plant after its expansion. The remuneration policy at each FENC site is established based on local regulations and market conditions. Regular market salary surveys are conducted with adjustments made to remain competitive and create a working environment that is friendly and appealing.

The employee performance management appraisals 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.

Details regarding the average and median salaries of non-management full-time employees at FENC, as well as the year-over-year changes are available on the ESG Digital Platform of the Taiwan Stock Exchange Corporation's Market Observation Post System.

Salary Comparison to Market Level in 2024

		Taiwan	Mainland China	Vietnam	Japan	U.S.
Average Annual Regular Salary over Market Level		50%	46%	50%	1%	41%
Entry-Level Salary over Minimum Wage	Male	14%	112%	10%	9%	147%
	Female	14%	109%	10%	9%	147%

Note: The data sources for market rates of salaries across FENC's global locations include: the average salary in the manufacturing industry and the minimum wages published by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan in Taiwan; 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 in mainland China; the average wages published by the General Statistics Office of Vietnam and the minimum wages among tier-one cities in Vietnam; the regional minimum salary determined by the Ministry of Health, Labor and Welfare and the Statistical Survey of Actual Status for Salary in the Private Sector by the National Tax Agency in Japan; the United States Census Bureau for the U.S. locations. Data comparison is conducted based on statistics from the current year.

Ratio of Salary and Salary Increase Between the Highest Salary and Median Salary in 2024

	Taiwan	Mainland China	Vietnam	Japan	U.S.
Salary Ratio The Highest Individual Salary : Median Salary of Other Employees	6.88:1	5.25:1	9.57:1	3.44:1	3.60:1
Salary Increase Ratio The Highest Individual Salary : Median Salary of Other Employees	0.68:1	--	1.19:1	--	1.09:1

Note:
1. The disclosed data from production sites in Taiwan, mainland China, Vietnam, Japan, and the U.S. represent the average values from sites where salary adjustments were made during the reporting year.
2. The salary ratio is the ratio of the annual total salary for the organization's highest-paid individual to the median annual total salary for all employees.
3. The annual salary increase ratio is the ratio of the percentage increase in annual total salary for the organization's highest-paid individual to the median percentage increase in annual total salary for all employees (excluding the highest-paid individual).
4. "--" indicates no salary adjustment.

Employee Welfare

FENC has established an Employee Welfare Committee to conduct regular discussions regarding the formulation and planning of employee welfare programs with the committee members providing oversight for fund allocation. Employees may search or apply for welfare programs through the Company system. FENC also makes welfare improvements by collecting employee feedback through regular satisfaction surveys and labor-management meetings to improve employee retention and address the needs of different groups.

Maintaining healthful living with the means of stress relief is beneficial towards helping employees achieve work-life balance and improve work efficiency. FENC also regards employees' physical and mental health as its responsibility. Therefore, the Company has established EAPs to provide mental health assistance through multiple channels. In August 2024, FENC signed an agreement with Far Eastern Memorial Hospital, an affiliate under FEG, as well as additional mental health clinics to provide health services. The Company also provides counseling services through clinics in partnership with county and city governments. The diverse mix of mental health support from health professionals are helping FENC employees deal with mental stress and negative emotions.

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For years, FENC has been offering high-coverage medical insurance for expat employees as well as tuition subsidies and stipends for their children and dependents. In November 2024, the Company launched a fully subsidized pre-departure health checkup program with comprehensive examination for all expat employees to care for their physical and mental well-being. Once they reach their posts, FENC continues to provide comprehensive health support during their time abroad.

In addition, FENC supports the United Nations Convention on the Rights of the Child by helping the children of FENC employees develop their potential and prepare for adulthood. Aside from a range of maternity-friendly benefits, FENC production sites in Taiwan provide child care through contracted services to offer proper care in a safe environment. FENC also awards scholarships to employees' school-age children to promote children's right to education.

Family Sports Day for Students of Special Education Program

FEDZ co-organized a family sports day with Guoxiang School of Special Education in Wuzhong District. FEDZ employees and their children joined the students and their parents, and a total of 108 participants competed in teams during the pitch-pot and frisbee competitions. Engrossed in the games, the children were filled with immense happiness and a sense of achievement. The adults also gave it their all, trying to bring their children pride and joy, making the sports day an event that strengthened the bond between the parent and child, and a fun weekend for the students through the companionship.

4.1.4 Labor Relations

FENC maintains open communication with employees through diverse channels to build cohesiveness and elevate employees' job satisfaction and performance.

Employee Satisfaction Survey

FENC conducts employee satisfaction surveys every two years and entrusts external consultants for assistance to fully assess labor market trends and employee needs. The most recent employee satisfaction survey, which covered FENC's global production and operation sites, was conducted in 2023. The survey aims to gauge the overall employee satisfaction and engagement through indicators such as job satisfaction; employee engagement; managerial supervision; employee net promoter scores; working environment; organizational identification; understanding of goals; sources of motivation; degree of happiness; stress scores. The satisfaction rating among all employees averaged 88.8%, and FENC has formulated improvement plans based on the results to enhance employee well-being and the workplace environment.

The improvement plans are tailored to address the survey results. The Far Eastern Corporate University in Vietnam, for instance, was established as a response to employees' need for managerial leadership and career development in Vietnam. Leveraging the success of the Far Eastern Corporate University in Taiwan and pairing it with the professional resources of the University of Economics Ho Chi Minh City, Vietnamese managers are able to hone their management and cross-cultural communication skills at the Far Eastern Corporate University in Vietnam. They may also take advantage of a major program feature by choosing to study in Taiwan, an opportunity to delve into the international market through cross-cultural learning and peer exchange with their Taiwanese counterparts. The program also has a performance tracking component to ensure that participants put the knowledge and experience they have acquired to practice, which will translate into long-term benefits for the Company. At FENC sites in Japan, the focus is on adjusting the salary structure and optimizing internal communication, which has enhanced labor-management dialogue, promoted online learning and increased employees' identification with and commitment to the Company.

FENC's commitment to employee satisfaction will continue through the enhancement of labor relations based on the survey results to ensure that employees feel heard, hence shaping a more inclusive and attractive working environment.

Exit Interview and Survey

At FENC, employees who are departing undergo exit interviews arranged by the human resources units. While providing offboarding information, the interviews aim to solicit suggestions for improvement in a relaxed atmosphere.The Company launched the online exit survey applicable across its global sites in six different languages. The survey consists of four categories of questions. "Basic Information" constructs profiles of departing employees to predict the types of employees with the likelihood to leave the Company. "Satisfaction Towards Company Policies" provides a holistic probe into employees' experience at work. "Top Three Company Policies" performs differential analysis to identify the sticking points for departing employees. "Analysis of Reasons to Resign" includes 19 choices, and the answers are analyzed as a reference for employee care systems and policies.

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The top three areas of dissatisfaction identified in the survey are “the plant environment,” “the relationship between female employees and the company culture” and “management system.” FENC has established improvement measures such as training for managers, continuous promotion of a female-friendly workplace, career development training for female employees and improvement of plant environment.

To convey the feedback from departing employees more efficiently, FENC developed the Power BI Dashboard, which provides real-time analysis and data visualization. The tool presents the survey results with clarity, allowing the Company to extract insights from departing employees’ comments with speed and accuracy in order to improve the system with precision.

Labor Unions and Collective Bargaining

Statistics of Current FENC's Labor Unions

Production Site	Year of Establishment	Number of Members	Employee Participation Percentage
Hsinpu & Kuanyin Chemical Fiber Plant	1978	1,944	100%
Kuanyin Dyeing and Finishing Plant	1956	139	97%
Neili Texturizing Plant	1977	37	76%
Hukuo Mill	1989	132	91%
OPTC	1997	190	81%
FEIS	2004	1,130	98%
WHEF	2014	104	100%
OTIZ	2007	1,215	99%
FEIW	2007	460	100%
FEDZ	2008	568	100%
FEAZ	2004	737	99%
FEAV	2007	5,108	95%
FENV	2015	3,458	99%
FEPV	2023	2,034	87%
APG Polytech	2018	103	100%
Total		17,359	93%

Note:
1. OGM, FEFC 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.

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 avoids labor disputes. There were no violations against the freedom of association and collective bargaining during the reporting year.

There are 15 labor unions among all FENC sites. 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 93%. Currently, three 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

4.1.5 Performance Review and Incentive Systems

FENC has a robust performance management and incentive system in place, including a holistic ESG performance review framework that links ESG indicators directly with employee remuneration as substantial encouragement to motivate employees.

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.

Compensation for executive levels above assistant vice president is based on corporate performance and the market average. In addition, the compensation is adjusted based on performance appraisal 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.

Performance Management Appraisals for Senior Managers

Performance management appraisals 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.

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Performance Review Components for Senior Managers

Annual Management Performance and Outcome (70%)	· 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 (30%)	· Leverage innovative thinking, advanced technology and excellence in management to reach the industry-leading role while pursuing sustainable management and long-term benefits. · Continue developing new products and investing in new fields and markets. · Develop green products and production and reduce impacts from the value chain on the natural habitat. · Provide high-quality products and perfect its services. · Embrace the challenges posed by globalization with an emphasis on the development and acquisition of international management talent, provide holistic employee care and embody its core philosophy of sincerity, diligence, thrift, prudence and innovation. · Maintain ongoing dialogues with stakeholders, including the labor union, government, investor, supplier and customer while committing to social engagement and non-profit causes.

Manager and Employee Performance Review System

Competency assessments, such as the behavioral assessment conducted annually at FENC, and additional evaluation tools are used as the means to appraise managers' work attitudes and management capabilities, as well as the basis for development programs. The assessment covers seven indicators for leadership potential, including business acumen, risk-taking, perspective-taking, holistic thinking, propensity to lead, learning agility and passion for results, as well as seven indicators for leadership competency, which are communication, collaboration, logical thinking, execution, leadership, digital savviness and agility. The results are referenced for talent development, such as training, capacity building, job rotation and promotion.

FENC has a clear set of rules and regulations governing the performance review process to help employees excel in capabilities and performance. The review policy has also been established based on corporate and personal performance with transparency assured. ESG performance, which ranges from energy conservation, promotion of green business, R&D of green products, implementation of corporate governance and optimization of human resources, has been incorporated into the performance review. FENC provides a performance-driven bonus system to incentivize top-performing employees and senior executives. The performance review system covers 100% of permanent employees and does not include part-time employees and employees under one year of employment. The 2024 performance review reached a 100% completion rate among permanent employees.

At least once a year, FENC conducts the employee performance review, which encompasses managerial feedback, peer feedback and self-assessment. During performance interviews, employees are informed of career development opportunities and the outcome of the year-end performance review, which is taken into consideration for promotion and salary adjustments with an approximate range between 0% to 5% of the employee salary. Upon reviewing employee performance and competency, managers make the determination for salary adjustments, bonuses, promotion or termination of employment accordingly.

Performance Management Appraisals 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 management appraisals 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 discuss personalized training needed to foster employee development, including on-the-job-training, job rotation and overseas assignment.

Performance Management Appraisals for Migrant Workers

Performance management appraisals 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.

Bonus for Team-based Performance Appraisal

To ensure the effectiveness of its sustainable strategies, FENC conducts monthly team-based performance appraisal regarding material ESG topics. Based on the result, production bonuses as much as 20% of the monthly salary are awarded. The management level may earn performance bonuses for advancing the management systems, while for the rank-and-file employees, the bonuses are performance-based. The incentives are designed to encourage ESG practices among all units, including occupational safety, energy and carbon reduction, environmental protection, recycling and production optimization, which advance FENC's sustainable commitment.

Linkage Between Remuneration and Material ESG Topic

	Senior Executive	Management Level	Rank-and-file Employee
Business Performance and Strategy	●		
Management Performance	●	●	
Energy and Resource Management	●	●	●
Environmental Management	●	●	●
Green Product Revenue	●	●	●
Occupational Safety and Health	●	●	●
Wastewater Recycling Bonus			●
Accident-free Bonus			●

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Employee Compensation / Profit Sharing

The Company provides long-term incentives for employees below the senior management level. According to the FENC Articles of Incorporation, 2% to 3.5% of profits from the current year should be distributed as employees' compensation. During a profiting year, all employees without demerits are entitled to this long-term incentive provided through a year-long mechanism.

Employee Stock Ownership Plan (ESOP)

At FENC sites in Taiwan, employees with technical expertise as well as mid-level managers and above may participate in the employee stock ownership plan (ESOP), which purchases Company shares systematically with a 30% contribution from the Company. A trustee manages the shares and calculates the trust property equity. Upon the 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. In 2024, the number of employees enrolled in ESOP accounted for 95% of those who were qualified, indicating a high interest in participation.

Far Eastern Corporate Spirit Award and Far Eastern Energy Award

Each year, FEG hosts the Far Eastern Corporate Spirit Award and Far Eastern Energy Award to encourage its subsidiaries and affiliates to submit projects, contributions or actions that demonstrate excellence and bring positive influence and motivation to the peers within the group. Exemplary employees are presented with medals and bonuses as acknowledgement.

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 Notes 17. Retirement Benefit Plans in Financial Report and Notes 23. Retirement Benefit Plans in Consolidated Financial Report for annual funds appropriated for the retirement pension.

FENC has a re-employment system in place for retired employees as a mechanism to pass down industry know-how, expertise and experience. The system is also a means to show FENC's profound respect for employees and shape the corporate culture. The Company rehired a total of 44 retirees in 2024. In addition to stabilizing business growth, the approach allows the aging workforce to continue their contribution while developing a higher sense of belonging and loyalty among current employees.

Pension System and Coverage

4.2 Fostering Employee Career Planning

Talent development at FENC is guided by an employee-centric philosophy with immense efforts devoted to cultivating top talent and a self-learning culture. FENC has created a digital learning ecosystem that is all-encompassing by integrating a broad range of learning resources. Aligning closely with the trajectory of strategic development, FENC provides support for all Businesses to hone management and professional skills among employees, incubate international talent and develop leadership teams and succession plans to ensure talent sustainability. The entire FENC staff underwent a total of 601,269 hours of training in 2024.

Average Number of Training Hours and Days

Unit: hour/person, day/person

	2021	2022	2023	2024
Average Hours	19.95	26.61	25.46	29.49
Average Days	2.49	3.33	3.18	3.69

Note: Since 2024, non-permanent employees have been included in the scope of data collection.

Average Number of Training Hours of Ranking and Gender

Unit: hour/person

		2021	2022	2023	2024
Section Chief and Above	Male	28.03	32.13	36.13	50.83
	Female	20.32	25.38	29.73	28.39
	Total	25.87	30.08	34.17	43.76
Rank-and-file Employees	Male	26.81	33.21	47.39	48.01
	Female	14.87	21.79	28.02	27.86
	Total	22.34	28.77	39.83	40.29
Factory Workers	Male	21.47	26.27	21.35	27.19
	Female	15.54	24.30	12.13	20.66
	Total	17.67	25.05	15.69	23.11
Total Employees	Male	24.67	29.72	34.14	38.55
	Female	15.59	23.77	17.16	22.73
	Total	19.95	26.61	25.46	30.29

Note: Since 2024, non-permanent employees (excluding migrant works) have been included in the scope of data collection.

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Training Program Tailored for Career Development

New FENC employees embark on a fruitful journey through systematic learning on day one. The Company assigns mentors for each department to integrate new employees into the workplace and offers diverse learning resources from which they may choose. Regular orientation camps and mandatory general training are offered to bring the new hires insights into the corporate culture and expand their networks, building a strong foundation for their future development.

Employees undergo professional training customized to suit their positions with a regulatory emphasis on occupational safety and health as well as human rights. The aim is to create a safe and healthy workplace while ensuring compliance. As employees grow in experience and advance to the management level, the managerial training kicks in to facilitate a smooth transition to their new roles, helping them master key management skills and preparing them for organizational development.

While this comprehensive talent development system equips the succession team with preparedness, it also arms FENC with powerful competitive advantages in order to take on future challenges.

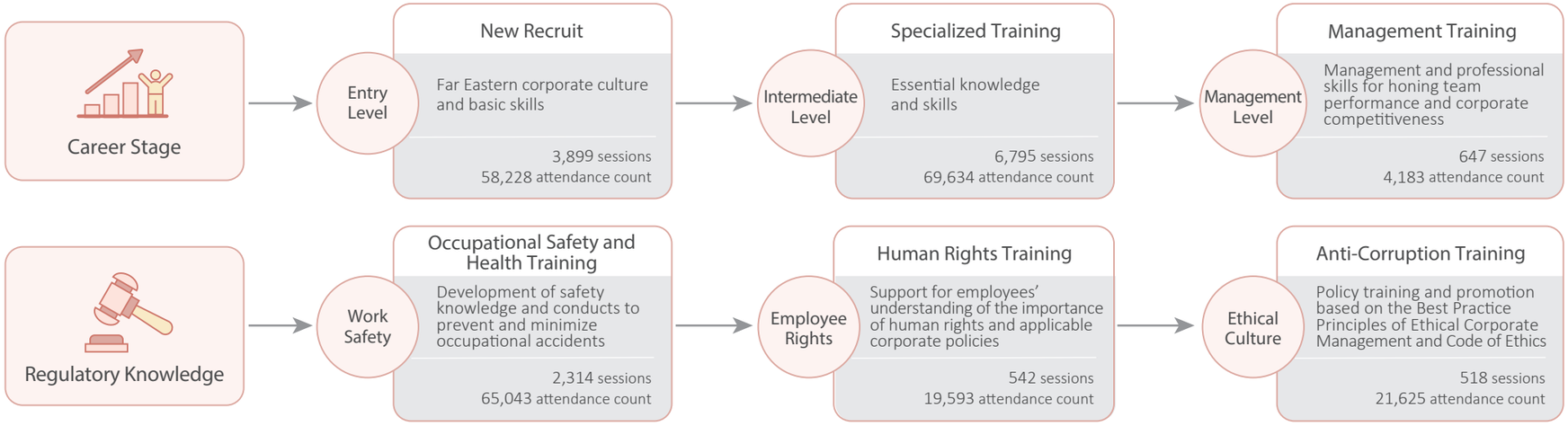
Succession Planning

In an era where changes in the global market and geopolitical landscape have become a certainty, and where challenges from an aging population and multi-generational workforce are mounting, the urgency of ensuring seamless succession for key positions and developing leadership talent with a global perspective is more present than ever.

To tackle these challenges, FENC launched a talent assessment program in 2023. Using science-based tools, the program identifies high-potential talent with precision and establishes phased development plans tailored to organizational needs. Meanwhile, FENC is implementing leadership development programs to enhance the professional and management capabilities of key talent through systematic approaches, putting in place a robust succession team to lead FENC and achieve talent sustainability.

Talent Assessment	Training and Development	Succession Team
Conduct a talent inventory for each Business to identify key talent with leadership capabilities.	Select key talent from the succession team to undergo leadership development.	Establish a robust international succession team.

2024 Training and Attendance



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

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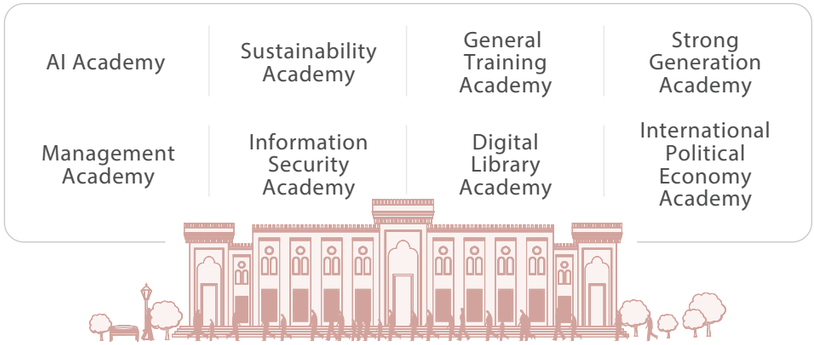
Optimizing Digital Learning Programs and Experience

FENC established an academy-style learning system on its digital learning platform in 2024, providing a wide array of courses for employees to select from based on their personal development needs. The Company also issues a monthly e-learning report featuring selected learning resources that are integrated to enhance employees' propensity for and participation in independent learning. Currently, digital learning accounts for 47% of the overall training programs, and the number of participants has jumped by 33%, demonstrating the effectiveness and significance of digital learning.

To enhance the efficiency of digital learning across its global locations, FENC has upgraded the entire platform to support mobile and PC applications as well as interfaces in Chinese, English and Vietnamese, providing a digital learning environment that offers flexibility and convenience.

In the meantime, FENC is taking action towards environmental sustainability with the continuing implementation of paperless handouts, electronic sign-in and online satisfaction survey during the in-class training. FENC is also aggressively promoting hybrid learning, designing multiple learning modules that combine online and offline resources to give employees the scheduling flexibility and help them strike a balance between learning and working as they get ready to tackle the challenges presented by a changing business environment.

Academy-style Learning System



1. AI Academy: AI-powered Smart Transformation and Talent Evolution

The rise of generative AI (Gen-AI) is sweeping the modern workplace with trends of immediate feedback and flexible collaboration. To reshape organizational operation and personal workflow while enhancing employees' ability to apply AI and digital thinking, FENC has been devoting significant efforts to develop digital talent training programs since 2023, focusing on the application of digital tools and staying in sync with technological trends.

Through systematic learning maps and phased plans, FENC is taking steady steps towards cultivating employees' AI literacy and application capabilities. With the establishment of the AI Academy, FENC is honing employees' digital savviness while steering digital transformation at the corporate level to create a more efficient and intelligent future.

AI Academy | Curriculum Mapping — Building an Intelligent Enterprise With Accelerated AI Application

Introductory	Intermediate	Field application
Fundamental knowledge, concepts and tools	In-depth training with multiple tools	

Introductory — Fundamental knowledge, concepts and tools

- Fundamental concepts
  - Fundamentals of AI
  - Fundamentals of digital transformation
- Data analysis and visualization
  - Power BI
  - Tableau
  - Spotfire
- Programming languages
  - Python
  - RPA tools

Intermediate — In-depth training with multiple tools

- Gen-AI
  - ChatGPT
  - Copilot / M365
  - Canva AI
  - Notion AI
- Strengthening data collection, analysis and processing
  - Cloud Computing and IoT
- Machine / deep learning
  - AR / VR
  - Robotics

Field application

- Business and management units
  - Corporate-level AI platform (Far Eastern GPT and the Magic Library)
- Production units
  - Applications of AI and smart manufacturing (intelligent equipment and processes)
  - AI Innovation Competition

2024 implementation, continued in 2025 ● Scheduled for 2025 implementation

Empower technical tools with strong data foundations

Acquire the fundamentals of data management and abilities to apply analysis tools and programming languages to empower AI applications with the power of data.

322 sessions / 1,354 attendance count

Upgrade computing capabilities with enhanced AI technologies

Introduce Gen-AI tools, computing and machine learning technologies to cultivate advanced data mining capabilities and leverage AI tools as a powerful force for efficiency optimization.

131 sessions / 2,181 attendance count

Construct smart AI factories with inter-disciplinary applications

Implement AI applications across multiple business areas, verify learning results, and promote the construction of smart AI factories to fully implement the technology.

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Kirkpatrick Model of Learning Evaluation-AI Academy

Reaction Level 1
- 3,535 in training attendance
- 87.5% attendance rate
- 4.75 satisfaction rating

Learning Level 2
- Data and digital tool courses: 285 participants completed the assignments and review of learning effectiveness

Behavior Level 3
- Over ten seed members of the RPA program in Taiwan created over ten AI solutions
- A total of 83 seed members in Vietnam implemented the digital projects
- A total of 11 AI applications have been applied for the human resources system
- Approximately 70 Power BI visual dashboards are in operation
- The Textile Business produced 17 automated processes

Results Level 4
- The Gen-AI technology has been upgraded

A Data-driven Future: From Digital Transformation to AI Empowerment, Creating Intelligent Competitiveness

Digital transformation is steering the course of development at FENC. In 2018, the Company adopted the data visualization tool, Power BI Dashboard, as an assistance for all units to improve the efficiency of cross-border business management and the precision for monitoring order status from brand customers. The Company has been offering software training with programs targeting specific topics, and as of today, more than 50 sessions have been offered. FENC sites in Taiwan has fully embraced the software and created over 70 dashboards. The training programs are being replicated at FENC sites in Shanghai, mainland China and Vietnam in the form of seed programs and workshops to implement joint dashboard management that is cross-regional and in real time.

Smart AI applications were the focal point of the 2024 training programs, accounting for 24% of the courses offered during the year as FENC stepped up AI-related training. Among the tools covered during the training were M365 Copilot and ChatGPT, which empowered FENC employees with AI proficiency. The growth rate of the attendance in AI training reached 38% in 2024. FENC intends to develop additional training on AI tools and applications to give employees the ability to master the technology and leverage Gen-AI as a competitive advantage that will thrust FENC into a more efficient and intelligent future.

2. Sustainability Academy: Action and Commitment to ESG-driven Sustainable Growth

ESG has become a significant indicator of corporate sustainability for fostering a robust and resilient operation. For all members of FENC, the knowledge in ESG is essential.

Sustainability Academy | Curriculum Mapping — Fulfilling Corporate Sustainability With Low-carbon Manufacturing and Workplace Inclusion

Participant	Course Level	E Environmental	S Social	G Governance
Managers	Advanced (strategic development)	・Green industry and transformation ・Energy transition strategies ・Risk control mechanism		・ESG and sustainable financial investment ・Carbon market / carbon pricing / carbon sink and additional subjects 37 sessions / 373 attendance count
Skill-specific Employees	Intermediate (Including subjects such as sustainability trends and data disclosure)	・GHG management ・Carbon footprint management ・Low-carbon product development ・Energy efficiency and renewable energy 87 sessions / 8,072 attendance count	・Sustainable supply chain 2 sessions / 91 attendance count	・Risk identification / analysis ・Practices in sustainability disclosure ・Practices in the Task Force on Climate-related Financial Disclosures 16 sessions / 1,877 attendance count
All Employees	Introductory (fundamentals of sustainability or commonly understood subjects)	・Environmental protection and climate change ・Circular Economy and Waste Management 291 sessions / 7,962 attendance count	・Labor rights (human rights / workplace bullying / gender equality) 67 sessions / 13,887 attendance count	・Principles of ethical management ・Information security management ・Risk awareness ・Sustainable development regulations and policies in Taiwan 73 sessions / 10,127 attendance count

(1) Environmental: Reaching a net-zero future through carbon-reduction knowledge and sustainability actions

To reach the specific carbon reduction targets, FENC has set the training in motion to equip employees at all levels with required knowledge in sustainability. With the continuation of the course series targeting net-zero carbon emissions, employees are encouraged to acquire the proficiency and skills, and become certified in international standards such as the Science Based Targets initiative (SBTi), ISO 14064, ISO 14001 and Higg FEM 4.0 to bolster environmental management capabilities.

With in-class and digital courses running concurrently, the training is conducted in tandem with external agencies. FENC is committed to empowering employees with the knowledge of environmental management, keeping them informed of the latest trends in decarbonization. The Company also focuses heavily on training employees to become certified auditors to internalize sustainable practices into its DNA.

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(2) Social: Promoting cultural adaptation and gender equality through workplace diversity and inclusion

FENC is where employees with diverse backgrounds in culture, ethnicity, age and gender converge, hence its resolve to create a workplace that fosters inclusion and respect. In addition to holding regular peer exchange and social events to enhance cultural adaptability, FENC also offers Chinese and Vietnamese language training at FENC sites in Vietnam to facilitate more effective cross-cultural communication and quickly integrate employees with diverse backgrounds into the workplace to help them harness their full capabilities.

The amended Gender Equality in Employment Act has taken effect. In the ongoing course series on workplace violence, FENC produced a 15-minute digital course on the Gender Equality Act for 2024 to raise the awareness to FENC's zero tolerance policy towards sexual harassment and gender discrimination, calling for unified efforts to promote respect and equality at the workplace.

Additionally, FENC continues to offer the digital course, Corporate Managers' Guide to Protecting Gender Equality. The training concentrates on the key regulatory amendments to improve employees' knowledge of gender equality and workplace safety, keeping the corporate culture at FENC aligned with international standards. In the future, FENC will continue shaping a workplace that values diversity, equality and inclusion, creating an environment where all employees enjoy the freedom and respect to maximize their potential.

(3) Governance: Building robust governance through regulatory compliance and information security

FENC takes aggressive steps towards risk management training and offers the program, General Corporate Regulations, to enhance employees' knowledge of regulatory compliance.

Among the courses offered, Ethical Corporate Management and Anti-Corruption has helped employees comprehend the rationale behind Company policies and established risk awareness to ensure regulatory compliance. The completion rate for this course reached 100% in 2024.

AI has evolved at an explosive pace, and with it comes increasing cybersecurity risks for the corporate community. FENC designed a series of customized information security programs for the 2024 training to provide professional training, heighten information security awareness and improve response capabilities for three target groups, including managers at all levels; rank-and-file employees; the AI joint defense teams. A total of 1,074 participants took advantage of the training.

While reinforcing the strength of corporate governance, the systematic training programs have boosted the power of risk control at FENC, keeping the Company on a steady course forward in the digital age, ready to embrace the challenges to come.

The Kirkpatrick Model of Learning Evaluation-Sustainability Academy

Reaction Level 1
- 42,389 in training attendance
- 96% attendance rate
- 4.5 satisfaction rating

Learning Level 2
- One employee became certified net-zero carbon emission planning administrator (associate level)
- Two employees obtained the ISO 14067 certification
- Internal training scores averaged 94.3
- 153 language training members formed study groups

Behavior Level 3
- A presentation was held to showcase the performance of EAPs
- The quality of management and audits of ISO standards at FENC production sites have been improved
- The carbon reduction campaign with the participation of the entire staff at Corporate Management reduced twice as much carbon emissions as the intended target

Results Level 4
- The carbon reduction targets submitted by FENC's Polyester Business and its subsidiary, OTIZ, received SBTi approval
- FENC has been fully transitioned to the ISO/IEC 27001:2022 certification

Elevating Risk Management and Defense by Bolstering Information Security Awareness

To build information security awareness among all employees, minimize information security incidents and reduce organizational risks, FENC designed a comprehensive information security training series in 2024 with courses targeting senior executives, all employees and the IT joint defense teams. On June 19, 2024, FENC completed the transition to the ISO/IEC 27001:2022 certification, marking progressive steps towards safeguarding information security.

Managers Special Lectures

Based on ISO 22301 business continuity management, the lectures are designed give managers an understanding of risk response strategies, steps and approaches.

Total attendees : 130

All Employees Introductory Courses

The introductory courses aim to cultivate basic security awareness among all employees with a focus on social engineering prevention and security management.

Total attendees : 894

IT Joint Defense Teams Professional Courses

Three courses are included in the professional training to enhance the overall response capabilities regarding information security and incubate the gatekeepers of information security.

Total attendees : 50

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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 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 who are not employees (the contractors of the Company)) and stakeholders.

Occupational Health and Safety Policy

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 2023, 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 2024, the occupational safety and health management system has been implemented at all FENC sites.

1. A total of 19 sites, representing 100% of the scope of this report, have implemented the system, covering 100% of the workers (employees and contractors). Internal audits cover 100% of FENC production sites. Among them, 17 have obtained ISO 45001 certification and undergone external audits, which cover 90% of FENC workers, including employees and contractors.

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.

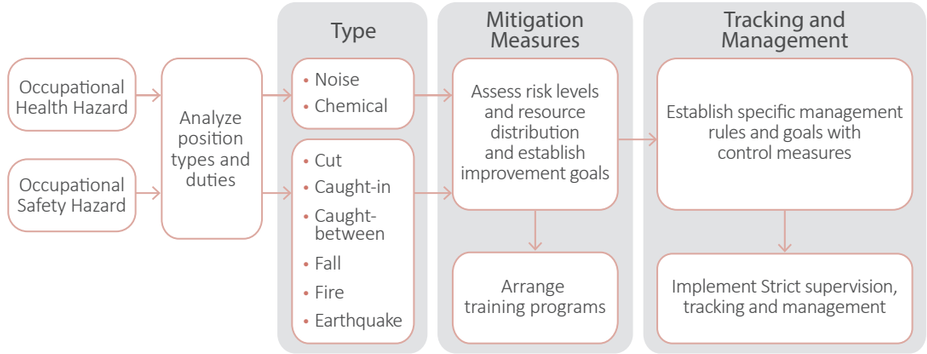
2. Risk identification shall be conducted to determine the risk level of operations associated with raw materials, products, activities and services which may potentially harm the operator, including workers (employees and contractors), or cause damages to equipment.

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 2024.

5. All production sites arrange risk control training for employees. In 2024, 127 sessions were held with 3,029 employees completing 7,354 training hours.

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 in accordance with the seat ratio stipulated by regulations. The Committee convenes quarterly to determine the formulation, coordination and supervision of safety and health related issues at each plant to ensure full implementation. Contractors engagement and communication please refer to Boosting Stakeholder Dialogue and 4.4.1 Supplier Management.

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The Occupational Safety and Health Committee

Operational Sites	Number of Committee Members	Percentage of Worker Operational Sites Representatives
Headquarters	11	36%
Hsinpu Chemical Fiber Plant	29	34%
Kuanyin Chemical Fiber Plant	20	35%
Kuanyin Dyeing and Finishing Plant	37	46%
Hukou Mill	8	38%
OPTC	18	33%
OGM	19	53%
FEFC	13	38%
FEIS	32	75%
WHFE	20	40%
OTIZ	48	67%
FEIW	27	67%
FEDZ	63	60%
FEAZ	72	50%
FEAV	50	10%
FENV	27	15%
FEPV	158	59%
FIGP	45	67%
APG Polytech	10	50%

Note: All FENC production and operation sites are in compliance with the local regulations.

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. A clear reporting and grievance mechanism for employees encountering health or safety issues is established to ensure their right to refuse unsafe work and protect them from being punished for the refusal.
6. Schedule regular health checkups for workers.
7. Comply with regulations from International Labor Organizations.
8. Clearly establish safety and health goals and ways to achieve such goals.

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 253,100 and 14,586 in 2024, respectively.

2024 Employee Safety and Health Personnel Training Statistics

	Number of Classes				Number of Trainees				Training Hours			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
On-The-Job Training on Safety and Health	993	1,311	2,528	2,592	19,967	34,421	50,674	42,387	84,031	165,251	173,781	174,539
Health Management Training	252	272	376	486	12,435	11,961	13,341	16,042	13,844	15,046	14,914	19,437
Hazardous Chemical Training	89	140	176	191	2,154	3,295	4,431	4,277	8,810	19,925	18,669	22,041
Protection Personnel Training	15	20	26	20	213	213	281	139	330	412	569	243
Emergency Response and Personal Protective Equipment Training	464	337	615	652	6,138	10,860	14,654	14,113	15,296	20,052	33,229	27,434
Internal Safety and Health Auditor Training	44	31	129	59	238	444	2,858	778	1,113	3,252	7,046	3,762
Risk Control Training	82	54	55	72	1,717	2,046	2,705	2,140	5,217	3,782	6,387	5,644
Total	1,939	2,165	3,905	4,072	42,862	63,240	88,944	79,876	128,641	227,720	254,595	253,100

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2024 Contractor Safety and Health Personnel Training Statistics

	Number of Classes			Number of Trainees			Training Hours		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
On-The-Job Training on Safety and Health	725	1,287	973	7,201	9,766	6,204	36,996	22,010	9,340
Health Management Training	181	625	283	2,159	2,827	1,921	1,982	2,570	1,149
Hazardous Chemical Training	178	529	193	644	1,444	1,426	321	1,187	654
Protection Personnel Training	0	3	0	0	113	0	0	113	0
Emergency Response and Personal Protective Equipment Training	222	547	152	874	3,451	1,512	1,067	14,113	1,216
Internal Safety and Health Auditor Training	1	2	5	24	83	74	24	524	520
Risk Control Training	41	39	55	505	858	889	899	1,600	1,710
Total	1,348	3,032	1,661	11,407	18,542	12,026	41,289	42,117	14,589

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, w manufacturer, importer or supplier must provide the hazardous label and Safety Data Sheets (SDS). The same information is required when changes are made to existing data.
2. When the chemicals arrive at the plant, on-site staff or the end-user must conduct examination based on the label, SDS and applicable regulations prior to acceptance.
3. Post identification for hazardous chemical and prepare safety data sheet (SDS).
4. The Company utilizes Chemical Control Branding (CCB) to evaluate the likelihood of exposure (usage and the degree of spread) and takes corresponding or control measures to mitigate risks. When changes occur to the types of chemicals as well as operational or production procedure, exposure assessment must be conducted again within 3 months before or after the changes occur.
5. Waste liquids and containers for chemicals are disposed of and treated by qualified waste disposal companies in accordance with the regulatory requirements.
6. To track and ensure the health of employees responsible for chemical operation, special health checkups are provided and their work environment is monitored every six months.

Chemical Spill and Food Safety Training at FEAV

FEAV offers chemical spill and food safety training each year. The focus of the chemical spill training is to provide coaching and case studies for employees, familiarizing them with emergency response procedures and key considerations when confronting different scenarios. While for food safety training, external lecturers are invited to share their expertise on food safety and health with the canteen committee, canteen management team, first responders and applicable personnel to prevent food poisoning incidents. A total of 161 employees completed the training in 2024.

Chemical spill drill

Food safety training

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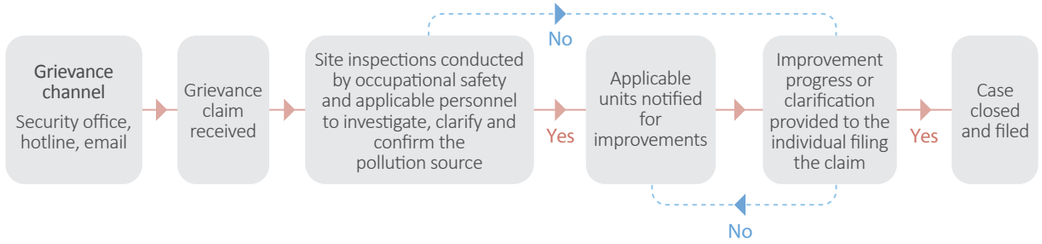
Grievance/Reporting/Acceptance Mechanism Related to Hazardous Chemicals



Safety and Health Enhancement Campaign – Worker Engagement

1. The Priority Tasks Implemented by the SHEF Task Force for FENC Production Sites in Mainland China in 2024 are as Follows:

- A total of 24 training sessions, amounting to 1,948 hours, were offered to address the needs of all units. A total of 770 people took part in the training, which covered a wide range of topics. The major focuses are safety risk identification and assessment; job safety analysis; chemical safety; safety observation; accident investigation; high-pressure pipeline safety; safety management for supervisors; fire emergency response and rescue.
- FENC production sites in mainland China recorded 12 cases of occupational injuries in 2024, capping the number within the target that had been set for the year, which is no more than 13 cases. The number represents a 25% drop from 2023. In addition, FENC was able to keep the total recordable injury frequency below 0.2 for the first time, showing progress in the overall safety performance, which shall continue.
- The SHEF Task Force assisted FEDZ and FEIW in the implementation of jurisdictional management in 2024, and on January 1, 2025, the task force started providing such assistance to FEAZ. Currently, jurisdictional management has been implemented at all FENC production sites in mainland China.
- Incident reporting has been implemented and encouraged, including the reporting of near-misses and minor injuries, to develop a culture with proper workplace incident management. The task force facilitated the sharing of past occupational injury incidents from FENC production sites as a precautionary reminder to prevent future occurrences.
- The SHEF Task Force collected and shared 56 newly enacted government regulations concerning safety and health.
- Outreach and assistance for establishing intelligent systems: FEAZ established an incident reporting system and online training system; FEDZ created an equipment and facility accounting system; FEIW built an incident reporting system.
- The SHEF Task Force led the peer exchange campaign among FENC production sites in mainland China. Specific activities include sending senior electrical specialists to identify hidden dangers at each plant; helping FEIW with the construction safety audit targeting the airbag project to maintain steady progress.
- Four issues of the SHEF quarterly magazine were published in 2024. The content, which was gathered from all FENC production sites in mainland China, featured special coverage on electrical safety, special equipment, emergency response and occupational health. The magazine also shared articles with valuable insights from external sources.

2. Performance Review for the Occupational Safety and Health Management System at FEFC

To encourage business entities to implement self-management over occupational safety and health, the Ministry of Labor has commissioned accredited agencies and local labor inspection offices to conduct review over occupational safety and health management systems. FEFC took the initiative and proposed a performance review over its safety and health management system, which has been approved by the Ministry of Labor with a validity period between June 29, 2024 and June 28, 2027.

Strengthening Emergency Response with Safety Drills

To activate emergency response at the earliest possible moment and minimize injuries, fatalities and production losses, FENC conducts hazard identification and risk assessment for its production sites by factoring in geographical environment, hazardous chemicals used, distribution of natural disasters and disasters that are fire-inducing. The results then dictate the control measures as well as emergency response procedures, training and drills targeting various disaster scenarios and probabilities to be established for each production site.

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.

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High-rise Rescue and Emergency Solar Power Shutoff Drills at Hsinpu Chemical Fiber Plant

Hsinpu Chemical Fiber Plant conducted emergency drills targeting compound disaster scenarios at its automated warehousing facility in the second half of 2024 with the goal of elevating its emergency response capability. In addition to the existing self-defense firefighting team and regional joint defense disaster relief drills, the 2024 exercise also included the high-rise rescue and emergency solar power shutoff drills to ensure readiness and immediate response during disasters. These 2024 drills include:

Simulation of an emergency high-rise rescue using a ladder truck

- **Joint exercise between the self-defense firefighting team and the regional joint defense unit**
  With a large-scale disaster as the scenario, the self-defense firefighting team and the regional joint defense unit must enhance collaboration and coordination in order to facilitate proper emergency response and keep the damage under control.

- **Emergency evacuating and sheltering**
  As the disaster strikes, employees must quickly evacuate to the designated shelter. The drill ensures the safety of all employee as they await the rescue in a secure area.

Emergency solar power shutoff drill

- **Emergency solar power shutoff**
  With rooftop solar panels installed for the warehouse, the power must be shut off during a disaster. The drill simulates the emergency power shutoff to keep the electricity system from interfering with the rescue operation.

- **Fire unit transition**
  The drill simulates the transition process between the external and self-defense firefighting teams to quickly equip the external firefighting unit with a full understanding of the on-site condition as well as the degree of damage in order to respond properly, keep the fire under control and prevent harm.

- **High-rise rescue using a ladder truck**
  In a high-rise rescue scenario, the external firefighting unit must perform the rescue operation at the warehouse using a ladder truck.

The 2024 drills targeted compound disaster scenarios, including the fire, solar power shutoff and high-rise rescue. The exercise has improved employees' ability to respond to disasters in a prompt and orderly fashion while enhancing safety precautions and disaster prevention.

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:

Establish investigation team immediately to identify the root cause of the accident → Formulate improvement strategies based on the root cause → Implement improvement measures → Review on the progress of improvement measures

All improvements must be completed within 2 months. Facility improvements that require construction contracts shall be completed within 3 to 6 months. Based on the statistics, a total of 27 cases of occupational injuries among employees occurred at FENC production sites in 2024, which is down significantly by 39% from 2023. Among the occupational injuries are 10 cases of "caught-in/between"and 10 cases of others(slips) which account for the highest percentage, and the major cause is a lack of hazard awareness among workers. In response, FENC has completed the investigation over the occupational incidents at its production sites and the improvement measures as listed have been implemented.

1. Construction Control (Hardware Improvement)

- The protective guards, such as mesh guards and guardrails, for rotating and moving components must be thoroughly examined to ensure compliance with safety regulations.
- Photoelectric sensors or interlocking devices are installed in danger zones to automatically stop the machine operation when workers approach within a close distance.

2. Operating Procedures and Management Measures

- Lockout and tagout: Prior to any repair, adjustment or cleaning operation, the power source of the equipment must be shut off and locked to keep the equipment from being switched on accidentally.
- Risk assessment and zoned management: Danger zones are labeled with demarcations such as the red warning tape with access restricted to authorized personnel only. For highly hazardous operations, the two-person rule is implemented.

3. Automation and Technology Upgrade

- Smart visual recognition is incorporated to monitor equipment and automatically send warnings or messages when irregularities occur.
- Manual labor is replaced by robotic arms for high-risk operations, such as material feeding or handling.

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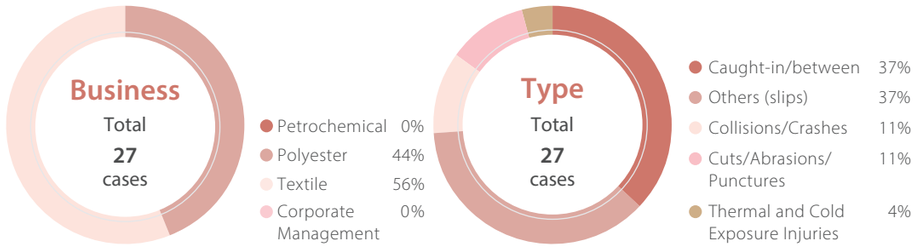
4. Personnel Training and Behavior-based Management

- Strengthening safety education: Safety training for machine operation is conducted on a regular basis, including emergency drills and case analysis. New employees must pass operational assessments before they can proceed independently.
- Standardizing PPE: Loose-fitting clothing and items such as long necklaces are prohibited. Work clothing with a proper fit and non-slip shoes are provided, and cut-resistant gloves are prepared under certain circumstances provided that the gloves do not pose the risk of being caught in/betwen the machine.

On February 6, 2025, a gas explosion occurred at Hsinpu Chemical Fiber Plant, causing the unfortunate death of two employees, and 19 employees were hospitalized. As of May 14, 2025, one employee remained in the hospital for treatment, and 18 had returned home. After the accident, FENC provided full support for the family of the deceased employees, including assistance with the funeral arrangement, generous pensions and the care needed for the children. The injured employees also received comprehensive care and treatment. The Company provided post-traumatic mental support and care programs for those who have been impacted by the accident.

FENC recruited the assistance of experts from Taiwan and abroad to investigate the the root cause. A thorough review was conducted and comprehensive improvement plans were developed to address any potential risks that could cause similar accidents. It is FENC's dire responsibility to ensure safety and health management, and a deep sorrow was felt across FENC after the tragedy. The Company is determined to address the root cause and make all improvements that will enhance the safety management system. Employees are closely monitored to ensure compliance, and to keep such a tragic event from ever happening again.

Statistics on Occupational Injury in 2024



Statistics on Occupational Injury

		2021	2022	2023	2024
Occupational Injury Cases	Male	69	60	32	17
	Female	30	17	12	10
	Total	99	77	44	27
Injury Rate (IR)	Male	0.25	0.23	0.15	0.07
	Female	0.11	0.07	0.05	0.04
	Total	0.37	0.30	0.20	0.12
Lost Time Injury Frequency Rate (LTIFR)	Male	1.27	1.15	0.73	0.37
	Female	0.55	0.33	0.27	0.22
	Total	1.83	1.48	1.01	0.59
Absentee Rate % (AR%)	Male	0.25	0.15	0.35	0.17
	Female	0.18	0.26	0.30	0.26
	Total	0.43	0.41	0.65	0.43
Lost Day Rate (LDR)	Male	2.73	3.12	1.78	1.56
	Female	1.31	1.28	1.61	1.03
	Total	4.04	4.39	3.39	2.59
Number of Work-Related Fatalities	Male	0	0	0	0
	Female	0	0	0	0
	Total	0	0	0	0
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	0.00
	Female	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00

Note:
1. Statistics cover 100% production sites in this report, including permanent employees and temporary employees. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
2. Total work hours of employees are 45,457,432 hours in 2024.
3. There were no high-consequence work-related injuries (defined as an inability or difficulty to restore to preinjury health condition within 6 months) in 2021, 2022 and 2024. However, there were 2 severe occupational injuries related to being caught-in/between and dust combustion in 2023. These incidents correspond to a 0.01% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2024.
5. Beginning in 2024, disclosures from the Corporate Management have been included in the report, with retrospective adjustments made to data dating back to 2021.
6. Please refer to 7.1 Environmental and Employee Data for the calculation formula and definition.

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The 2024 statistics on occupational injuries at FENC production sites have been analyzed and compared by industry with the 2023 occupational disabling injury frequency rate and disabling injury severity rate compiled by the Occupational Safety and Health Administration in Taiwan. Both rates from FENC's Petrochemical, Polyester and Textile Businesses are lower than those from the industry peers.

Comparison Between FENC and Nationwide Statistics on Occupational Injuries

	Petrochemical Industry		Polyester Industry		Textile Industry	
	FR	SR	FR	SR	FR	SR
Statistics from Taiwan OSHA	1.16	137	1.31	23	1.77	52
Statistics from FENC	0	0	1.00	18	0.48	12

Note:
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 2023 statistics for the petrochemical, chemical material manufacturing and textile industries from Occupational Safety and Health Administration, Ministry of Labor.

27 Years of Accident-Free Working Hours at FEFC

Since its inception in April 1997, FEFC has maintained a 27-year record of zero lost days due to disabling occupational injuries. As of December 2024, the plant had accumulated 10.91 million hours without disabling occupational injuries. The plant has also been participating in the zero-accident campaign held by the Industrial Safety and Health Association since 2006 with 7,694,239 accident-free working hours registered and verified.

A total of five occupational incidents involving contractors at FENC's production and operation sites occurred in 2024, representing a significant drop by 45% from 2023. Among them, four were fall-related incidents at FIGP. To prevent future occurrences, FIGP proposed the following preventive measures:

1. Clean the work environment at production areas regularly to prevent hazards caused by wet conditions and dust accumulation on the ground.
2. Strictly prohibit running within the plant premise and stress this rule among contractor employees.
3. Strengthen the training for contractor employees and include the fall incidents as case studies.

Contractor's Occupational Injury at Production Sites

		2021	2022	2023	2024
Occupational Injury Cases	Male	5	8	9	3
	Female	0	1	0	2
	Total	5	9	9	5
Injury Rate (IR)	Male	0.26	0.45	0.49	0.19
	Female	0.00	0.06	0.00	0.12
	Total	0.26	0.50	0.49	0.31
Lost Time Injury Frequency Rate (LTIFR)	Male	1.30	2.23	2.46	0.93
	Female	0.00	0.28	0.00	0.62
	Total	1.30	2.50	2.46	1.55
Number of Work-Related Fatalities	Male	0	0	0	0
	Female	0	0	0	0
	Total	0	0	0	0
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	0.00
	Female	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00

Note:
1. Statistics cover 100% production sites in this report.
2. Total work hours of contractors are 3,229,312 hours in 2024, including contractors of engineering and labor services.
3. There were no high-consequence work-related injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months) in 2021, 2022 and 2024. However, there was 1 severe occupational injury related to being caught-in/between in 2023. This incident corresponds to a 0.05% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2024.
5. Please refer to 7.1 Environmental and Employee Data for the calculation formula and definition.

Content

Promoting Occupational Safety and Health with Stakeholders

1. Non-Profit Safety and Health Promotion-Kuansin E Family

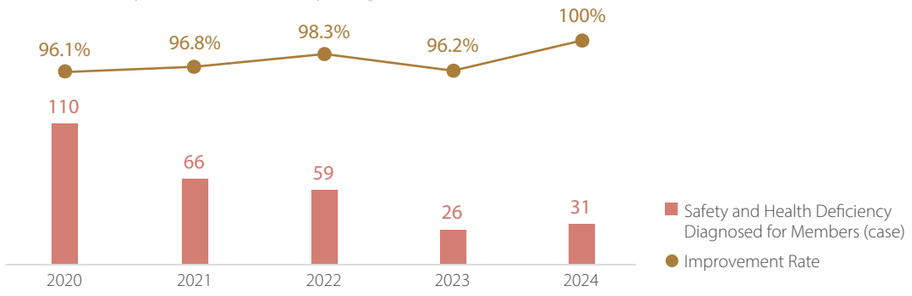
In 2017, Kuanyin Chemical Fiber Plant joined the Labor Safety and Health Family Registry, a coaching program launched by the Office of Labor Inspection of Taoyuan City Government. It was then the plant established Kuansin E Family and served as the core leader of the program. To scale the program operation and demonstrate its commitment to safety and health management, Kuanyin Chemical Fiber Plant established another safety and health family, "Wei Nin Ping An," in 2023 as a core leader in the Labor Safety and Health Registry, providing coaching and mentorship for smaller plants to develop workplace safety and health awareness and culture.

Since its founding, Kuansin E Family has been assisting the government with the implementation of occupational safety and health management. Its efforts in 2024 include the following:

- Kuansin E Family held pre-construction meetings, occupational safety and health outreach and briefings regarding labor inspection guidelines. A total of four training sessions were also offered to discuss contractor management, hazard prevention during hazardous operations and case studies on occupational incidents. The sessions drew 106 participants, including plant supervisors, safety and health management personnel, junior staff and members within Kuansin E Family.
- Kuansin E Family demonstrated support for the Office of Labor Inspection of Taoyuan City Government by participating in and co-organizing external occupational safety and health programs. The Office of Labor Inspection launched the Occupational Safety and Health Week in November 2024 and arranged games and competitions for the participants. Kuanyin Chemical Fiber Plant was also invited to set up a charity booth. During the event, the plant guided the participants to perform CPR and operate the automated external defibrillator, helping them learn the proper emergency procedures and understand their importance.

- Kuansin E Family provided strong member support, helping them diagnose occupational safety and health issues and proposing improvement measures. The 31 measures recommended in 2024 have all been completed, representing a 100% improvement rate. Compared with 2023, though the number of recommended improvement measures rose slightly, most employees showed support for these measures, a sign that the implementation of Labor Safety and Health Family Registry has raised the members' awareness of occupational safety and health. The registry encourages self-management and self-evaluation, which is helping members maintain occupational safety and health while building a safety culture.

Performance of Safety and Health Family Program



- During the Labor Safety and Health Family Registry Competition held by Taoyuan City Government in 2024, Kuanyin Chemical Fiber Plant was recognized with the Award of Excellence for the remarkable records it had demonstrated since the plant started promoting the registry in 2017.

Award of Excellence–Kuansin E Family by FENC Kuanyin Chemical Fiber Plant (Chinese)

4.3.3 Healthy Workplace – Employee Health and Care

Employees are FENC's most valuable asset. The Company commits resources to help employees maintain and improve physical, mental and workplace health to achieve work-life balance. Health programs at FENC focus on health management, health care and health promotion with the aspiration to maintain a work environment that offers greater safety, comfort and warmth.

Employee Health Management and Promotion

1. Regular Health Check

- Health management systems
  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.

- Regular health checkups that are more comprehensive than those required by law
  FENC provides health check stipends to expat employees annually and to senior executives once every two years. For general employees, the Company arranges for healthcare providers to offer on-site health checkups for each unit every two years.

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Employees receiving abnormal test results would be contacted by the healthcare provider for follow-up health tracking. In 2024, 92% of the employees receiving severely abnormal test results returned for the follow-up appointments. A total of 250 senior executives completed the health checkup and received approximately NT$5 million in total stipends.

All caterers at FENC production sites in Taiwan must abide by the health examination regulations for dining services and schedule annual health examinations for the catering staff. The results are provided to FENC for documentation.

FENC production sites in mainland China provide regular health checkups for employees upon completing one year of employment, and a comprehensive health profile is established for each employee. Medical doctors are invited to the production sites to explain employees' health conditions during the one-on-one consultation. FENC production sites in Vietnam provides annual health checkups for employees, and female employees who wish to also receive gynecological checkups.

FEIW established an occupational health record management system in February 2024. The system allows the plant to quickly query the occupational health records of all employees, including the date, result and report of their health checkups.

2. Health Management for Special Hazardous Operation

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

Health Check and Tiered Health Management for Special Hazardous Operation

Health Check Items	Number of People Being Assessed		Tier 1 Management		Tier 2 Management		Tier 3 Management		Tier 4 Management	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Noise	506	122	253	74	206	42	22	5	25	1
High Temperature	141	0	69	0	71	0	1	0	0	0
Dust	248	4	207	4	41	0	0	0	0	0
Ionizing Radiation	20	2	14	1	6	1	0	0	0	0
Organic Solvents and Specialty Chemicals	38	16	29	11	9	5	0	0	0	0

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 Care

FENC operation sites in Taiwan employ occupational health professionals in accordance with the regulatory requirement and have full-time nurses on staff to provide healthcare services to all employees. In addition to providing health promotion activities, health checkups and anomaly management, FENC is also committed to implementing the four major labor health programs to enhance employee health. The Company provides on-site health services through partnerships with its affiliate, Far Eastern Memorial Hospital (FEMH), or contracted occupational medical specialists. Safeguarding employee health is FENC's responsibility. Therefore, the Company provides a comprehensive range of health services and outreach programs to care for all aspects of employee health.

At OTIZ, resident physicians and nurses provide on-site primary care and consultation for employees at the infirmary during working hours. An occupational health profile is established for each employee to ensure holistic care.

FEIS set up an infirmary in 2024 with health professionals on site every Tuesday and Thursday afternoon to offer services such as consultation and blood pressure tests. The plant also has a good relationship with the nearby community hospital. Once every two months, a general practitioner visits FEIS and provides medical services.

APG Polytech has a full-time nurse on staff to treat injuries and other health issues. The service is available to any employee who seeks medical advice or assistance.

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4. Four Major Health Programs and Health Protection for Middle-Aged and Elderly Employees

FENC has developed worker-centric health services in line with the governmental labor care policies and structural shifts in the global labor market. While reinforcing the prevention of occupational injuries and diseases, the Company also implements various health promotion campaigns to improve employees' self-management and health awareness, offering comprehensive mental health support and urging employees to take proactive steps towards improving mental health. FENC encourages employees to form exercise groups and provides lunch boxes that offer balanced nutrition to help employees maintain health.

As the world embraces an aging workforce, it is vital to ensure occupational safety and health among the middle aged and elderly workers. At FENC, employees from this age cohort undergo tailored health risk assessments. Based on the results, occupational health professionals implement health management programs with regular work ability assessments and provide recommendations such as changing work locations and duties as well as reducing working hours or workload. FENC also offers measures that promote work-life balance through health promotion activities.

FENC production sites in mainland China attach great importance to maternal protection. To care for female employees, those who are nursing may enjoy a one-hour breastfeeding break each day. FEIS and FEDZ provide lactation rooms for female employees who are pregnant or breastfeeding, giving them a private space to rest in comfort and safety while enhancing the sense of workplace happiness.

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.

Workplace Violence Prevention and Response Seminar

Statistics on Hazard Identification and Risk Assessment With Action Plan

Category	Number of Individuals Undergoing Hazard Identification and Risk Assessment		Without Hazards		With Potential Hazards		With Hazards	
	Male	Female	Male	Female	Male	Female	Male	Female
Maternity Protection	-	51	-	51	-	0	-	0
	Action plan: Pregnant employees or those returning to work one year after giving birth receive a preliminary assessment form for workplace hazards during and after pregnancy and an employee health self-assessment form. The aim is to evaluate how maternal health is impacted at work. In 2024, a total of 51 female employees participated in the maternity protection program, where healthcare professionals assessed and confirmed associated risks and hazards, and provided health education and information.							
Workplace Violence	2,426	829	2,405	827	21	2	0	0
	Action plan: FENC has announced the Declaration on the Prevention of Workplace Violence to all employees, and the prevention of workplace violence has been included as part of the employee training. FENC minimizes workplace violence at or outside the work environment by designating safety areas, assigning adequate staff and providing assistance such as stress relief guide and counseling services. In addition, labor and management representatives have established a Workplace Violence Grievance Investigation Team to investigate incidents of workplace violence.							
Overwork	2,501	900	2,364	868	132	32	5	0
	Action plan: In 2024, a total of 5 male employees were identified as being high-risk; 164 were identified as having low to medium risks, 132 of whom were male and 32 were female. The high-risk employees met with the physicians on site for follow-up interviews and received health guidance, while the low-to-medium-risk employees received emails containing personalized health information, consultation and recommendation with follow-up tracking. FENC also launched the Employee Assistance Programs (EAPs) during the reporting year to provide diversified channels for mental health counseling, including government resources, contracted clinics and FEMH, the FENC affiliate, which offers discounts to FENC employees.							
Musculoskeletal Disorders Caused by Repetitive Movements	2,595	915	2,528	898	49	17	18	0
	Action plan: The self-assessment form for musculoskeletal disorders was distributed among employees, and a total of 18 male employees were found to be under the influence of ergonomic hazards in 2024. FENC assessed their work activities, confirmed the risk factors through assessment tools, determined appropriate improvement measures and arranged for follow-ups and tracking. A total of 66 employees were identified as potentially being influenced by ergonomic hazards, 49 of whom were male and 17 were female. Those who required medical attention were referred to occupational physicians for medical treatment and consultation. FENC also provided health guidance and inspected the workplace to clarify and evaluate the connection between their illnesses and job duties. After their health conditions were assessed by the physician, the employees received individual consultation, recommendation and follow-up care to track their improvement.							

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5. Health Programs

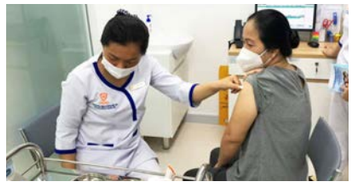
- Dual Benefits in Employee Health and Carbon Reduction

  The Corporate Management at FENC launched an energy and carbon reduction campaign in June 2024, leading the entire staff to practice low-carbon living and reduce food waste. During the campaign, 285 employees accumulated 173,635 kilometers and burnt 9.55 million calories through walking and running, the equivalent of averting 20,000 $kgCO_2e$ in carbon emissions. The campaign also included a collaborative initiative with the canteen, where employees may donate meal boxes they had paid for to other employees through an application. As of the end of 2024, the program had kept 996 meal boxes from going to waste. Through this campaign, the Corporate Management delivered a carbon reduction performance that was twice as much as the set target.

  To encourage employees to live a healthy lifestyle, OTIZ held a City Walk campaign on November 9, 2024, inviting employees and their families to explore the city along a 9-kilometer journey on foot. While the participants enjoyed nature in leisure, they also enjoyed the health benefits through walking. A total of 67 participants burned 33,165 calories and contributed 69 $kgCO_2e$ in carbon reduction.

- Healthcare for Employees and Their Families

  FEPV organized a special health care project to protect employee health, where representatives from each department participated in a seed teacher program. The program covered topics on nutrition; danger signs during pregnancy; safe contraception; personal hygiene; menstrual hygiene; AIDS; prevention of breast cancer, cervical cancer, liver cancer and lung cancer; sexual harassment prevention; presentation skills; personal finance management; financial planning; prevention of occupational diseases. A total of 50 employees have completed the seed teacher training, ready to spread the knowledge to 11,149 employees, helping them acquire and apply the health information and skills. The project was implemented between May 2023 and the end of September 2024, benefiting not just the employees, but also their family members.



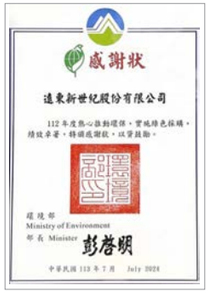
  FEAV held a vaccination campaign between November 2024 and June 2025, offering vaccines to employees and their families to safeguard their health. By collaborating with the vaccine center in Vietnam, FEAV administered flu vaccines for an estimated 4,000 employees and their family members.

- Health Programs for Female Employees

  To celebrate International Women's Day, OTIZ kicked off a women's health campaign from March 5 to 8, 2024, which featured lectures on general legal knowledge and health topics for female employees. The campaign helped reinforce the awareness and protection of legal rights among the female employees at OTIZ. External experts were invited to the two health lectures to share their knowledge on breast cancer and cervical cancer screening as well as the prevention and treatment of common gynecological diseases. The experts also discussed the causes and preventive measures, helping them acquire additional knowledge on self-care. A total of 110 female employees took part in the campaign.

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. The 2024 green procurement increased significantly by 111% compared with 2023, which is mainly attributed to the increase in the procurement of products with the Green Mark certification. As of the end of 2024, the cumulative green procurement made by the FEG Purchasing Center has exceeded NT$19.6 billion. For its efforts, FENC has been recognized by the Ministry of Environment as the exemplary unit for green procurement for six years. Its performance also won the title, exemplary unit for green procurement among private enterprises and organizations, from the Department of Environmental Protection of Taipei City Government.

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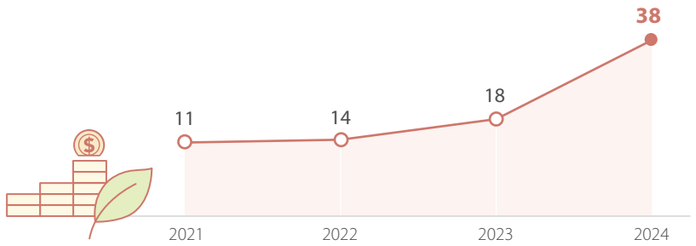
Green Procurement by FEG Purchasing Center

Unit: NT$100 million



4.4.1 Supplier Management

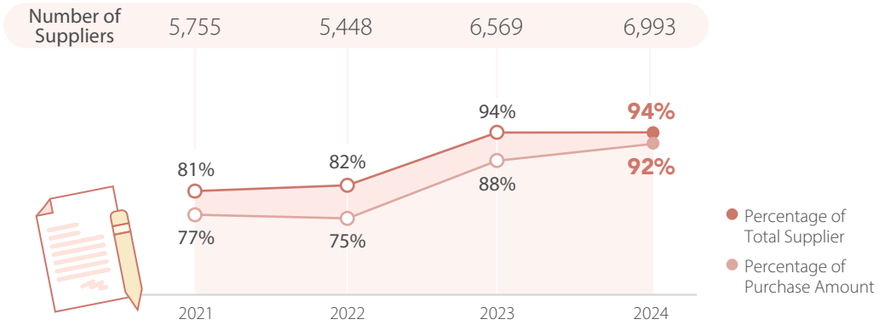
Management Policy

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 Code of Conduct and Corporate Social Responsibility Commitment Statement

To collaborate with suppliers on our mission to accomplish sustainability development goals, FENC refers "Responsible Business Alliance Code of Conduct" to establish "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" and requests suppliers signing.

The Number and Purchase Amount Percentage of Suppliers Signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement"



Note:
1. The percentage of suppliers signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" = the number of suppliers signing "Code of Conduct and Corporate Social Responsibility Commitment Statement" ÷ total number of suppliers x 100%.
2. The total number of suppliers varies from year to year.
3. In 2024, the number of suppliers signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" of OPTC is 99%.

Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement

2. ESG-Based Supplier Selection and Evaluation

- Selection process

Procurement units conduct written or on-site evaluations of new suppliers, covering environmental and social aspects, and classify them based on selection criteria. Additional criteria are established for different types of procurement projects, and all applicable clauses are stated in the contract to ensure compliance. There are 1,265 new suppliers in 2024, and 1,171 (93%) of which have been evaluated.

In June 2024, FENC started requiring that significant suppliers(note) complete the supplier ESG survey to evaluate their ESG performance. The results are analyzed as the basis for formulating the supplier ESG improvement plan. Since the implementation began, 100% of the significant suppliers have completed the survey.

In 2025, FENC established the plan to integrate information security management with procurement processes to evaluate information security among its ICT suppliers. The suppliers are categorized and classified based on the result as a reference for procurement decisions and to reduce information security risks. Meanwhile, the Company continues to strengthen supply chain information security management to address growing cybersecurity threats.

Note: "Significant supplier" refers to the supplier of FENC's main raw materials and suppliers reaching NT$1 million in a single transaction with the main procurement unit within the reporting year.

- Regular evaluation

At the beginning of each year, major suppliers from the previous year are evaluated, and the results serve as a reference for awarding procurement contracts for the current year. Suppliers that do not qualify are placed on a watchlist and provided with improvement recommendations, and those that are unable to improve are removed from the list of candidates. To help suppliers with unsatisfactory evaluation improve, FEAV provides product samples or opportunities for plant visits and observation.

The following table presents a summary of supplier assessments conducted by the procurement units at FENC's global production and operation sites in 2024. The evaluations covered environmental, social, and governance (ESG) aspects. If any significant negative impacts were identified during the assessments, the Company would either assist the supplier in making improvements or terminate the contract, depending on the severity of the issue. No suppliers were identified as having negative impacts in 2024.

Supplier Assessment Aspects and Number of Suppliers in 2024

	Assessment Aspect		
	Environmental	Social	Governance
Total Number of Selected Suppliers	6,993	6,993	6,993
Number of Suppliers That Have or May Have Negative Impact	0	0	0
Number of Suppliers That Have Made Improvement	0	0	0
Number of Supplier That We HaveStopped Working With	0	0	0

Note: The environmental category includes GHG emissions; energy and resource efficiency; water resources management; air pollutant emission management; waste management; hazardous substance management; biodiversity management. The social category includes human rights; no forced labor; child labor; working hours; wages and benefits; freedom of assembly/association and collective bargaining; diversity and equality; maternal protection; privacy protection; employment stability; training; health and safety management. The governance category includes ethical management and anti-corruption; risk management; information security management; grievance channels; regulatory compliance; conflicts of interest; product management.

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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. APG Polytech is located in the state of West Virginia in the U.S. The inland position makes the railway its main mode of transportation. Therefore, APG Polytech gives priority status to suppliers within close proximity, which cuts delivery time as well as carbon emissions.

Percentage of Procurement from Local Suppliers in 2024

	Percentage of Procurement from Local Suppliers				Percentage of Procurement from Local Suppliers After Deducting Main Raw Material			
	2021	2022	2023	2024	2021	2022	2023	2024
Taiwan	44%	44%	45%	43%	47%	63%	72%	68%
Mainland China	60%	64%	61%	82%	75%	85%	89%	81%
Vietnam	18%	19%	13%	13%	44%	67%	70%	70%
Japan	96%	98%	85%	92%	96%	98%	85%	92%
U.S.	74%	86%	92%	99%	63%	58%	71%	96%
Total	49%	53%	53%	57%	60%	75%	80%	79%

Note:
1. Local supplier is defined as a domestic supplier. In Taiwan, mainland China and Vietnam, local suppliers are unable to provide certain main raw materials.
2. Percentage of purchase from local suppliers = purchase amount from local suppliers ÷ total purchase amount x 100%.
3. Main raw materials included in the statistics are PX, PTA, MEG, Bio-MEG and cotton, including recycled cotton. Starting from 2023, the main raw materials don't include cotton (including recycled cotton).

Procurement and Management of Main Raw Materials

Main raw materials purchased by FENC are PX, PTA, MEG and Bio-MEG. 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 main raw materials, FENC has set standards that are above the industry norm. We adhere to internal procurement management procedure and regulations, choosing main raw materials suppliers that comply with government regulations and ESG guidelines. Company audits are conducted by third-party audit firms. PX, PTA and MEG: Compliance with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and Halal Certification are required.

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.

Main 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.

Risk and Response on Main Raw Material Procurement

Stockout Risk	Solicit diversified suppliers	The Company selects reputable suppliers of a certain scale with a mix of different manufacturing methods to incorporate diversity in the selection process and achieve the goal of stable supply.
	Cultivate quality and strategic partnerships	FENC maintains long-term and mutually benefitting partnerships with domestic and international suppliers and exchanges market information regularly.
Quality Risk	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.
Climate Change Risk	GHG reduction	Suppliers must identify and manage climate-related risks. They are encouraged to set GHG reduction targets at the company level and seek cost-effective ways to achieve the targets.
	Enhance resource efficiency	Aiming to reduce overstocking and waste of resources, ongoing review of procurement plans is conducted.
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.

Procurement of Main Raw Materials (Usage)

Unit: 1,000 metric tons

Main Raw Material	2021	2022	2023	2024
PX	1,574	1,369	1,192	913
PTA	1,838	1,773	1,389	1,756
MEG and Bio-MEG	783	687	671	758

Note:
1. PTA procurement includes external procuremnet and internal transfer.
2. Starting from 2023, the main raw materials don't include cotton (including recycled cotton).

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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. Grievance channel and procedure please refer to Contact and Grievance Channel ↖.
2. The Company monitors the suppliers and contractors monthly and conducts dialogue meetings. The FEG Purchasing Center visited 532 suppliers in 2024.
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.

Expressing Love at OPTC Blood Drive

OPTC invited 45 employees and contractors to participate in a blood drive, saving lives and sharing love with those in need. OPTC contacted the blood center and organized the blood drive on site. The plant also offered NT$200 gift certificates and a chance to win a NT$1,000 gift certificate for those who donated a bag (250 cc) of blood as incentives and encouragement. With support from the employees and contractors, OPTC donated a total of 70 bags of blood during the blood drive.

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 Contractors

Prior to commencing any shipping activities, FENC makes careful selection of reputable transport suppliers with clean records that identify with the commitments in Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. The Company also conducts annual reviews to evaluate contractor 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 contractor are conducted on a regular basis.

Control Mechanism and Action Plan for Marine Transport Contractors

Control Mechanism	Action Plan
Selection	1. All transport suppliers shall comply with local and international regulations. 2. 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. 3. 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	1. 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. 2. 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. 3. 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.
2024 Performance	All marine transport contractors have satisfied the above selection criteria in 2024. There were no transport disputes or occupational safety issues. Nor were there any incidents that pose negative environmental and social impact.

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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 contractor selection. The Company compiles case studies and conducts regular training for the transporters and dispatchers on the contractor's end to improve their risk awareness and response, creating win-win in occupational safety between FENC and the contractors.

Control Mechanism and Action Plan for Land Transport Contractors

Control Mechanism	Action Plan
Selection	1. Transport suppliers must ensure that all vehicles comply with local emission standards. Suppliers with current Company contracts must phase out dated vehicles. 2. Based on the goods transported, transport suppliers must obtain required permits and licenses in accordance with governmental regulations and the weight limit. 3. Contractors are evaluated on existing environmental measures, the level of incorporation of environmental technologies and waste reduction plans. Priority status is given to contractors with low environmental risks.
Management	1. The audit team led by executive managers visits major transport contractors to conduct annual on-site audits and reviews. 2. Random safety inspection: Areas inspected include the gas consumption by transport vehicles; investment progress on environmental protection facilities; empty containers screening criteria; dispatching equipment facilities; container storage environment; pollution treatment; staff compliance with occupational safety standards; plant regulations. Improvement plans should be proposed for deficiencies. 3. Monthly discussions are held with contractors to examine delivery planning, new occupational safety regulations and deficiencies during the transport process. Meetings are held when appropriate. 4. 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 controlover vehicle equipment; driver behaviors; GPS speedometer reading; personal equipment; loading and unloading operations; prevention of driver fatigue. 5. Training: FENC requires regular health checkups for the employees of transport suppliers. The Company also provides annual safety training with safety awareness campaigns and audits from time to time. 6. Incentivization: Transport suppliers incentivize drivers who conserve fuels and FENC incentivizes transport suppliers with early green vehicle adoption by allocating additional shipment. 7. Freight consolidation: Light-weight products for different customers are consolidated into one delivery vehicle to reduce the number of vehicles and trips. 8. Increase in transportation capacity: The warehouse capacity is expanded with additional loading and unloading points as well as separated loading zones to improve efficiency. 9. Smart route planning: Delivery routes are optimized for vehicles to pick up recycled packaging materials on the return trip and avoid truck deadheading.
2024 Performance	1. Key discussions at the 2024 review meeting for transport, environment, safety and health at each production site: • When poor container conditions may pose potential safety hazards, the drivers shall report such conditions immediately and take the container to the maintenance shop for repair. • Transport suppliers shall maintain and inspect all vehicles, containers and tanks on a regular basis as required by FENC to ensure zero occupational disasters. • Operators shall be notified of precautions during loading and unloading within the plant and the severe penalties for contraband. Requests have been made for the transport suppliers to enhance training. 2. FIGP established a new logistics team in 2024 to conduct weekly discussions on issues related to transport management. 3. All land transport suppliers met the above screening criteria in 2024, and the results of all inspections are in compliance.

To ensure contractors' commitment to safety, all transport contractors 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. There were no traffic accidents in 2024.

Risk Indicator and Control Mechanism for Land Transport Contractors

Item	Risk Indicator	Control Mechanism
Qualification and Behavioral Review	1. Vehicle operators exhibit behaviors that violate traffic safety regulations and traffic signals, such as speeding, drunk driving, running red light and not maintaining safe trailing distance. 2. Vehicle operators work overtime and experience driver fatigue. 3. Professional vehicle operators must provide required license for vehicles operated, and permit for transporting hazardous materials to carry out such operations.	1. Pre-work training and trial runs are provided for suppliers. 2. Working hours are subject to local labor regulations.
Transport Equipment	1. The selection of comprehensive transport equipment. 2. The use of chemical tankers for chemical materials. 3. The use of environmentally friendly vehicles to reduce CO_2 emissions. 4. Regular maintenance and exhaust check at the inspection station.	1. Inspections are conducted before, during and after the transport. 2. On-site route planning and inspection are conducted in advance to ensure the safety and efficiency of land transport. Vehicles are required to follow the planned routes to reduce the distance traveled, fuel consumption and carbon emissions. 3. The GPS system is installed to monitor vehicle conditions. 4. 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	1. Weight limit. 2. Road maintenance. 3. Poor weather conditions that affect visibility. 4. Dusty conditions and environmental pollution.	1. Vehicle capacity shall comply with the weight limit set forth in traffic regulations. 2. Safety is priority. Transport operation shall be postponed during poor weather or road conditions. 3. When transporting breakbulk cargo, lead with sprinkler truck to reduce dust.

3. Plant Control

Contractors are required to comply with all rules and regulations regarding safety and transport at each plant to ensure transportation safety and management. Transport contractors must require that vehicle operators thoroughly understand the safety requirements established at each plant prior to entering the premise to minimize occupational disasters.

Control Mechanism for Safe Transport of Hazardous Objects

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

2024 Performance: There were no incidents involving leakage of hazardous chemicals and materials during the transport of raw materials and finished products for FENC.

Content

5 Cultivating Compassionate Bonds

Target Readers:

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

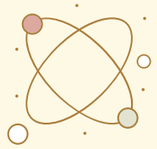
Content

2024 Highlight

Devoting **NT$ 350 Million**
To **Social Engagement**
in Nearly 4 Years

Far Eastern Memorial Foundation
Sponsoring **Arts and Culture**
Donating **NT$ 140 Million**
in Nearly Four Years

Y. Z. Hsu Science Award
Accumulating Over
NT$ 200 Million
Total Prize Money



The 15th **FENC Classic Marathon**
Over **3,300** Runners
Donating Nearly **NT$ 800,000**

The Transformative Magic of Circularity
Free On-campus Environmental Education Program
Totaling **108** Sessions
Benefiting **6,120** Teachers and Students
(As of the end of January 2025)

Team Taiwan Winning
IYPT Team Gold Medal

FENV Campaign
Waste Batteries for Trees
Raising Local Environmental Awareness

Far Eastern Architectural Design Award
Historic Tour Month
Rediscovering the Splendor of Ancient Temples in Wanhua
Nearly **400** Participants

Taiwan Young Student Physicists' Tournament
2,281 Total Contestants
NT$ 15.67 Million
Total Prize Money

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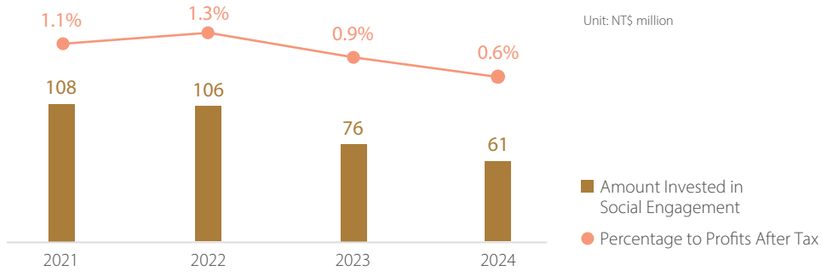
With the belief, "benefited from the society, returning benefits to the society," FENC has been dedicating itself to nonprofit and charitable causes for over half a century. The Company promotes the well-being and broadens international perspective within the society through its core strengths or capital and gives back to the public by establishing non-profit organizations powered by synergistic efforts within the corporation. Such efforts have brought together forces from all fields, creating a coalition that fosters inclusion and understanding and paving the way to a beautiful society.

Amount Invested in Social Engagement and Percentage to Profits After Tax



Note: 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.

5.1 Social Engagement at FENC Sites

FENC's worldwide operation spans across Taiwan, mainland China, Vietnam, Japan and the U.S. For years, FENC has been building rapport with residents in the communities adjacent to its operation sites, such as Hsinchu County and Taoyuan City in Taiwan. The Company engages community organizations and provides resources, such as venues for community assemblies or fire drills. The Company also extends a helping hand to the underprivileged members of the community, conducts beach cleanup campaigns and helps schools and local neighborhoods clean their environment. Volunteers from all FENC sites contributed a total of 3,709 hours to non-profit causes in 2024. In order to promote the circular economy, recycling and reuse, FENC formed partnerships across disciplines to develop environmental education programs, spreading the seeds of recycling and circularity.

5.1.1 Expanding Social Impact Through Core Strengths

FENC taps into its core strengths as the anchor for campaigns that raise green awareness among the public, such as the Company's involvement in the free on-campus environmental education program, the publication of the Textbook for Sustainable Development, the campaigns for sharing circular economy case studies and the industry-academia collaboration, which offers internship through its production sites to incubate the pillars of sustainability for the society. All are efforts to promote environmental protection and recycling. Specifically, OPTC received 129 high school students from a summer camp organized by the Department of Chemical Engineering of National Taiwan University. OPTC led the students through a tour of the plant and gave a presentation explaining the production process, giving these students firsthand knowledge of the operation of the petrochemical industry. The experience provided valuable industry insights, which will be beneficial for the students' future career exploration.

Student Feedback

OPTC has great facilities. The staff was very friendly, and all the team members felt intrigued by the tour.

The presentation was clearly deliberated, all the student questions were answered, and the tour of the plant was quite interesting.

It was fascinating to be able to physically touch such a variety of samples. Everyone was so intently focused.

Source: The official websites of CIE and Circular Taiwan Network

FENC was invited by the Chinese Institute of Engineers (CIE) and Circular Taiwan Network to contribute circular economy case studies for their publications. The Company's article, "The Circular Economy of PET: The Path to Recycling, Innovation and Sustainability," was published in the June 2024 issue of the Journal of CIE. In it, FENC delved into ways for the PET industry to develop innovative recycling technologies to replace petrochemical raw materials with renewable ones by applying sustainable design. The Company also touched upon its experience in cross-industry collaboration. In October 2024, the Circular Taiwan Network featured FENC in "The World's First Clothing Item From Recycled Waste Gas" in its publication, Co-creating a Resilient Taiwan: Circular Stories. The case study shared how FENC captured the exhaust from steel mills to produce recycled low-carbon polyester and create the world's first clothing item made of waste gas. This breakthrough technology reduces GHG emissions by 30% compared with the use of virgin polyester, charting a new course of development for low-carbon raw materials in the industry.

The Circular Economy of PET: The Path to Recycling, Innovation and Sustainability (Chinese)

The World's First Clothing Item From Recycled Waste Gas (Chinese)

Since 2022, FENC has been partnering with Friendly Seed, a social enterprise, on the development of "The Transformative Magic of Circularity," an on-campus environmental education program for elementary schools. The focus of the program is to encourage young students to make circularity part of their daily routines. Through behavioral changes that reduce resource consumption and waste, threats to the environment may be mitigated. The program received a 100% satisfaction rating among school teachers, and nearly 90% of the students agreed with the benefits of the circular economy, which encompasses recycling, reuse, and reduction. The students also expressed the willingness to incorporate this mindset into their daily practice.

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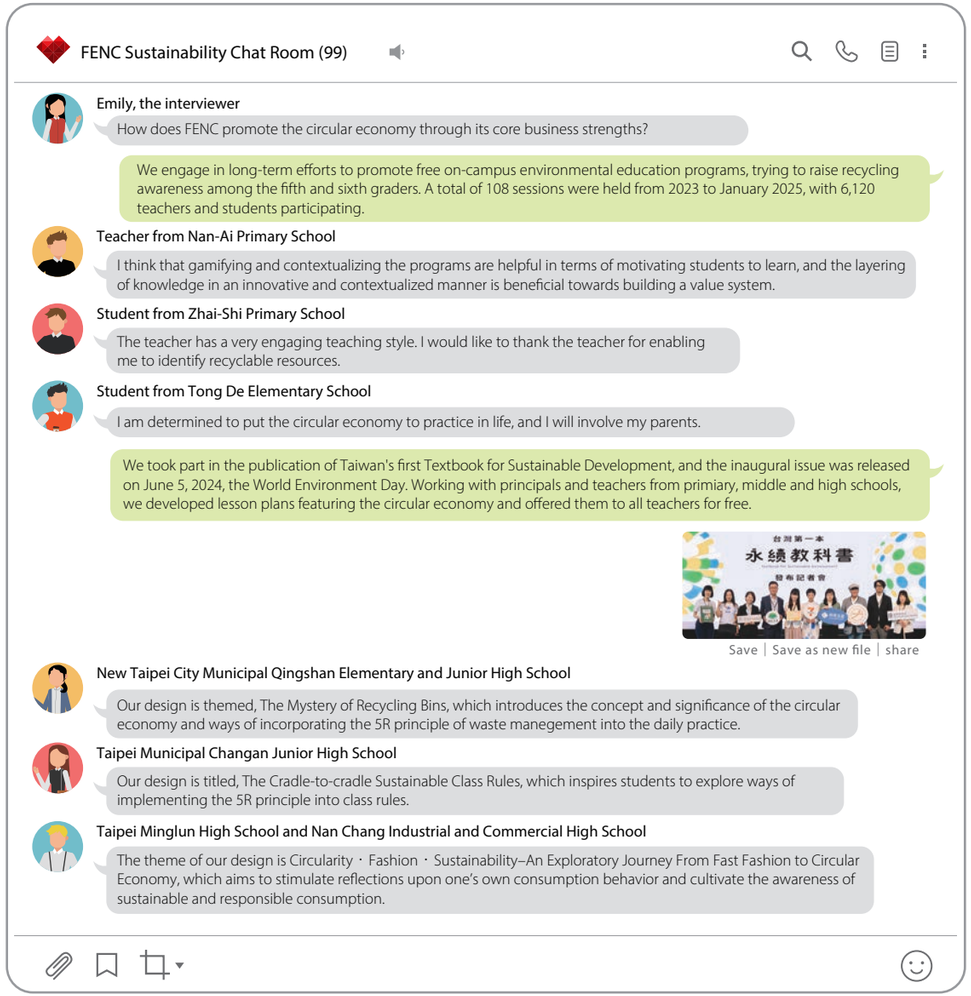
Another engagement effort from FENC is Textbook for Sustainable Development, which is initiated and implemented by organizations such as Earth Solution. FENC's devotion to promoting circularity impressed the 11 field experts from the inter-disciplinary editorial committee, thus the Company was chosen to represent the circular economy category, and invited to join the workshop to develop lesson plans with teachers and principals from primary, middle and high schools. The inaugural issue of Textbook for Sustainable Development was released on June 5, 2024, the World Environment Day, and the circular economy examples and lesson plans included in the publication are offered to all teachers for free.

Video Documentary on "The Transformative Magic of Circularity" | Textbook for Sustainable Development (Chinese)



5.1.2 Community Care and Sustainability Action

All FENC sites engage in a wide spectrum of community activities in an effort to fulfill the United Nations Sustainable Development Goals (UNSDGs). Among them is FEFC's Charity Trilogy campaign, which entailed a touring massage service provided by the visually impaired, exhibitions and vending booths set up by sheltered workshops, and street performances. While providing care for the disadvantaged, the program also boasts the benefit of offering physical and mental relief for the public. FENV contributed by launching two community cleanup programs, which helped local neighborhoods remove a total of 129 kilograms of waste materials. Additionally, FENV's Caring Connection program, which is designed to lend a helping hand to employees and their families during difficulties, entered its sixth year since the launch in 2019. The program provided financial donation approximating seven-month salaries each for two employees to alleviate their burden and stress during the reporting year. The social engagement efforts continued across FENC's global locations throughout 2024 with the aim to eradicate poverty, integrate sustainable development with physical education, and promote environmental protection in the hope of creating mutual prosperity in all corners of society.

Bringing Warmth to Low-income Families, Remote Elementary Schools and Ethnic Minorities

In 2024, collaborative engagement continued at FENC's global locations through programs such as student scholarships and donation of goods. Among the recipients of these aids were students, low-income families and ethnic minorities.

FEAV sponsored the purchase of medical equipment and potable water purifiers, as well as the construction of school facilities for Dinh Phuoc Elementary School in Dầu Tiếng District of Bình Phước Province, Vietnam. The financial assistance improved the learning environment, safety and health for the schoolchildren. FENV sent care to 30 ethnic minorities residing in Bình Phước Province through the donation of daily supplies during the Lunar New Year.

APG Polytech has a long track record of supporting and caring for the local community. Every Thanksgiving, APG Polytech invites employees to participate in Crosslight of Hope-Thanksgiving Food Drive, gathering ingredients for families in need to prepare a healthy and tasty Thanksgiving feast. In 2024, more than 40 employees expressed their goodwill by getting actively involved in the food drive. Not only did they make the food purchase, but they also packaged and delivered the food themselves. It is the hope to strengthen the bond and mutual trust between APG Polytech and the local community through this meaningful campaign. While addressing the needs of local families, all of the employees involved have gained a deep sense of fulfillment.

APG Polytech also participated in Bowl for the Kids' Sake, an event organized by Big Brothers Big Sisters of the Tri-State. The event combined bowling competitions with fundraising to provide the assistance needed to improve the lives of children living in dangerous environments.

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From Coast to Community: Safeguarding the Planet Through Volunteering

In May 2024, OPTC led a team of 35 members, including employees and their families, to join an environmental protection campaign in Caota Sand Dunes, which advocated coastal and beach cleanup as well as energy conservation. The OPTC team helped keep Earth clean by removing a total of 0.5 metric tons of waste materials during the cleanup. Kuanyin Chemical Fiber Plant also held a beach cleanup campaign at Guanyin Beach on May 5 with a total of 38 employees in participation.

In 2022, OGM joined forces with the Office of Coast and Resource Circulation, Taoyuan City Government and founded the Taoyuan Blue Ocean Recycling Alliance. OGM processes the waste PET bottles collected by the Taoyuan City Government. After rinsing and shredding, the bottles are turned into recycled PET chips. As of the end of 2024, the alliance has recycled approximately 40 metric tons of waste PET bottles. In November 2023, managers at OGM were invited by the Office of Coast and Resource Circulation to serve as the lecturers during the training for coastal patrol volunteers. Over 20 participants took part in the training and learned about the dire consequences of marine pollution and ways of classifying marine waste for recycling.

In January 2024, FENV launched the Waste Batteries for Trees campaign in partnership with the Women's Union of Tân Phú Township, the Department of Natural Resources and Environment of Đồng Phú District and hazardous waste treatment agencies to promote the proper disposal of waste batteries among local residents, including children. The outreach effort focused on increasing the awareness of environmental consequences caused by improper disposal. The participants received fruit trees or ornamental plants in exchange for the waste batteries they recycled, which added a touch of green for their homes. The campaign drew an enthusiastic turnout and collected a total of 80 kilograms of waste batteries, which were transferred to waste treatment agencies for proper disposal. The event marked a successful attempt in raising the environmental awareness among local residents.

FIGP-Himeji Plant joins the local community every quarter for the environmental cleanup campaign, partnering with neighborhood residents to protect the environment. A total of 26 FIGP employees participated in the community engagement, and the Himeji City Government provided free services to recycle the debris, such as leaves, collected during the cleanup.

Empowering Community Sustainability Through Sports and Exercise

The 15th FENC Classic Marathon kicked off on October 19, 2024. The 2024 marathon, which offered the 6K, 9K, 22K and 42K runs, featured the theme, Run to the Future of FENC. The timing certificates, which had been issued in paper copies, were replaced by the electronic version for the first time to convey FENC's support for environmental causes to more than 3,300 marathon enthusiasts who attended the event.

A carnival was also held at the event site, where community and public members set up stalls selling local agricultural products, specialty goods and Hakka cuisine. While replenishing runners with tasty treats after the race, the carnival provided an opportunity for community engagement, a platform for showing Hsinpu's local character, and an energizing boost for the local economy and industries.

While gaining health benefits from the race, the participants were also advancing charitable causes. Hsinpu Chemical Fiber Plant continued its collaborative campaign with Huashan Social Welfare Foundation and invited runners to donate their race chips to raise funds for the disadvantaged elderly in the Xinpu region. As of the end of 2024, the donated chips raised nearly NT$800,000, which was used to prepare gifts for the elderly during traditional festivals and provide year-round home service, such as home visits and escorts for medical appointments.

Hsinpu Chemical Fiber Plant also offered a summer swimming lesson for employees and school-age children in the local community on August 14, 2024. The lesson was provided for free through the professional coaches hired by the plant. A total of 30 children joined the lesson and enjoyed the cooling pool on a hot summer day. The plant took the opportunity to show the production, application and recycling of goods made of polyester materials, such as PET bottles and apparel items. The outreach effort ended with a quiz game, in which the children eagerly participated to win prizes such as reusable bags, hats, sportswear, socks and notebooks, making it an educating yet entertaining day. The engagement effort has planted the seed of environmental protection in these young children's minds, which will flourish into future sustainable actions.

APG Polytech has been sponsoring the sports promotion program at Hannan High School by donating the proceeds from advertising during sports games to support the men's and women's high school teams. The plant also donated a scoreboard to the Point Pleasant High School basketball team to be used for sports education at the middle and high schools.

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5.2 Social Engagement by Corporate Foundations

FENC 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 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 university.
Industry Evolution	SDG 8.2	Achieve higher levels of productivity of economies 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 and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Establishing the Non-Profit Organizations to Contribute to the Society

Click the LOGO to Enter the Website

Tech Sector

- Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation (Chinese) — Established in 2001

Educational Sector

- Asia Eastern University of Science and Technology — Established in 1968
- Yu Chang Technological and Commercial Vocational Senior High School (Chinese) — Established in 1980
- Yuan Ze University — Established in 1987

Arts and Culture Sector

- Far Eastern Memorial Foundation — Established in 1976

Medical Sector

- Far Eastern Medical Foundation — Established in 1977
- Far Eastern Memorial Hospital — Established in 1981
- Far Eastern Polyclinic (Chinese) — Established in 1988

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, founding individual 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 Banqiao in 1981 and Far Eastern Polyclinic in Taipei City in 1988.

Far Eastern Memorial Hospital (FEMH) has officially begun its 42nd year of service. It is the first medical center in New Taipei City and has grown over the years. FEHM currently offers 81 medical specializations, 1,415 beds and 150,000 monthly out-patient appointments with two medical centers. Its dedication to patient service is acknowledged by the National Quality Award as well as Disease Specific Care Certification.

In April 2024, Far Eastern Memorial Hospital (FEMH) and the New Taipei City Government signed the Hospital Sustainability Accord. FEMH's actions, such as providing environmental, social and community care as well as addressing these needs for its internal and external customers brought the hospital the first Sustainable Hospital Award ever presented at the New Taipei City Medical Public Welfare Awards. The recognition has encouraged FEMH to commit fully to reach net zero 2050. FEMH has aggressive measures in place to promote the recycling and reuse of biomedical and general waste. Among the medical waste generated at FEMH, plastics are collected by waste management companies, treated with thermal sterilization, and then recycled and remanufactured as consumer and industrial plastics. Waste diapers are recycled and reused through partnerships with qualified suppliers. FEMH also collaborates with AstraZeneca and an environmental printmaking workshop on a program where during artist-led sessions, patients are encouraged to create commemorative prints using materials such as medicine boxes and consumer medical information leaflets. Working collectively towards carbon reduction with employees and the public, FEMH was awarded the Circular Economy Practice Award at the Taiwan Health Sustainability Awards under Taiwan Corporate Sustainability Awards.

Far Eastern Memorial Hospital fulfilling its responsibility with continuous improvement in healthcare quality and efficiency

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.

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As of today,1,080 students 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's USR program provides humanistic care and addresses regional issues

Asia Eastern University of Science and Technology, formerly known as Oriental Institute of Technology, started promoting a sustainable community action program in 2025 to focus on the well-being of the elderly. The program emphasizes three major aspects, talent development, field services, and carbon reduction and sustainability. Among the projects that are under implementation are the international student exchange program, long-term elderly care stations, and improving carbon emission pathways among the elderly who exercise. In addition, the university organizes science camps through the university social responsibility (USR) program as opportunities for students to serve by capitalizing on their engineering expertise. From January 13 to 17, 2025, the faculty and student members from the College of Engineering visited Jakarta Taipei School in Indonesia and held a medical engineering camp offering introductory courses on the subject. Attracting over 150 faculty and students, the camp provided exchange and learning opportunities for students from the two schools and encouraged them to engage in innovative and creative thinking.


The 54th anniversary celebration at YCVS

In 2024, Yu Chang Vocational High School (YCVS) celebrated its 54th anniversary. The world is changing at an incredible pace, and YCVS has positioned itself as an incubator of talents with critical skills that will drive global development. The school focuses on adaptive development; cross-industry learning; digital technology; initiative and innovation; humanistic aesthetics; international specialization, and aims to cultivate professional and technical talents with the capabilities to implement, compete and influence while meeting future challenges with sustainable mindsets and global mobility. In 2024, YCVS established the Department of Distribution Management, hoping to integrate the manpower and resources with the retail and distribution establishments under Far Eastern Group. The aim is to promote the industry-academia program and help students gain insight and real-world experience in the distribution industry through school education, special projects, career visits and internships. YCVS invites industry experts to share their field experience to strengthen technical capabilities for the young talents, helping them hone skills essential for employability and industry development for them to flourish into the pillars of corporations.

YZU College of Management supports World Environment Day by planting coffee trees under royal poinciana trees

In 2024, Yuan Ze University (YZU) pioneered the post-baccalaureate program for Carbon Zero Sustainable Development, marking the first time the College of Management incorporated a task-oriented, competency-based curriculum. The program also integrated the ISO14064-1 standards to enhance students' ability to conduct GHG inventory, and graduates with bachelor's degrees or above in non-STEM fields are encouraged to apply. During the course, GHG Inventory Technology, the instructor guided students through tasks in real-life scenarios to give them a better sense of the complexity and sophistication entailed in the GHG inventory. The course also aimed to cultivate a sense of environmental responsibility among students, who visited establishments such as farms, food factories and steel mills. While enriching students' professional capabilities, the program has expanded the breadth and depth of the industry-academia collaboration.

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. The 16th Taiwan Young Student Physicists' Tournament (TYPT) was held in 2024. More than 50 schools have participated over the years, including Taipei Municipal Chien Kuo High School, Taipei First Girls High School and Affiliated Senior High School of National Taiwan Normal University. A total of 2,281 students have competed in the tournament and awarded NT$15.67 million in prizes. Since 2010, the Far Eastern Memorial Foundation has provided full sponsorship covering the food, accommodation and transportation expenses for team Taiwan to compete in IYPT. Team Taiwan was among the 38 teams heading for Budapest, Hungary for the 37th IYPT in July 2024. The number of competing teams set a record high, and fierce competition ensued. The team came through and won the gold medal, which brought the total number of medals team Taiwan took home over the years to two gold, six silver and six bronze medals, marking an impressive record.

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.

The K-12 Education Administration of Ministry of Education recognizes that TYPT as well as the International Young Physicists' Tournament (IYPT) national team training and competition plan improves science competency among high school students, expands their world view and boost their competitiveness. Since 2023, the K-12 Education Administration has assumed the role of project advisor, encouraging the students and faculty members winning IYPT medals with certificates of recognition. The official recognition from K-12 Education Administration is beneficial in terms of cultivating talents in scientific research for the long term. It also attracts more top-performing students to compete, accumulating the momentum for scientific and technological innovation for the society.

Coverage of the 2024 TYPT (Chinese)

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Feedback From the 37th IYPT Taiwan Team Members

IYPT team captain Jun-Yi Lin (fifth left)
Taipei Municipal Chien Kuo High School

Initially, Lin had reservations about validating physics theories in English. "However, when the sole focus is to clearly express your ideas, English just flows out naturally," said Lin. It was an epiphany that helped him internalize English as a communication tool rather than a school subject that he studied for exams. The research project took nearly a year to complete. Though he experienced bottlenecks, making little progress, "growing from being a complete novice on the subject to having the ability to contribute, I have learned much more from the process than from the textbooks."

IYPT team member You-Jie Huang (third right)
National Changhua Girl's Senior High School

To design a rigid ramp walker that is able to maneuver forward, backward, left and right, Huang experimented with numerous types of paper and made 50 iterations of the walker. She believed, "if you have never failed, you have not experienced a true physics debate, so I would not call it a failure. Rather, I would call it an experience."

Source: 2024 TYPT Special Coverage

Inspiring Next Generation Talents to Embrace Emerging Fields With Platform of Exchange: Y.Z. Hsu Innovation Forum

2024 Results of Y. Z. Hsu Innovation Forum

Session	Taipei Municipal Chien Kuo High School	Taipei Municipal Zhongshan Girls High School	National Experimental High School at Hsinchu Science Park	Taipei Municipal Song-Shan Senior High School	Affiliated Senior High School of National Taiwan Normal University	Tainan First Senior High School
Speaker	National Health Research Institute Tse-Hua Tan Distinguished Investigator (The 20th Y. Z. Hsu Science Chair Professor–Biopharmaceutical)		Tung University Li-Chun Wang Chair Professor (The 21st Y. Z. Hsu Science Chair Professor–Information and Communication Science and Technology)		National Taiwan University Yao-Wen Chang Distinguished Professor (The 20th Y. Z. Hsu Science Chair Professor–Information and Communication Science and Technology)	National Cheng Kung University Dar-Bin Shieh Chair Professor (The 16th Y. Z. Hsu Science Chair Professor–Nano Science and Technology)
Influence	A total of 1,236 participants attended the six lectures on site, which received a 92% satisfaction rating overall.					

Forum in Taipei Municipal Zhongshan Girls High School

Forum in Taipei Municipal Song-Shan Senior High School

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 2024, six more Y. Z. Hsu Innovation Forum were held. FENC brought the forum to senior high schools, including Taipei Municipal Jianguo High School, Affiliated Senior High School of National Taiwan Normal University, Taipei Municipal Zhongshan Girls High School, Taipei Municipal Song-Shan Senior High School, National Experiment High School at Hsinchu Science Park and Tainan First Senior High School. 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, the satisfaction rate reached 92%.

2024 Y. Z. Hsu Innovation Forum (Chinese)

Video footage of 2024 Y. Z. Hsu Innovation Forum (Chinese)

5.2.3 Industry Evolution

Encouraging Academia to Accelerate Technological Research, Development and Innovation: Y.Z. Hsu Science Award

Chairman Douglas Tong Hsu (center) with winners of the 22nd 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 22nd year in 2024, it is now one of the most significant technology awards in Taiwan and the number of applications reached 299. Over 250 scholars and experts participated in the peer review and chose 28 winners for Science Chair Professor, Science Paper Award, Yuan Ze Chair Professor and Outstanding Professor Award. Among them, winners of Y. Z. Hsu Science Chair Professor received NT$14.4 million. Over the 22 years of the award history, 495 awards have been presented with NT$200 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, Chien-Hong Cheng and Shang-Cheng Hung.

Far Eastern Y.Z.Hsu Foundation (Chinese)

Content

5.2.4 Social Development

Nearly half a century had passed since the founding of Far Eastern Memorial Foundation. In recent years, the foundation has been sponsoring a multitude of arts and cultural events and organizations, including Far Eastern International Forum for Architecture, children's vision care campaigns, Ming Hwa Yuan Arts and Cultural Group, Rhong-Shing Chorus, Asian Cultural Council and the Little Yellow Cap campaign for promoting vulnerable individual protection services (VIPS). The foundation also funded Confucius-Mencius Society of the R.O.C., publishing Confucius-Mencius Monthly and editing Confucius-Mencius Journal. Such support has provided ample resources for more arts and cultural organizations to flourish and release the infinite power of art. The investments made by the foundation over the last four years had reached nearly NT$140 million, and the 2024 highlights are as follows:

A Musical Gathering, the Christmas Chairty Performance by School Wind Bands From Taipei City and New Taipei City

An ensemble of nearly 500 students performs Friday Night and Team Taiwan

In 2024, the Far Eastern Memorial Foundation hosted a charity performance of the wind bands from elementary and middle schools in Taipei City and New Taipei City. The 13 participating schools were Bei Da Elementary School, New Taipei City Shulin Elementary School, Wu Hua Elementary School, Guang-Fu Elementary School, Taipei Municipal Ming Chuan Elementary School, New Taipei City Sinpu Elementary School, Zhong-Yi Elementary School, Fu-Ying Junior High School, New Taipei Municipal Ming Der High School, Taipei Municipal Jinhua Junior High School, New Taipei Municipal Zhongshan Junior High School, Jinou Girls High School and New Taipei Municipal Hsin Tien Senior High School. The ensemble formed by nearly 500 students performed world-renowned masterpieces. While the unprecedented gathering added to the joyful Christmas atmosphere, it was also a feast for the music lovers that inspired more young students to study music.

2024 Far Eastern Architectural Design Award–Rediscovering the Splendor of Ancient Temples in Wanhua

The first Historic Tour Month debuted in August 2022 with enthusiastic turnouts. The program returned in 2024 with eight tours scheduled for September, all of which were fully booked shortly after the registration began. Nearly 400 participants attended the 2024 tours, which took visitors to the historic Manka, present-day Wanhua District in Taipei. With Professor Chien-Lang Lee, Professor Emeritus Tsung-Hsien Chou, Professor Ching-Chih Lee and expert Charles Lin leading the way, the participants enjoyed the history, architecture and culture of Manka as they strolled through the historic streets, visiting the century-old monuments, Bangka Qingshui Temple and Longshan Temple, as the experts narrated tales of the ancient Taiwanese architecture, the famed artisans and the marvel of their fine craftsmanship.

Far Eastern Architectural Design Award–Historic Tour/Deciphering the Roof Design of Ancient Temples in Manka (Chinese)

The Wedding Banquet, a New Musical

Footage from the musical, The Wedding Banquet (Chinese)

The Far Eastern Memorial Foundation sponsored the world premiere of The Wedding Banquet, a musical co-produced with the top U.S. Broadway team with a total of 10 performances. This musical is an adaptation of director Ang Lee's internationally renowned movie, The Wedding Banquet, which won the 30th Golden Horse Award for Best Picture and was nominated for the Academy Awards for Best Foreign Language Film. The opportunity to collaborate with the Broadway production team on a large-scale musical performance has elevated the competitiveness of the storytelling, performance arts talent and the cultural industry in Taiwan at the international level.

Million Elementary Students: World Citizen Competencies Education Plan

Random Acts of Kindness Card

Million Elementary Students: World Citizen Competencies Education Plan is a collaborative initiative from the ESG World Citizens & Digital Governance Foundation (ESGWD Foundation), National Chengchi University Digital Empowerment and SSD Alliance for ESG Business Transformation, and the Far Eastern Memorial Foundation is one of the major sponsors. The education plan collaborates with eight elementary schools and has reached a total of 49 class groups with more than 1,000 students. Among the programs offered is Random Acts of Kindness Card, which fulfills eight of the UNSDGs. Each day, students may randomly draw one card, which shows the act of kindness to be completed. The act of kindness may take place at home or school with the intent to spread kindness within the classroom and family. A seed teacher workshop is also underway, training 32 teachers to cultivate kindness within students using diverse teaching materials and activities. Additional plans are in the pipeline to develop the world citizen of kindness lesson plans and integrate them into the school curriculum.

Pages from the Kindness Handbook

After completing the act of kindness each day, students may write down their actions, feelings and thoughts in the Kindness Handbook, which guides them to experience and reflect on ways of treating the people, matters and subjects around them with more empathy, respect and kindness.

Source: ESGWD Foundation

Random Acts of Kindness Program at Taipei Municipal Jingmei Elementary School (Chinese)

Random Acts of Kindness Program at the Affiliated Experimental Elementary School of National Chengchi University (Chinese)

Content

6 Advocating Balanced Coexistence

Target Readers:

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

Content

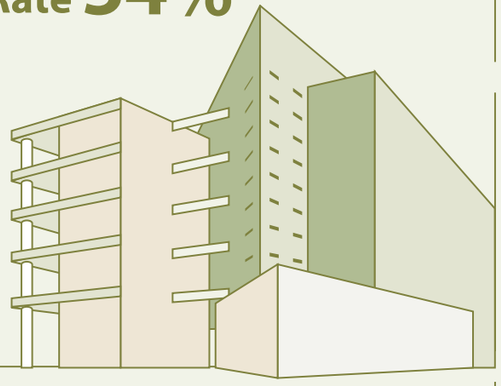
2024 Highlight

Winning **TIBA Award**

Winning New Taipei City
Exemplary Unit for Green Procurement

Automated Warehousing
Wugu **Far Eastern Logistics Center**
Completed

TPKA Energy-saving Projects
Energy Conservation Rate 54%



Creating Tenant
Carbon Emission Dashboard

Assisting New Taipei City Government With
New Taipei Smart City Enterprise Service Integrity Platform Forum

Participating in Eco Fair at Daan Forest Park
Promoting **Ecological Conservation** and **Green Building**

Hosting **Tpark Christmas Charity Market Record High Revenues for Charity**

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Target and Progress

	Increase in Proportion of Green Building Floor Area	Reduction of Electricity Consumption per Unit of Floor Area
2035 Target	Reaching **65%**	↓ **25%**
2030 Target	Reaching **63%**	↓ **20%**
2025 Target	Reaching **60%**	↓ **17%**
2024 Target	Reaching **50%**	↓ **2%**
2024 Progress	Reaching **59%** Achieved	↓ **16%** Achieved
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

Note: 1. The boundary of GHG inventory for "Increase in Green Building Floor Area" covers the buildings with titles registered under FERD with 2022 as the base year.
2. The boundary of GHG inventory for "Reduction of Electricity Consumption Per Unit of Floor Area" is adjusted to cover the FERD office and public areas within TPKA R&D Building in Tpark. The base year is 2022. Tpark is continuing tenant engagement in the leased areas to promote energy reduction.
3. In 2022, FERD established the short-, mid- and long-term carbon reduction targets. Hence, 2022 is set as the base year for "Reduction of Electricity Consumption Per Unit of Floor Area."

Sustainability Issues

Land Resources Management

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

Sustainable Community

Material

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

Content

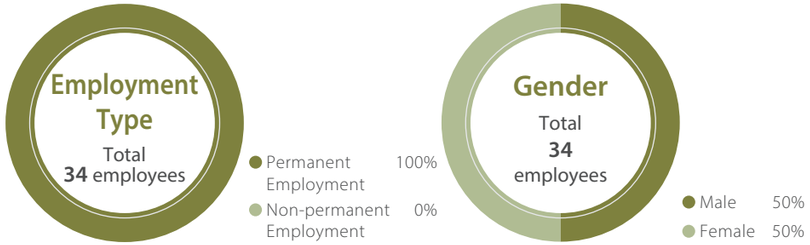
6.1 Optimizing Land Resources

6.1.1 About FERD

Far Eastern Resources Development Co., Ltd. (FERD) is a wholly owned subsidiary of FENC. With a visionary mindset that embodies innovation and sustainability, FERD consolidates and manages nearly 66 hectares of property and large-scale development projects, charting a blueprint for urban development that fosters prosperity. Overseeing real estate development, leasing and sales, as well as operational management, FERD aims to improve resource efficiency and investment performance through its Development Operation Department, Administrative Management Department, Property Management Department and Engineering Department.

Administrative management and 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. There are no significant changes made to its organizational structure, ownership, supply chain and headcount. In 2024, FERD paid NT$87.6 million in house tax and NT$470 million in property tax.

2024 Structure of Manpower at FERD



6.1.2 Key Development Projects

Taipei Far Eastern Telecom Park (Tpark)

Banqiao District is where Far Eastern Group (FEG) began its journey as a textile company. As the industry evolved, so did FEG and its base in Banqiao, which was transformed into Taipei Far Eastern Telecom Park (Tpark), the first digital communications industry zone in Taiwan. Occupying approximately 24 hectares, Tpark has a masterplan that is fully integrated with the surrounding land-use, providing well-connected infrastructure and functions. Positioned as a research, development and innovation hub for top ICT companies home and abroad, Tpark is driving the next wave of industrial development in Taiwan. Sustainability is at the core of its DNA. Aside from housing an ecological park that is nearly four hectares in size, Tpark is also home to iconic green office buildings. While providing comfort, the development offers a built environment that is low-impact. As the world embraces net zero, Tpark has also initiated multiple energy conservation measures facilitated through a sustainable management platform, creating a smart, green telecom park of international caliber that will usher in a sustainable future through partnerships with its tenants.

Exchange on Smart and Sustainable City Management With the U.S. Delegation From San Gabriel, California

On July 23, 2024, the mayor of San Gabriel, California, led a delegation on a visit to New Taipei City, where he signed a partnership agreement with the Banqiao District Office to foster a deeper relationship and exchange between the two jurisdictions.

At the invitation of the New Taipei City Government, Tpark was scheduled as a key stop for the delegation. FERD received the guests and shared its ecological design during their visit, including a stormwater management system for flood control and a number of environmental protection programs, underscoring FERD's commitment to sustainable development. With declining labor force participation and soaring costs, Tpark is responding by adopting smart technologies for property management to reduce the demand in manpower and improve operational efficiency.

As a benchmark for international smart telecom parks, Tpark shared its experience in developing ecological design within an urban environment and technological governance with the city of San Gabriel. While strengthening the bond between the two jurisdictions, Tpark has also promoted the exchange and cooperation between Taiwan and the international community.

Content

Development Progress at Tpark

R&D Office

TPKA

Completed in 2010, TPKA Building is the first R&D office building at Tpark.

The office space at TPKA Building was 100% leased in 2024 with an average satisfaction rate of 98% among its tenants.

Green Building Label (Taiwan)- Qualified

TPKD

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.

Green Building Label (Taiwan)- Diamond

Green Building- Gold
Leadership in Energy and Environmental Design (LEED) from U.S. Green Building Council-Gold

TPKE

TPKE Building was completed in the fourth quarter of 2022 as the fourth R&D building in Tpark, and the occupancy permit was obtained in January 2023. Its tenant, Google, announced its opening in April 2024.

Green Building Label (Taiwan)-Gold

Green Building Label (Taiwan)-Bronze

Green Building-Gold
Leadership in Energy and Environmental Design (LEED) from U.S. Green Building Council-Gold

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.

Residential Building Zone

Eco Park Zone A
(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

TPKP Parking Garage began operations in the fourth quarter of 2023.

High Distinction Award for Architecture, 2022 Taiwan Concrete Institute (TCI) Concrete Construction Award.

Note: The construction of Residential Zone B of Eco Park was completed at the end of 2022 and sales has begun. Its operation and management are now under the property management unit, and its sustainability performance is excluded from the scope of the Sustainability Report effective in 2023.

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.

The project takes advantage of the scenic mountain and ocean views as well as the local hot springs, offering spacious guest rooms and villas with amenities and recreational facilities that cater to health, shopping, vacation and business needs for all guests.

2. FE International Conference Hall

FE International Conference Hall is located in Zhongli District, Taoyuan City. Designed by world-renowned Spanish architect Santiago Calatrava, this architectural masterpiece will house three landmark buildings, an international convention center, Yu-Ziang Memorial Hall and an art center, which will be pivotal in the advancement of the local arts and culture, charity and academic disciplines, making its imprint as an international landmark in Taiwan. The groundbreaking ceremony was held on April 12, 2021, and construction for Yu-Ziang Memorial Hall started in April 2022.

3. New Century New Vision

New Century New Vision is a residential development adjacent to Tpark. The demolition of existing structures was completed In April 2022, and the building permit was obtained in May. The application for design modification is currently pending review.

4. Far Eastern Logistics Center

With Wugu Interchange as a main transportation access, the logistics center is adjacent to Wugu Industrial Park and close to the consumer markets in Taipei City, New Taipei City and Taoyuan City. The construction began in 2023, and the use permit for the main building was obtained in January 2025.

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Far Eastern Logistics Center, the Next-generation Smart Logistics Center

Developed and built by FERD, Far Eastern Logistics Center satisfies the warehousing and logistics needs for the business-to-customer and business-to-business operations at FEG. It is also positioned as a next-generation smart logistics center.

Far Eastern Logistics Center is a steel structure built on a 12m-by-12m grid. The development is protected by robust firefighting and safety management systems integrated with smart technologies to enhance sustainability. Its central and operations control room performs energy management as well as fire and smoke detection over the entire premise, creating a smart factory that balances safety and efficiency. With human-robotic collaboration at the core of the operation, the logistics center optimizes efficiency with an automated warehousing system supported by the conveyor and intelligent sorting systems. Its infrastructure also includes a 5G private network, which provides stable high-speed transmission, and a smart license plate recognition system, offering quality service with enhanced efficiency during vehicle dispatch.

While the use permit for the main structure has been issued in January 2025, Far Eastern Logistics Center has also been certified as a green building candidate. Incorporating features such as green design, rainwater harvesting, energy-efficient lighting and eco-friendly building materials, this development is aiming for the Silver Green Building Label for enhancing energy efficiency and environmental sustainability.

The pristine white exterior of the completed Far Eastern Logistics Center makes it stand out among the clusters of logistics operations along the expressway. The logistics center will be leased to and operated by Arcoa Communication Co., Ltd. under Far EasTone Telecommunications Inc., providing diversified options and total solutions to customers with warehousing and logistics needs.

6.1.3 Construction Safety and Sustainability

Contractor Information and Construction Management

Worker safety is a vital element of and a top priority for construction management at FERD. When it comes to contractor selection, it is mandatory that candidates comply with safety standards and the current laws and regulations in Taiwan. In addition to providing a safe environment, FERD also improves construction safety by stressing the self-awareness among all who are involved in a construction project. Therefore, contractors are required to provide occupational, safety, health as well as construction site management training to equip all workers with proper safety knowledge and skills. In addition, when it comes to contractor monitoring, FERD stays vigilant in order to warrant the implementation of training and compliance, minimize human-induced hazards and ensure construction and workplace safety.

In 2024, there were no occurrences of injuries in the line of duty, or severe occupational injuries during the construction within Tpark.

2024 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 requirements.

Occupational Injuries Among Contractor Staff at Tpark

	2021	2022	2023	2024
Number of Occupational Injury Cases	0	1	0	0
Number of Work-related Deaths	0	1	0	0
Injury Rate (IR)	0.00	0.23	0.00	0.00
Rate of Work-Related Deaths	0.00	0.23	0.00	0.00

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.

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6.2 Building Sustainable Community

6.2.1 Eco-friendly Development

Tpark is committed to creating a built environment that is eco-friendly. As a platform for the research and development of cutting-edge technologies, Tpark has amassed powerful momentum that allows it to introduce a continuous stream of advanced technologies, smart management mechanisms and innovative low-carbon development solutions. Tpark provides comfort while implementing low-carbon management strategies with efficiency. Through its green projects, digital models and intelligent systems reinforced by science-based analysis, the development is lessening the burden on the natural environment as it takes action towards decarbonization. Tpark also puts immense focus on promoting the green supply chain. Its measures include low-impact green procurement, such as purchasing chillers with a level-one energy efficiency rating. These efforts were recognized by the Department of Environmental Protection of New Taipei City Government, which presented Tpark with the title, exemplary unit for green procurement among private enterprises and organizations in 2024. The focus on smart management will continue at Tpark to elevate its green business model. With steady steps, Tpark is progressing through its net-zero transformation, setting a benchmark for cultivating the coexistence of economic development and environmental sustainability.

Energy and Carbon Reduction Projects

1. Air-conditioning System Enhancement

In July 2023, FERD launched an improvement project to boost the efficiency of the air-conditioning system at TPKA Building with the ultimate goal to cut down GHG emissions. The project entailed the update of multiple air-conditioning facilities, such as the chiller, and the improvement of energy efficiency.

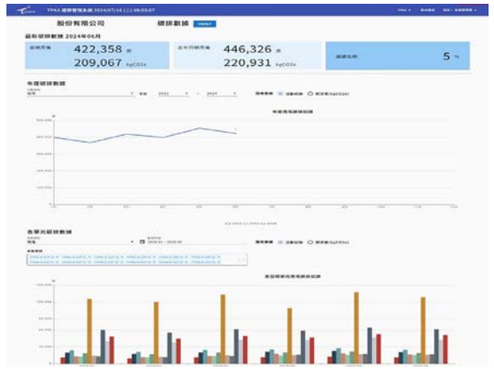
Based on the load curve, the chiller of the air-conditioning system at TPKA Building would switch on and off frequently, which shortened the system life span and resulted in energy waste. The improvement zeroed in on the chiller and its energy-efficient auxiliaries with practical needs in mind. The chiller was replaced by one with a level-one energy efficiency rating. The water pump and cooling tower fan were also replaced and a variable frequency drive control was added to the system. The results are listed below:

- Improvement of energy efficiency: Energy consumption was cut by 510 MWh per year, a 54% electricity-saving rate; carbon emissions were down by 253 tCO2e, bringing in NT$4.33 million in subsidy from the Energy Administration.
- Reduction of maintenance costs: The new chiller has significantly improved the system stability and addressed the frequent starts and stops at night. It is estimated that the improvement reduced the annual maintenance costs by NT$500,000.

2. Visitor Management System

Visitor management is crucial to facility security. It is also critical to ensuring the flow of service and visitor satisfaction. To enhance safety and convenience, FERD optimized its visitor management system in 2024. Visitors may now complete the registration and have their identities verified in advance. Once the registration is completed, the system automatically notifies the individuals they intend to visit, which ensures that all safety regulations are met. Visitors may also gain direct elevator access to the intended floor by registering through a QR Code, which improves elevator and energy efficiency. Visitor records are digitized to facilitate real-time update and traceability. While effectively managing the visitor flow, the visitor management system also monitors and supervises internal security, supporting the full implementation of corporate governance and risk management.

3. Tenant Carbon Emission Dashboard



FERD created the carbon emission dashboard in 2023 to tabulate the construction and operational carbon footprints of buildings within Tpark. The dashboard also allows the property management units to quickly access carbon emission data for monitoring and decision-making. FERD started collecting the energy consumption data from its tenants in 2024, and the dashboard automatically calculates the carbon emissions with visual analysis on information such as the current and previous energy consumption; quantified carbon reduction; electricity consumption trends. With the ability to monitor and identify electricity usage and efficiency, companies can respond by taking effective energy-saving measures. The visualized carbon emission data also encourages tenants to take action towards decarbonization. The dashboard will continue to be optimized and integrated with AI to provide carbon emission forecasts and carbon reduction recommendations with added precision.

Energy Efficiency Management

Energy Consumption of R&D Office

Unit: GJ

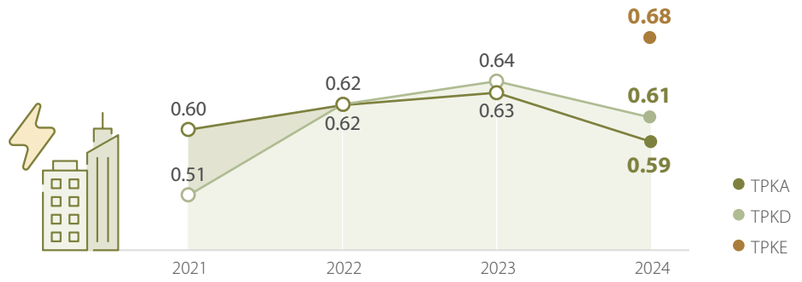
	2021	2022	2023	2024
TPKA	36,587	37,544	38,184	36,791
TPKD	28,019	34,268	36,228	34,835
TPKE	-	-	19,871	72,730
Total	64,606	71,812	94,283	144,356

Note:
1. The energy use comprises mainly non-renewable energy purchased from the electricity company as the power supply for office buildings.
2. The real estate space in TPKD and TPKE Buildings are for lease only, and the waste and resource management is under the responsibility of the tenants' operational teams. The disclosure in this report regarding both buildings is also provided by the tenants.
3. TPKE Building began operating in April 2024, resulting in the increase in energy consumption.

Content

Energy Consumption per Unit Floor Area of R&D Office

Unit: GJ / m_2



Note:
1. The floor areas accounted for refer to the actual square meters occupied or leased.
2. The real estate space in TPKD and TPKE Buildings are for lease only, and the waste and resource management is under the responsibility of the tenants' operational teams. The disclosure in this report regarding both buildings is also provided by the tenants.

GHG Management

FERD incorporated the ISO 14064-1 standards for GHG inventory in 2023, which are applicable to scopes 1 to 3 activities within Tpark, and the GHG emissions from the 2023 and 2024 disclosures have been 100% third-party verified.

Direct and Energy Indirect GHG Emissions

Unit: tCO_2e

		2023		2024	
		Emissions	Proportion	Emissions	Proportion
Direct Emissions	Scope 1	255	31%	275	34%
Energy Indirect Emissions	Scope 2	567	69%	542	66%
Total		822	100%	817	100%

Note:
1.The consolidation approach for emissions is operational control.
2. The boundary of GHG inventory covers Tpark, including the TPKA, TPKD and TPKE Buildings, TPKP Parking Garage and other outdoor areas.
3. The main types of GHG included in the inventory include CO_2,CH_4, N_2O, HFCs, SF_6, NF_3 and PFCs.
4. Scope 1 emission sources include water coolers, air conditioners, freezers, cooling equipment and fire extinguishers. Scope 2 emission sources are purchased electricity.
5. The emission factor is based on the GHG emission factor table (version 6.0.4) published by the Ministry of Environment, and the 2023 electricity carbon emission factor published by the Energy Administration, Ministry of Economic Affairs on April 26, 2024. The values are converted to carbon dioxide equivalents using the global warming potential (GWP) for each emission source, and the value of GWP is based on the 6th assessment report issued by Internal Governmental Panel on Climate Change (IPCC).
6. FERD incorporated the ISO 14064-1 standards for GHG inventory in 2023. Therefore, the year 2023 is the base year for scopes 1 to 3 emissions.

Other Indirect GHG Emissions (Scope 3)

Unit: tCO_2e

	2023		2024	
	Emissions	Proportion	Emissions	Proportion
Fuel- and Energy-related Activities	115	52%	112	50%
Waste Generated in Operations	79	36%	91	41%
Business Travel	1	1%	2	1%
Employee Commuting	25	11%	17	8%
Franchises	0	0%	0	0%
Investments	0	0%	0	0%
Total	220	100%	222	100%

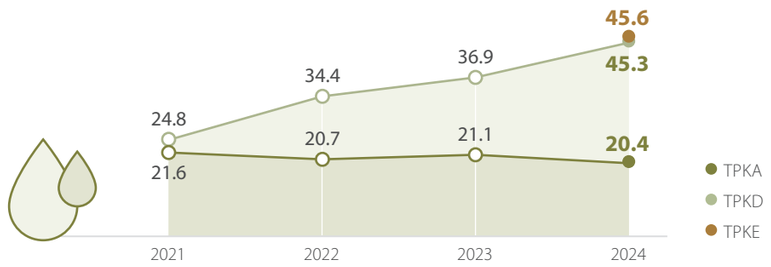
Note:
1. The consolidation approach for emissions is operational control.
2. The boundary of GHG inventory covers Tpark, including the TPKA, TPKD and TPKE Buildings, TPKP Parking Garage and other outdoor areas.
3. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the GHG Protocol.
4. The GHG emission generated from the processing, Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution, Upstream Leased Assets, Downstream Transportation and Distribution, Downstream Leased Assets are excluded due to the lack of materiality based on the principles for assessing significant indirect GHG emissions in ISO 14064-1:2018.
5. FERD does not engage in franchising and investing, thus without GHG emissions under "franchises and investments."

Water Resources Management

Water resources management has long been a priority matter at Tpark. During the site planning stage, the world-renowned Ramboll Studio Dreiseitl, which specialized in urban hydrology, was brought in as a consultant. Tpark now has a stormwater management system that covers the entire development, and the system mitigates the impact of heavy and concentrated rainfall by incorporating infiltration basins, green roofs, permeable paving and ecological retention ponds. The rainwater is also recycled for irrigation purposes or replenishing the landscape ponds. The water supply for the office areas and during construction was provided by the Taiwan Water Corporation, and the sewage system was completed in 2021.

Water Consumption Per Capita at R&D Office

Unit: kiloliters / person



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Content

Water Withdrawal and Reuse

Unit: megaliter

		2021	2022	2023	2024
Tap Water (TDS ≤ 1,000 mg/L)	TPKA Building	44.8	43.8	48.5	45.9
	TPKD Building	32.2	61.1	66.5	68.0
	TPKE Building	-	-	4.8	114.1
	TPKP Parking Garage	-	-	1.1	2.3
	Outdoor Area	13.5	0.2	4.6	3.9
	Construction	12.3	18.2	2.5	1.3
	Total	102.8	123.3	128.0	235.5
Rainwater and Reused Water (Condensate Water from Air Conditioning)	TPKA Building	1.0	1.0	2.3	1.5
	TPKD Building	-	4.6	6.8	1.7
	TPKP Parking Garage	-	-	-	1.2
	Total	1.0	5.6	9.1	4.4
Total		103.8	128.9	137.1	239.9

Note:
1. The sources of water withdrawal are tap water and rainwater, which pose no impacts to water sources.
2. Rainwater and reused Water enter the same pipelines. Therefore, the calculation is combined.
3. The real estate space in TPKD and TPKE Buildings are for lease only, and the waste and resource management is under the responsibility of the tenants' operational teams. The disclosure in this report regarding both buildings is also provided by the tenants.
4. The 2021 construction projects within Tpark include TPKE Building, Eco Park Residential Zones A and B as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Eco Park Residential Zones A and B, TPKP Parking Garage and New Century New Vision. The 2023 projects include Eco Park Residential Zone A and TPKP Parking Garage, which has a data collection period from January to July. The 2024 project is Eco Park Residential Zone A.

Waste Management

Waste generated at Tpark is broken down to construction and general waste. Construction waste includes materials such as construction debris and reinforced concrete from construction projects, which are disposed of in accordance with regulatory requirements. Waste avoidance is also implemented with the Green Building Label requirements as guidance. General waste includes domestic and kitchen waste generated by construction and office workers. Efforts to promote waste avoidance and recycling continues at Tpark are ongoing through tenant and employee engagement. The commercial buildings at Tpark are for office purposes only, and no hazardous waste is generated.

Waste Quantity by Construction Project

	2021	2022	2023	2024
Construction Waste (Unit: Cubic Meter)	30,849	20,568	0	0
General Waste (Unit: Metric Ton)	480	599	66	0

Note:
1. Construction waste includes construction debris, bricks or the mixture of reinforced concrete, soil and gravels. The reporting of construction waste has been conducted in accordance with the regulatory and inspection standards from governmental agencies such as the local public works department and filed based on the volume of earthwork measured in cubic meters. General waste includes domestic and kitchen waste generated by construction workers measured by weight in metric tons.
2. The 2021 construction projects within Tpark include TPKE Building, Eco Park Residential Zones A and B as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Eco Park Residential Zones A and B, TPKP Parking Garage and New Century New Vision. The 2023 projects include Eco Park Residential Zone A and TPKP Parking Garage, which has a data collection period from January to July. The 2024 construction project, Residential Zone A of Eco Park, is currently under design modification. No construction activities took place during the reporting year.
3. All waste generated during construction was removed from the construction site and disposed of by qualified waste management companies. The waste materials were sent to legal resource storage and treatment facilities to be temporarily stored, piled, landfilled, transferred, recycled, classified, processed, calcinated or reused.

Quantity and Treatment of General Waste Generated From Operations

Unit: metric ton

		2021	2022	2023	2024
Incinerated	TPKA Building	128	145	171	198
	TPKD Building	75	129	162	174
	TPKE Building	-	-	-	206
	TPKP Parking Garage	-	-	-	4
	Total	203	274	333	582
Recycled	TPKA Building	23	27	24	69
	TPKD Building	14	32	40	166
	TPKE Building	-	-	-	58
	TPKP Parking Garage	-	-	-	0
	Total	37	59	64	293
Total		240	333	397	875

Note:
1. The real estate space in TPKD and TPKE Buildings are for lease only, and the waste and resource management is under the responsibility of the tenants' operational teams. The disclosure in this report regarding both buildings is also provided by the tenants.
2. All construction waste is disposed of from the construction site by qualified waste management companies.

6.2.2 Ecological Conservation

FERD advocates the protection, preservation, restoration and improvement of the natural environment. Its land development projects thus integrate biodiversity as one of the guiding principles. FERD adheres to this principle by adopting design elements such as ecological ponds, landscaping and large green space.

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Recycling and Reuse of Tree Debris

The trees within Tpark require regular pruning and trimming to maintain healthy growth and avoid safety hazards due to decay or collapse. In the past, most of the tree debris was incinerated, which produced carbon emissions and air pollution. To refine its waste disposal, recycling and reuse operations, Tpark is using crushers to convert the debris into wood chips, which can be used as compost or mulches. While lessening environmental burdens and carbon emissions caused by incineration, the approach also replenishes the soil by transforming tree debris into nutrients, achieving environmental sustainability by greening the environment. The major benefits are listed below:

Waste reduction and resource reuse

1. The wood chips are used as compost to improve the soil condition for newly planted shrubs, such as coffee and Aristolochia debilis. The wood chips increase soil organic matter, hence reducing the need for and cost of purchasing organic compost or fertilizers.
2. In addition to being used as compost or fertilizers, the crushed tree debris can also be turned into mulches to cover the flowerbeds and tree planting holes, which reduces the cost of transporting and processing organic waste.

Ecological benefits

1. The approach increases the soil organic matter at Tpark, which boosts plant growth while minimizing the need for irrigation and the use of chemical fertilizers.
2. The approach cuts down the total amount of incinerated refuse and carbon emissions.

Eco Fair at Daan Forest Park

FERD was invited to participate in the 2024 Eco Fair at Daan Forest Park on November 2 to celebrate its 30th anniversary. The event was co-hosted by the Park Management Division of the Department of Public Works under the Taipei City Government and the Friends of Daan Forest Park Foundation. Through a series of programs and the eco-market, the 2024 Eco Fair aimed to call public attention to environmental issues.

FERD also participated by putting the EEWH Green Building Certification into creative use, developing an interactive game using the nine indicators from the certification system to enhance public understanding towards green buildings. FERD also provided a lively display showing butterflies and caterpillars to illustrate how Tpark built a butterfly-friendly environment. A green wall was also installed on site to simulate the effect of office greening and demonstrate the multi-faceted benefits of green buildings. In addition, Tpark prepared reusable cups made of wheat straw fibers as gifts to echo the environmental theme and help the participants adopt a green lifestyle.

Tpark's involvement underpinned the significance of green buildings in ecological conservation and inspired a probe into ways of incorporating sustainable design in one's own environment.

6.2.3 Smart Innovation

Smart innovation is a key driver of corporate growth. Through the use of technology, it ensures operational stability and sustainable development for the long haul by enhancing operational efficiency and resource allocation. FERD has committed tremendous efforts to the development and application of smart innovation, facilitating efficient management, improving the physical environment and enhancing user experience to maintain Tpark's long-term competitiveness and reach the ultimate goal of sustainable operation.

Innovative Intelligent Building Technologies and Applications at Tpark

In 2023, the Tpark development project received the Gold Award from the 16th Intelligent Living Space Design Competition held by the Architecture and Building Research Institute, Ministry of the Interior. The project integrates low-carbon design and intelligent technologies such as the IoT, system integration, BIM and data application, fostering sustainability with green operation and management.

To promote the application of innovative technologies in the architecture and construction disciplines, and to encourage exchanges between field professionals and researchers, the Architecture and Building Research Institute of Ministry of the Interior held the Intelligent Building Innovation and Technology Seminar at Tpark on June 21, 2024. The event kicked off with speeches by Xing-Long Chen, Deputy Director General of the Architectural and Building Research Institute, and Sophia Yiin, Vice President of FERD. FERD followed with a case study featuring Tpark and specifically focused on the development process and technologies involved. The participants also visited TPKP Parking Garage, which incorporated BIM during construction, and learned about its operation. Through peer exchange and site visits, the participants gained insights into the innovative technologies deployed in intelligent buildings, which will spark future innovations.

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Platinum Design Award From 2024 TIBA Performance Award

During the 2024 TIBA Award held by the Taiwan Intelligent Building Association (TIBA), Tpark was honored with the Platinum Design Award, the highest honor in the Performance Award category. TIBA is a pioneer in promoting intelligent buildings in Taiwan. It also co-founded the Asia Pacific Intelligent Green Building Alliance (APIGBA) with several Asian regions. Every two years, TIBA selects and recommends top intelligent building projects and products from Taiwan as contenders for the APIGBA Award the following year.

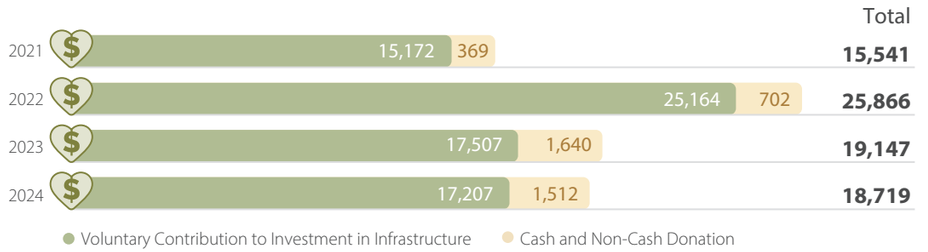
Considerations for the Performance Award category include not only visionary design concepts. The execution of a project along with modifications and improvements are also crucial elements that set the contender apart from fierce competitors. Tpark applied innovative thinking from construction to operation by integrating a management platform that facilitates low-carbon operation with digital technologies. From the building information modeling (BIM) during the construction phase to the facility management and building automation systems during the operation stage, its intelligent management platform integrates functions across systems such as accounting, logistics, administration and supplier management. The platform reduces deficiencies and the time required for layering the drawings and data during construction. It also documents the facility history and provides the digital information needed for the subsequent operation and maintenance, hence creating an intelligent and sustainable building management model with efficiency.

6.2.4 Mutual Prosperity

To FERD, driving community development is its corporate mission. Leveraging its business capabilities and operational strategies, FERD actively involves itself in community engagement and non-profit causes, developing diverse engagement programs to meet the needs of local communities. Among them are the fifth consecutive annual Christmas Charity Market, educational tours for local non-profit organizations and collaborations with the government to promote anti-corruption and sustainability issues. FERD is steering positive changes through its social influence. By joining hands with the communities, FERD is supporting the sustainable development goals and co-creating a brighter future.

Social Engagement Investment

Unit: NT$ thousands



Note:
1. Voluntary contribution to investments in infrastructure in 2024 includes the maintenance of landscaping within Tpark and the roads as well as the operation of the ecological ponds at the north and south parks.
2. The cash and non-cash donation made in 2024 included social engagement (hosting and co-hosting charitable events) and community engagement.

Co-hosting Children's Camp With Taiwan Fund for Children and Families

Taiwan Fund for Children and Families (TFCF) is an international non-profit organization that supports vulnerable children and families. On July 14, 2024, the New Taipei Branch of TFCF held a one-day children's camp, taking approximately 50 children in foster care to explore the outdoor environment and green buildings at Tpark, and getting them acquainted with ecological conservation and its significance. Tpark provided illustrated guide maps and learning sheets especially prepared for these children. They observed and interacted with the plants and animals, such as aquatic plants and common moorhens. They also learned to shield pomelos with protection bags. As they engaged in these activities, the knowledge of environmental and ecological preservation was taking root. Tpark also showed these children the industrial chimney from the former textile factory, a remnant from the past that gave them a preliminary understanding of industrial and economic development as well as the connection between environmental sustainability and human activities.

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2024 Tpark Christmas Charity Market– Tpark Healing Clinic

FERD held the 2024 Tpark Christmas Charity Market on December 19. With “healing” as the theme, FERD arranged a series of heartwarming activities and interactive programs designed to help those who work at Tpark to take a moment out of their busy schedule, experience the healing energy and share it with others.

The 2024 charity market was held in partnership with Synology Inc., a company stationed at Tpark. The market also attracted ten charity booths. Those who met the spending threshold at these booths were treated with their own caricature or a tarot reading. The art and soulful guidance brought a healing atmosphere to Tpark and put a smile on peoples’ faces. They also supported the charity booths financially by encouraging participation and spending for a good cause, contributing collectively to charity.

Taiwan Dr. Dog was also invited to the event, and the organization sent the adorable and well-trained Dr. Dog to volunteer healing services, inspiring and comforting the “patients” through companionship and therapy.

The 2024 Christmas Charity Market set a record in revenue growth, which soared by 64% compared with 2023. The turnout is attributed to Tpark’s enduring commitment for the charity booths, which have also boosted the sustainability growth of charitable organizations.

Promoting the New Taipei City Enterprise Service Integrity Platform at Tpark

Tpark assisted the New Taipei City Government and the Agency Against Corruption, Ministry of Justice during the New Taipei Smart City Enterprise Service Integrity Platform Forum held on July 18, 2024 to discuss corporate integrity and sustainability. The forum was an opportunity for exchange, which strengthened partnerships between the public and private sectors to help corporations further enhance ethical governance, regulatory compliance and sustainable management. The forum drew over 200 participants, who worked collectively towards building a healthy, ethical and sustainable investment and corporate community in Taiwan.

During the event, New Taipei City Mayor You-yi Hou emphasized the importance of integrity and ethical governance, and gave an overview of the New Taipei Smart City Enterprise Service Integrity Platform. He also acknowledged the long-term efforts that FERD has invested in New Taipei City. Tpark has been chosen by many major global corporations as their base, making it a driving force of economic development. After the forum, Mayor Hou visited Tpark, where Vice President Sophia Yiin of FERD introduced the low-carbon and sustainable features as well as smart technologies incorporated at the development, demonstrating the determination to internationalize and reach net-zero.

Li-Chi Chen, General Counsel of FENC was invited to the forum to share his field experience in corporate compliance and governance. Also among the attendees were Chung-Shu Wu, Chairman of Taiwan Institute of Economic Research, who discussed corporate ESG and sustainable development, and Yesin Chen, Director of Yesin Law Firm, who spoke on corporate ethical management. In addition, officials from the New Taipei City Government shared policy directions on net-zero transformation and carbon emission management, as well as resource integration strategies at New Taipei City. Participants across a wide range of disciplines gathered at Tpark, working together towards corporate integrity and sustainable development.

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7. Appendix

7.1 Environmental and Employee Data

The boundary of data collection for this chapter includes the production businesses listed in the Sustainability Report.

Direct and Energy Indirect GHG Emissions

Unit: $ktCO_2e$

(market-based)		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct Emissions	Scope 1	389	352	334	217	805	687	604	655	146	124	78	62	1,340	1,163	1,016	934
Energy Indrect Emissions	Scope 2	152	150	127	70	537	474	465	397	326	245	214	197	1,015	869	806	664
Biogenic Emissions		25	24	18	13	0	2	4	0	0	11	11	31	25	37	33	44
Total		541	502	461	287	1,342	1,161	1,069	1,052	472	369	292	259	2,355	2,032	1,822	1,598
GHG Emissions per Unit of Production (tCO_2e / metric ton of production)		0.23	0.24	0.25	0.21	0.26	0.24	0.23	0.22	0.96	0.82	0.74	0.72	0.29	0.28	0.26	0.24

Unit: $ktCO_2e$

(location-based)		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct Emissions	Scope 1	389	352	334	217	805	687	604	655	146	124	78	62	1,340	1,163	1,016	934
Energy Indrect Emissions	Scope 2	152	150	127	70	537	486	488	433	326	245	214	197	1,015	881	829	700
Biogenic Emissions		25	24	18	13	0	2	4	0	0	11	11	31	25	37	33	44
Total		541	502	461	287	1,342	1,173	1,092	1,088	472	369	292	259	2,355	2,044	1,845	1,634

Note:
1. The disclosure on GHG emissions covers 100% of the FENC production sites in this report, consolidated in accordance with the operational control approach.
2. GHGs include CO_2, CH_4, N_2O, HFCs, PFCs, SF6 and NF_3.
3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
4. Biogenic emissions are not included in the total.
5. From 2020 to 2024, 100% of the emission data passed the internal audit.
6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 88%, 100%, and 100% in 2021, 2022, 2023, and 2024, respectively.
7. The boundary of data collection for GHG emissions per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

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Other Indirect GHG Emissions (Scope 3)

Unit: $ktCO_2e$

	Petrochemical				Polyester				Textile				Total			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Purchased Goods and Services	2,219	2,484	2,200	1,845	4,763	4,461	4,467	4,354	772	695	630	550	7,754	7,640	7,297	6,749
Capital Goods	6	20	17	21	38	67	60	86	9	4	14	70	53	91	91	177
Fuel- and Energy-related Activities	84	89	82	50	291	247	215	215	98	70	41	32	473	406	338	297
Upstream Transportation and Distribution	92	66	53	0.05	137	146	151	182	11	8	20	18	240	220	224	200
Waste Generated in Operations	5	7	4	4	4	4	4	5	3	3	2	1	12	14	10	10
Business Travel	0.04	0.04	0.07	0.07	0.43	0.62	1.15	0.74	0.45	0.29	0.75	0.62	0.92	0.95	1.97	1.43
Employee Commuting	0.40	0.47	0.43	0.26	19.63	19.46	19.14	3.49	5.24	10.39	6.67	12.11	25.27	30.32	26.24	15.86
Upstream Leased Assets	0.76	2.16	2.20	2.02	0.37	0.52	1.52	1.34	3.57	0.46	0.43	0.30	4.70	3.14	4.15	3.66
Downstream Transportation and Distribution	75	74	78	105	317	288	290	443	32	19	8	20	424	381	376	568
Processing of Sold Products	-	-	-	-	-	2,824	2,731	2,697	-	-	78	169	-	2,824	2,809	2,866
Use of Sold Products	-	-	-	-	-	-	-	-	-	-	-	0.01	-	-	-	0.01
End-of-Life Treatment of Sold Products	-	-	-	-	-	294	287	328	-	0.34	68	74	-	294	355	402
Downstream Leased Assets	0.01	0.10	0	0.10	0.06	0.08	0.19	0.18	0	0	0	0	0.07	0.18	0.19	0.28
Franchises	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	2,482	2,744	2,437	2,027	5,571	8,353	8,226	8,315	935	809	868	947	8,988	11,906	11,531	11,289

Note:
1. The disclosure on GHG emissions covers 100% of the FENC production sites in this report, consolidated in accordance with the operational control approach.
2. Significant indirect GHG emissions are identified in accordance with the ISO 14064-1:2018 standards and divided into the 15 reporting categories based on the GHG Protocol.
3. The calculation of GHG emissions generated from "processing of sold products" and "end-of-life treatment of sold products" began in 2022; the calculation of GHG emissions generated from "use of sold products" began in 2024.
4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
5. From 2020 to 2024, 100% of the emission data passed the internal audit.
6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 94%, 100% and 100% in 2021, 2022, 2023 and 2024, respectively.

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Energy Consumption

Unit: TJ

	Petrochemical				Polyester				Textile				Total			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Purchased Electricity	1,137	1,106	960	510	3,483	3,079	3,131	3,036	1,989	1,522	1,360	1,207	6,609	5,707	5,451	4,753
Purchased Renewable Electricity	0	0	0	0	27	131	316	403	0	218	273	311	27	349	589	714
Self-Generated Renewable Electricity	1	4	7	26	6	11	22	25	33	34	37	36	40	49	66	87
Total Electricity Consumption	1,138	1,110	967	536	3,516	3,221	3,469	3,464	2,022	1,774	1,670	1,554	6,676	6,105	6,106	5,554
Natural Gas	4,077	4,232	3,738	2,457	2,533	2,458	2,991	3,184	822	738	687	663	7,432	7,428	7,416	6,304
Heavy Oil	0	0	0	0	285	247	70	25	3	8	4	0	288	255	74	25
Diesel	8	6	5	3	28	33	28	21	17	8	6	5	53	47	39	29
Coal	0	0	0	0	3,897	3,443	2,419	3,370	1,215	1,039	684	266	5,112	4,482	3,103	3,636
Coal-Water Slurry	0	0	0	0	2,297	1,951	1,300	1,245	144	111	90	8	2,441	2,062	1,390	1,253
Biomass Fuel	201	192	141	133	0	24	41	0	0	101	102	295	201	317	284	428
Purchased Steam	18	22	12	0	297	264	285	322	246	219	173	177	561	505	470	499
Total Energy Consumption	5,442	5,562	4,863	3,129	12,853	11,641	10,603	11,631	4,469	3,998	3,416	2,968	22,764	21,201	18,882	17,728
Percentage of Renewable Electricity	0.1%	0.4%	1%	5%	1%	4%	10%	12%	2%	14%	19%	22%	1%	7%	11%	14%
Percentage of Renewable Energy	4%	4%	3%	5%	0.3%	1%	4%	4%	1%	9%	12%	22%	1%	3%	5%	7%
Energy Consumption per Unit of Production (GJ / metric ton of production)	2.29	2.67	2.64	2.27	2.53	2.47	2.25	2.38	7.13	7.18	7.06	7.49	2.81	2.88	2.67	2.65

Note:
1. Energy consumption is mainly for production purposes, covers energy used for the generation of electricity, heat and steam; cogeneration; firefighting pumps; vehicles for internal transport.
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.
5. Percentage of renewable electricity = (purchased renewable electricity + self-generated renewable electricity) ÷ total electricity consumption.
6. Percentage of renewable energy = (purchased renewable electricity + self-generated renewable electricity + biomass fuel) ÷ total energy consumption.
7. The boundary of data collection for energy consumption per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

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Water Withdrawal and Water Consumption

Unit: megaliter

	Petrochemical				Polyester				Textile				Total			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Rivers/Lakes/Streams	5,556	5,449	5,141	4,112	1,666	1,424	1,146	1,583	1,572	1,340	1,005	801	8,794	8,213	7,292	6,496
Third-party Water	7,574	6,900	5,599	2,302	2,356	2,094	2,051	2,151	2,418	1,692	1,492	1,415	12,348	10,686	9,142	5,868
Groundwater	54	0	0	0	1,794	1,723	1,489	1,496	89	81	64	60	1,937	1,804	1,553	1,556
Rainwater	12	13	10	0	144	122	92	109	49	19	60	125	205	154	162	234
Total Water Withdrawal	13,196	12,362	10,750	6,414	5,960	5,363	4,778	5,339	4,128	3,132	2,621	2,401	23,284	20,857	18,149	14,154
Total Water Consumption	6,985	6,111	5,378	2,898	2,919	2,658	2,384	2,714	801	606	641	549	10,705	9,375	8,403	6,161
Water Withdrawal per Unit of Production (kiloliters / metric ton of production)	5.56	5.93	5.83	4.66	1.14	1.11	0.99	1.08	8.08	6.82	6.39	6.37	2.85	2.81	2.55	2.09

Note:
1. Rivers, lakes, streams and rainwater are surface water. 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 because 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. Data collection on water resources management accounts for 100% of the production sites within the scope of this report.
6. The boundary of data collection for water withdrawal per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Reused Water Volume and Recycling Rate

Unit: megaliter

		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Circulating Water	Cooling Water	704,250	700,497	598,014	373,795	502,119	491,856	480,988	527,377	33,106	39,274	44,252	45,346	1,239,475	1,231,627	1,123,254	946,518
	Other circulating Water	16,067	14,668	28,352	27,232	836	859	821	831	0	0	0	0	16,903	15,527	29,173	28,063
Recycled Water	Recycled Water Excluding Reclaimed Water	346	284	169	32	741	660	513	539	1,054	448	364	359	2,141	1,392	1,046	930
	Reclaimed Water	1,782	1,140	1,095	470	178	210	197	238	1,776	1,548	1,251	1,359	3,736	2,898	2,543	2,067
Total (Reused Water)		722,445	716,589	627,630	401,529	503,874	493,585	482,519	528,985	35,936	41,270	45,867	47,064	1,262,255	1,251,444	1,156,016	977,578
Water Recycling Rate		98%	98%	98%	98%	99%	99%	99%	99%	90%	93%	95%	95%	98%	98%	98%	99%

Note:
1. "Circulating water" refers to water that is used by a water consumption facility and is directly recycled and reused within said facility without being discharged.
2. "Recycled water" refers to water that is recycled and reused after being discharged out of the water consumption facility.
3. The "Other circulating Water" category under circulating water mainly includes boiler and production circulating water.
4. The water recycling rate is calculated as: total reused water ÷ (total water withdrawal + total reused water) × 100%. The calculation is based on the formula for recycling (reuse) rate, R1, in the Water Usage Plan issued by the MOEA of Taiwan.
5. The data disclosed in the table, Reused Water Volume and Water Recycling Rate, covers 100% of the FENC production sites covered in this report.

Content

Water Discharge

Unit: megaliter

		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
TDS	Freshwater	0	0	0	0	967	367	330	1,542	847	445	366	398	1,814	812	696	1,940
	Other Water	6,211	6,251	5,372	3,516	2,074	2,338	2,064	1,083	2,480	2,081	1,614	1,454	10,765	10,670	9,050	6,053
Destination	Surface Water	0	0	0	0	2,000	1,702	1,341	1,594	1,849	1,271	947	832	3,849	2,973	2,288	2,426
	Off-Site Wastewater Treatment Facilities	6,211	6,251	5,372	3,516	1,041	1,003	1,053	1,031	1,478	1,255	1,033	1,020	8,730	8,509	7,458	5,567
Total Water Discharge		6,211	6,251	5,372	3,516	3,041	2,705	2,394	2,625	3,327	2,526	1,980	1,852	12,579	11,482	9,746	7,993
Water Discharge per Unit of Production (kiloliter / metric ton of production)		2.62	3.00	2.91	2.55	0.58	0.56	0.50	0.53	6.53	5.40	4.89	4.92	1.53	1.54	1.37	1.18

Note:
1. FENC does not discharge effluent directly to the seawater or groundwater / well water.
2. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids>1,000mg/L.
3. The boundary of data collection for effluent discharge per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Air Pollutant Emissions

Unit: metric ton

	Petrochemical				Polyester				Textile				Total			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
NOx	217	172	110	100	470	426	295	253	123	101	115	124	810	699	520	477
SOx	80	72	75	38	216	223	283	269	69	75	90	93	365	370	448	400
POP	0	0	0	0	0	0	0.07	0.08	0	0	0	0	0	0	0.07	0.08
VOC	160	116	106	38	302	292	257	263	28	22	19	7	490	430	382	308
HAP	0	0	0	0	3	3	3	3	0	0	0	0	3	3	3	3
Particulate Pollutants	17	15	8	7	46	37	37	33	19	37	32	38	82	89	77	78
Total	474	375	299	183	1,037	981	875	821	239	235	256	262	1,750	1,591	1,430	1,266
Air Pollutant Emissions per Unit of Production (kg / metric ton of production)	0.20	0.18	0.16	0.14	0.20	0.21	0.18	0.17	0.38	0.43	0.53	0.67	0.22	0.22	0.19	0.19

Note:
1. Only the emitted gas types are listed.
2. Particulate pollutants include particulate matter, dust and smoke.
3. The data types include: actual measured values, annualized sample values and estimated values.
4. Data on the emission of hazardous air pollutants (HAPs) are collected at APG Polytech in accordance with mandates from the U.S. Environmental Protection Agency; at FIGP in accordance with the list of HAPs in Japan; at Kuanyin Chemical Fiber Plant in accordance with the Standards for Air Pollutant Emission from Stationary Pollution Sources enacted by the Ministry of Environment in Taiwan.
5. The disclosure on air pollutant emissions covers 100% of the FENC production sites in this report.
6. The boundary of data collection for Air Pollutant Emissions per Unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Content

Air Pollutant Emissions per Unit of Production

Unit: kg / metric ton of production

	Petrochemical	Polyester	Textile	Total
NOx	0.07	0.05	0.32	0.07
SOx	0.03	0.06	0.24	0.06
POP	0.00	0.00002	0.00	0.00001
VOC	0.03	0.05	0.01	0.05
HAP	0.00	0.0007	0.00	0.0005
Particulate Pollutants	0.01	0.01	0.10	0.01
Total	0.14	0.17	0.67	0.19

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

Waste Generated per Unit of Production

Unit: kg / metric ton of production

		2021	2022	2023	2024
Treatment Method	Recycling and Reuse	13.92	12.68	12.89	13.13
	Non-Recycling and Non-Reuse	2.25	2.47	2.30	2.05
Type	General Industrial Waste	15.36	14.73	14.27	14.82
	Hazardous Industrial Waste	0.81	0.42	0.92	0.36
Total Waste		16.17	15.16	15.19	15.18

Note: FEAZ, FEAV and FENV are not included.

Waste Volume

Unit: metric ton

		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Treatment Method	Recycling and Reuse	5,525	3,196	4,511	2,361	90,557	77,187	74,596	72,682	18,463	15,334	13,599	14,370	114,545	95,717	92,706	89,413
	Non-Recycling and Non-Reuse	2,060	1,395	1,919	218	11,390	11,558	12,020	11,367	5,030	5,544	2,445	2,236	18,480	18,497	16,384	13,821
Type	General Industrial Waste	4,533	3,701	3,667	2,579	100,692	87,746	84,010	82,791	21,186	19,577	14,867	15,406	126,411	111,024	102,544	100,776
	Hazardous Industrial Waste	3,052	890	2,763	0	1,255	999	2,606	1,258	2,307	1,301	1,177	1,200	6,614	3,190	6,546	2,458
Total Waste		7,585	4,591	6,430	2,579	101,947	88,745	86,616	84,049	23,493	20,878	16,044	16,606	133,025	114,214	109,090	103,234
Waste Generated per Unit of Production (kg / metric ton of production)		3.20	2.20	3.49	1.87	20.06	18.85	18.34	17.20	34.04	32.84	29.34	37.13	16.17	15.16	15.19	15.18

Note:
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 industiral waste in Taiwan.
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.
4. The waste disclosures from 2021, 2022, 2023 and 2024 have been 100% verified by SGS.
5. The boundary of data collection for Waste Generated per Unit of Production for the Textile Business does not include FEAZ, FENV and FEAV.

Content

Number and Rate of New Employee Hires

		Taiwan								Mainland China							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	47	12%	174	25%	112	18%	87	19%	899	160%	390	85%	345	83%	176	54%
	Female	14	9%	106	52%	74	40%	30	23%	347	92%	125	49%	126	60%	85	54%
	Subtotal	61	11%	280	31%	186	23%	117	20%	1,246	133%	515	72%	471	75%	261	54%
31~50	Male	69	4%	175	8%	111	5%	38	2%	715	38%	351	19%	322	18%	166	10%
	Female	16	3%	39	6%	27	4%	14	2%	465	26%	221	13%	237	14%	171	10%
	Subtotal	85	4%	214	7%	138	5%	52	2%	1,180	32%	572	16%	559	16%	337	10%
Over 51	Male	2	1%	4	0%	6	1%	2	0.3%	10	4%	5	2%	10	3%	8	2%
	Female	3	1%	1	0%	2	1%	1	0.3%	0	0%	1	11%	5	9%	1	3%
	Subtotal	5	1%	5	0%	8	1%	3	0%	10	4%	6	2%	15	4%	9	2%
Total		151	4%	499	10%	332	7%	172	4%	2,436	50%	1,093	24%	1,045	23%	607	14%

		Vietnam								Japan							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	1,167	56%	1,803	75%	390	22%	1,213	59%	7	19%	7	21%	29	57%	11	22%
	Female	2,491	64%	3,334	76%	484	15%	2,058	57%	3	38%	2	15%	4	27%	6	40%
	Subtotal	3,658	61%	5,137	76%	874	17%	3,271	58%	10	23%	9	20%	33	50%	17	26%
31~50	Male	337	27%	617	41%	332	23%	676	40%	13	15%	15	10%	54	27%	32	17%
	Female	1,094	38%	1,626	51%	374	12%	1,643	45%	2	14%	6	22%	23	64%	6	15%
	Subtotal	1,431	34%	2,243	47%	706	15%	2,319	43%	15	15%	21	12%	77	33%	38	17%
Over 51	Male	6	9%	11	17%	8	11%	18	23%	0	0%	1	8%	1	20%	2	22%
	Female	12	33%	9	19%	3	5%	10	14%	0	0%	0	0%	0	0%	1	25%
	Subtotal	18	18%	20	18%	11	8%	28	19%	0	0%	1	5%	1	9%	3	23%
Total		5,107	50%	7,400	64%	1,591	16%	5,618	50%	25	16%	31	13%	111	36%	58	19%

		U.S.								Total							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	14	48%	6	21%	1	4%	5	20%	2,134	69%	2,602	60%	877	19%	1,492	36%
	Female	1	50%	2	50%	1	20%	0	0%	2,856	64%	3,646	45%	689	15%	2,179	27%
	Subtotal	15	48%	8	24%	2	7%	5	17%	4,990	66%	6,248	26%	1,566	8%	3,671	15%
31~50	Male	10	17%	9	15%	3	5%	5	9%	1,144	23%	1,337	38%	822	10%	917	18%
	Female	2	22%	1	10%	1	9%	3	23%	1,579	29%	2,024	38%	662	10%	1,837	17%
	Subtotal	12	18%	10	14%	4	6%	8	11%	2,723	26%	3,361	19%	1,484	5%	2,754	9%
Over 51	Male	1	2%	1	2%	1	2%	0	0%	19	1%	22	160%	26	40%	30	81%
	Female	1	5%	0	0%	0	0%	0	0%	16	4%	12	486%	10	114%	13	237%
	Subtotal	2	2%	1	1%	1	1%	0	0%	35	2%	34	120%	36	30%	43	60%
Total		29	16%	19	10%	7	4%	13	8%	7,748	40%	9,643	44%	3,086	14%	6,468	5%

Note:
1. "Number of new employee hires" refers to the total number of employees hired by the FENC sites in a specific region. Beginning in 2024, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.
2. The rate is derived by dividing the number of the new employees hires of an age group by the total number of employees of the same age group, gender and region.

Content

Number and Rate of Resignations

		Taiwan								Mainland China							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	65	17%	112	16%	116	18%	75	16%	919	164%	470	91%	340	82%	199	61%
	Female	18	11%	37	18%	33	18%	41	32%	347	92%	160	58%	130	62%	81	52%
	Subtotal	83	15%	149	16%	149	18%	116	20%	1,266	135%	630	80%	470	75%	280	58%
31~50	Male	110	6%	260	12%	232	11%	182	8%	726	39%	488	25%	429	23%	285	16%
	Female	22	4%	50	7%	37	6%	58	9%	520	29%	451	25%	366	21%	254	15%
	Subtotal	132	6%	310	11%	269	6%	240	9%	1,246	34%	939	25%	795	22%	539	16%
Over 51	Male	97	10%	89	9%	119	13%	166	21%	21	9%	25	9%	29	8%	53	15%
	Female	17	5%	19	6%	25	7%	52	16%	10	143%	13	34%	9	17%	46	153%
	Subtotal	114	9%	108	8%	144	12%	218	20%	31	12%	38	11%	38	10%	99	27%
Total		329	8%	567	11%	562	12%	574	13%	2,543	52%	1,607	33%	1,303	29%	918	22%

		Vietnam								Japan							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	1,832	88%	1,657	69%	833	48%	1,044	51%	2	6%	2	6%	4	8%	2	4%
	Female	2,956	76%	2,647	60%	1,255	38%	1,778	49%	1	13%	0	0%	1	7%	1	7%
	Subtotal	4,788	80%	4,304	63%	2,088	41%	2,822	50%	3	7%	2	4%	5	8%	3	5%
31~50	Male	593	47%	620	41%	506	35%	665	39%	5	6%	2	1%	18	9%	11	6%
	Female	1,439	50%	1,530	48%	917	29%	1,672	42%	1	7%	1	4%	3	8%	0	0%
	Subtotal	2,032	49%	2,150	45%	1,423	31%	2,337	44%	6	6%	3	2%	21	9%	11	5%
Over 51	Male	17	26%	19	29%	25	35%	17	22%	0	0%	1	8%	1	20%	1	11%
	Female	20	56%	14	30%	14	23%	17	24%	0	0%	6	86%	0	0%	0	0%
	Subtotal	37	36%	33	29%	39	30%	34	23%	0	0%	7	35%	1	9%	1	8%
Total		6,857	63%	6,487	56%	3,550	36%	5,193	47%	9	6%	12	5%	27	9%	15	5%

		U.S.								Total							
		2021		2022		2023		2024		2021		2022		2023		2024	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	0	0%	3	10%	3	12%	1	4%	1,883	61%	2,244	61%	1,296	45%	1,321	45%
	Female	0	0%	0	0%	0	0%	0	0%	2,546	57%	2,844	58%	1,419	38%	1,901	49%
	Subtotal	0	0%	3	9%	3	10%	1	3%	4,429	59%	5,088	59%	2,715	41%	3,222	47%
31~50	Male	5	9%	4	6%	6	10%	7	12%	1,237	25%	1,374	24%	1,191	21%	1,150	20%
	Female	2	22%	0	0%	0	0%	1	8%	1,651	31%	2,032	35%	1,323	24%	1,985	33%
	Subtotal	7	10%	4	6%	6	9%	8	11%	2,888	28%	3,406	29%	2,514	22%	3,135	26%
Over 51	Male	7	11%	5	8%	4	6%	7	12%	128	9%	139	10%	178	13%	244	19%
	Female	1	5%	1	5%	2	11%	5	33%	46	11%	53	12%	50	10%	120	27%
	Subtotal	8	10%	6	7%	6	7%	12	16%	174	10%	192	10%	228	12%	364	21%
Total		15	8%	13	5%	15	8%	21	12%	7,491	35%	8,686	40%	5,457	28%	6,721	33%

Note:
1. "Resignations" refers to the total number of employees who resigned from FENC sites in a specific region. Beginning in 2024, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.
2. The rate is derived by dividing the number of the resignations of an age group by the total number of employees of the same age group, gender and region.

Content

Number and Rate of Voluntary and Involuntary Resignations

	Taiwan								Mainland China							
	2021		2022		2023		2024		2021		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Voluntary	259	6%	560	11%	523	11%	450	10%	2,399	49%	1,403	29%	1,116	24%	794	19%
Involuntary	70	2%	7	0%	39	1%	124	3%	144	3%	204	4%	187	4%	124	3%
Total	329	8%	567	11%	562	12%	574	13%	2,543	52%	1,607	33%	1,303	29%	918	22%

	Vietnam								Japan							
	2021		2022		2023		2024		2021		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Voluntary	5,952	55%	3,816	33%	2,828	29%	2,869	26%	9	6%	12	5%	27	9%	15	5%
Involuntary	905	8%	2,671	23%	722	7%	2,324	21%	0	0%	0	0%	0	0%	0	0%
Total	6,857	63%	6,487	56%	3,550	36%	5,193	47%	9	6%	12	5%	27	9%	15	5%

	U.S.								Total							
	2021		2022		2023		2024		2021		2022		2023		2024	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Voluntary	12	7%	11	6%	15	8%	19	11%	6,930	35%	5,802	26%	4,509	23%	4,147	20%
Involuntary	3	2%	2	1%	0	0%	2	1%	561	3%	2,884	13%	948	5%	2,574	13%
Total	15	8%	13	7%	15	8%	21	12%	7,491	35%	8,686	40%	5,457	28%	6,721	33%

Note:
1. The term, voluntary resignation, refers to the termination of employment relationships initiated by employees, such as the request to resign or retire.
2. The term, involuntary resignation, refers to the termination of employment relationships initiated by the employer or in accordance with the law, such as retirement upon the statutory retirement age, retirement with distinctions, dismissal and contract termination.
3. The percentage is calculated by dividing the numbers of voluntary resignation and involuntary resignation by the number of employees in the region.
4. "Resignations" refers to the total number of employees who resigned from FENC sites in a specific region. Beginning in 2022, disclosures on non-permanent employees have been included in the report, including retrospective data collection that dates back to 2022.

Content

Salary Ratio by Gender

		Taiwan				Mainland China				Vietnam				Japan				U.S.			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Section Chief and Above	(Female to Male)	1.05:1	0.96:1	0.96:1	**1.01:1**	0.83:1	0.82:1	0.75:1	**0.83:1**	1.17:1	1.11:1	1.01:1	**1.05:1**	0.93:1	1.01:1	1.18:1	**1.01:1**	0.97:1	0.99:1	1.00:1	**0.83:1**
Rank-and-file Employee	(Female to Male)	1.01:1	1.01:1	1.02:1	**1.04:1**	0.84:1	0.78:1	0.79:1	**0.83:1**	1.04:1	1.02:1	1.01:1	**0.97:1**	0.96:1	0.86:1	1.01:1	**1.01:1**	0.94:1	0.97:1	0.94:1	**0.95:1**
Factory Worker	(Female to Male)	1.22:1	1.22:1	1.18:1	**1.19:1**	0.91:1	0.91:1	0.91:1	**0.95:1**	0.95:1	0.94:1	0.93:1	**0.94:1**	0.93:1	0.91:1	0.92:1	**0.97:1**	1.00:1	1.00:1	0.99:1	**0.99:1**

Note:
1. The ratio is derived by female base salary to male base salary for the same rank of job.
2. Base salary" refers to the remuneration paid to employees in December of each year, including salaries with monthly stipends and performance bonuses.

Salary Comparison to Market Level

		Taiwan				Mainland China				Vietnam				Japan				U.S.			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Average Annual Regular Salary over Market Level		45%	45%	46%	**50%**	86%	65%	60%	**46%**	44%	44%	40%	**50%**	14%	35%	31%	**1%**	26%	57%	59%	**41%**
Entry-Level Salary over Minimum Wage	Male	140%	21%	16%	**14%**	140%	128%	131%	**112%**	12%	12%	12%	**10%**	168%	205%	186%	**9%**	146%	134%	120%	**147%**
	Female	113%	21%	16%	**14%**	113%	111%	117%	**109%**	12%	12%	12%	**10%**	128%	168%	167%	**9%**	146%	134%	120%	**147%**

Note: The data sources for market rates of salaries across FENC's global locations include: the average salary in the manufacturing industry and the minimum wages published by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan in Taiwan; 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 in mainland China; the average wages published by the General Statistics Office of Vietnam and the minimum wages among tier-one cities in Vietnam; the regional minimum salary determined by the Ministry of Health, Labor and Welfare and the Statistical Survey of Actual Status for Salary in the Private Sector by the National Tax Agency in Japan; the United States Census Bureau for the U.S. locations. Data comparison is conducted based on statistics from the current year.

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

	Taiwan				Mainland China				Vietnam				Japan				U.S.			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Salary Ratio The Highest Individual Salary : Median Salary of Other Employees	7.48:1	7.38:1	7.18:1	**6.88:1**	5.15:1	5.09:1	5.01:1	**5.25:1**	8.35:1	7.00:1	9.47:1	**9.57:1**	2.38:1	1.54:1	1.53:1	**3.44:1**	2.16:1	2.40:1	3.50:1	**3.60:1**
Salary Increase Ratio The Highest Individual Salary : Median Salary of Other Employees	1.02:1	0.78:1	0.43:1	**0.68:1**	2.04:1	1.42:1	--	--	1.14:1	1.11:1	--	**1.19:1**	--	--	--	--	1.07:1	2.22:1	2.18:1	**1.09:1**

Note:
1. The disclosed data from production sites in Taiwan, mainland China, Vietnam, Japan, and the U.S. represent the average values from sites where salary adjustments were made during the reporting year.
2. The salary ratio is the ratio of the annual total salary for the organization's highest-paid individual to the median annual total salary for all employees.
3. The annual salary increase ratio is the ratio of the percentage increase in annual total salary for the organization's highest-paid individual to the median percentage increase in annual total salary for all employees (excluding the highest-paid individual).
4. "-" indicates no salary adjustment.

Content

Training Categories and Attendance

		Taiwan			Mainland China			Vietnam			Japan			U.S.			Total		
		2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024
New Recruit Training	Sessions	91	85	50	347	354	368	2,219	1,817	3,449	35	15	19	18	5	13	2,710	2,276	3,899
	Attendance count	749	463	222	1,102	1,415	698	54,140	13,400	57,238	38	72	57	35	5	13	56,064	15,355	58,228
Specialized Training	Sessions	3,009	3,066	3,112	2,430	2,663	2,184	1,552	1,058	1,137	682	670	19	271	483	343	7,944	7,940	6,795
	Attendance count	20,439	22,129	26,926	16,014	18,326	14,916	20,203	24,821	26,202	685	670	30	702	1,420	1,560	58,043	67,366	69,634
Management Training	Sessions	403	395	466	61	41	21	80	68	73	0	0	1	53	55	86	597	559	647
	Attendance count	1,592	2,446	2,825	1,480	604	403	830	1,105	750	0	0	20	106	110	185	4,008	4,265	4,183
Occupational Safety and Health Training	Sessions	792	959	602	134	161	185	497	912	1,241	12	12	12	134	203	274	1,569	2,247	2,314
	Attendance count	18,745	18,576	19,781	4,674	5,711	4,709	17,354	45,622	35,153	1,370	264	3,708	1,370	1,967	1,692	43,513	72,140	65,043
Anti-corruption Training	Sessions	106	70	91	177	156	42	213	240	388	1	1	20	1	1	1	498	468	542
	Attendance count	6,133	4,924	4,917	5,490	5,121	3,564	13,555	9,692	10,734	71	264	309	77	74	69	25,326	20,075	19,593
Human Rights Training	Sessions	19	87	88	176	155	42	237	218	367	1	1	20	1	1	1	434	462	518
	Attendance count	4,411	5,517	6,833	5,412	5,104	3,581	13,502	9,760	10,734	171	270	309	175	176	168	23,671	20,827	21,625
Total	Sessions	4,420	4,662	4,409	3,325	3,530	2,842	4,798	4,313	6,655	731	699	91	478	748	718	13,752	13,952	14,715
	Attendance count	52,069	54,055	61,504	34,172	36,281	27,871	119,584	104,400	140,811	2,335	1,540	4,433	2,465	3,752	3,687	210,625	200,028	238,306

Note:
1. Modifications were made to the internal training categories in 2022.
2. Since 2024, non-permanent employees have been included in the scope of data collection.

Average Number of Training Hours of Age in 2024

Unit: hour / person

	Average Hours
Under 30	41.66
31~50	23.40
Over 51	23.40
Total	29.49

Note: Since 2024, non-permanent employees have been included in the scope of data collection.

Average Number of Training Hours and of Regions

Unit: hour / person

	2021	2022	2023	2024
Taiwan	29.50	26.40	29.65	24.91
Mainland China	22.23	19.24	20.37	16.41
Vietnam	14.48	29.22	25.31	36.13
Japan	14.70	24.30	23.74	16.91
U.S.	52.17	52.52	70.22	65.27
Total	19.95	26.61	25.46	29.49

Note: Since 2024, non-permanent employees have been included in the scope of data collection.

Average Number of Training Days and of Regions

Unit: day / person

	2021	2022	2023	2024
Taiwan	3.69	3.30	3.71	3.11
Mainland China	2.78	2.41	2.54	2.05
Vietnam	1.81	3.65	3.16	4.52
Japan	1.84	3.03	2.96	2.11
U.S.	6.52	6.57	8.78	8.16
Total	2.49	3.33	3.18	3.69

Note: Since 2024, non-permanent employees have been included in the scope of data collection.

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Human Resource Overview

		Taiwan				Mainland China				Vietnam				Japan				U.S.				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Permanent Employees	Male (%)	73%	73%	72%	72%	55%	57%	58%	57%	33%	34%	33%	34%	84%	84%	83%	82%	82%	82%	81%	81%	48%	48%	49%	47%
	Female (%)	27%	27%	28%	28%	45%	43%	42%	43%	67%	66%	67%	66%	16%	16%	17%	18%	18%	18%	19%	19%	52%	52%	51%	53%
	Number	4,176	4,177	4,012	3,724	4,870	4,564	4,513	4,105	10,241	11,578	9,629	10,947	155	219	264	300	180	187	180	172	19,622	20,725	18,598	19,248
Temporary Employees	Male (%)	90%	90%	90%	92%	62%	53%	46%	57%	36%	54%	39%	41%	76%	-	57%	67%	100%	-	-	-	67%	80%	76%	78%
	Female (%)	10%	10%	10%	8%	38%	47%	54%	43%	64%	46%	61%	59%	24%	-	43%	33%	0%	-	-	-	33%	20%	24%	22%
	Number	888	884	829	794	593	284	180	138	566	56	148	197	17	0	46	9	4	0	0	0	2,070	1,224	1,203	1,138
Total	Male (%)	76%	76%	75%	75%	56%	56%	58%	57%	33%	34%	33%	34%	83%	84%	79%	81%	83%	82%	81%	81%	50%	50%	51%	49%
	Female (%)	24%	24%	25%	25%	44%	44%	42%	43%	67%	66%	67%	66%	17%	16%	21%	19%	17%	18%	19%	19%	50%	50%	49%	51%
	Number	5,064	5,061	4,841	4,518	5,463	4,848	4,693	4,243	10,807	11,634	9,777	11,144	172	219	310	309	184	187	180	172	21,692	21,949	19,801	20,386

Note:
1. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards.
2. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
3. The headcount is based on the payroll settlement date in December of the current year at all FENC sites.
4. There are no part-time employees or non-guaranteed hours employees at any FENC production sites.

Calculation Formulas and Definitions of Indicators Related to Occupational Injury Statistics

Indicator	Formulas and Definitions	Explanation
Occupational Injuries	Including premature fatalities, 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.
Severe Occupational Injuries	Defined as an inability or difficulty to restore to pre-injury health condition within 6 months.	It corresponds to Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
Injury Rate (IR)	Total number of occupational injuries × 200,000	IR indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to Total Recordable Incident Rate (TRIR) and Process Safety Total Incident Rate (PSTIR) in the SASB standards for the chemical industry.
Lost Time Injury Frequency Rate (LTIFR)	Total number of occupational injuries ÷ total work hours × 1,000,000	LTIFR indicates the number of lost time injuries occurring in a workplace per 1 million hours worked.
Absentee Rate % (AR%)	Days of absence ÷ total work days × 100%	-
Lost Day Rate (LDR)	Lost days ÷ total work hours × 200,000. Lost days do not include the day of injury and the day of work resumption.	LDR indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to Lost Workday Rate (LWR) in Dow Jones Sustainability Index (DJSI).
Rate of Work-Related Fatalities	Number of work-related fatalities ÷ total work hours × 200,000	Rate of Work-Related Fatalities indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to fatality rate in the SASB standards for the chemical industry.

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Statistics on Occupational Injury

		Petrochemical				Polyester				Textile				Corporate Management				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Occupational Injury Cases	Male	2	0	1	0	37	22	11	12	29	38	20	5	1	0	0	0	69	60	32	17
	Female	0	0	0	0	10	2	2	0	20	15	10	10	0	0	0	0	30	17	12	10
	Total	2	0	1	0	47	24	13	12	49	53	30	15	1	0	0	0	99	77	44	27
Injury Rate (IR)	Male	0.34	0.00	0.22	0.00	0.34	0.36	0.19	0.20	0.20	0.21	0.14	0.03	0.12	0.00	0.00	0.00	0.25	0.23	0.15	0.07
	Female	0.00	0.00	0.00	0.00	0.09	0.03	0.03	0.00	0.14	0.08	0.07	0.06	0.00	0.00	0.00	0.00	0.11	0.07	0.05	0.04
	Total	0.34	0.00	0.22	0.00	0.43	0.39	0.22	0.20	0.33	0.29	0.20	0.10	0.12	0.00	0.00	0.00	0.37	0.30	0.20	0.12
Lost Time Injury Frequency Rate (LTIFR)	Male	1.69	0.00	1.12	0.00	1.71	1.78	0.94	1.00	0.98	1.03	0.68	0.16	0.58	0.00	0.00	0.00	1.27	1.15	0.73	0.37
	Female	0.00	0.00	0.00	0.00	0.46	0.16	0.17	0.00	0.68	0.41	0.34	0.32	0.00	0.00	0.00	0.00	0.55	0.33	0.27	0.22
	Total	1.69	0.00	1.12	0.00	2.17	1.94	1.11	1.00	1.66	1.44	1.02	0.48	0.58	0.00	0.00	0.00	1.83	1.48	1.01	0.59
Absentee Rate % (AR%)	Male	0.37	0.90	0.14	0.38	0.09	0.20	0.32	0.26	0.37	0.12	0.38	0.13	0.05	0.11	0.10	0.09	0.25	0.15	0.35	0.17
	Female	0.05	0.04	0.03	0.04	0.07	0.08	0.17	0.16	0.28	0.33	0.37	0.31	0.07	0.20	0.17	0.16	0.18	0.26	0.30	0.26
	Total	0.42	0.94	0.17	0.42	0.15	0.28	0.48	0.42	0.65	0.44	0.75	0.44	0.12	0.31	0.26	0.24	0.43	0.41	0.65	0.43
Lost Day Rate (LDR)	Male	0.00	0.00	2.24	0.00	2.85	4.87	4.24	2.64	2.88	2.77	0.89	1.26	0.35	0.00	0.00	0.00	2.73	3.12	1.78	1.56
	Female	0.00	0.00	0.00	0.00	0.94	0.92	1.44	1.00	1.72	1.49	1.82	1.11	0.00	0.00	0.00	0.00	1.31	1.28	1.61	1.03
	Total	0.00	0.00	2.24	0.00	3.80	5.79	5.68	3.64	4.60	4.26	2.72	2.37	0.35	0.00	0.00	0.00	4.04	4.39	3.39	2.59
Number of Work-Related Fatalities	Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note:
1. Statistics cover 100% production sites in this report, including permanent employees and temporary employees. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
2. Total work hours of employees are 45,457,432 hours in 2024.
3. There were no high-consequence work-related injuries (defined as an inability or difficulty to restore to preinjury health condition within 6 months) in 2021, 2022 and 2024. However, there were 2 severe occupational injuries related to being caught-in/between and dust combustion in 2023. These incidents correspond to a 0.01% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2024.
5. Beginning in 2024, disclosures from the Corporate Management have been included in the report, with retrospective adjustments made to data dating back to 2021.

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Contractor's Occupational Injury at Production Sites

		Petrochemical				Polyester				Textile				Total			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Occupational Injury Cases	Male	2	2	4	1	3	6	5	2	0	0	0	0	5	8	9	3
	Female	0	0	0	0	0	1	0	2	0	0	0	0	0	1	0	2
	Total	2	2	4	1	3	7	5	4	0	0	0	0	5	9	9	5
Injury Rate (IR)	Male	0.32	0.41	1.04	0.68	0.30	0.58	0.41	0.19	0.00	0.00	0.00	0.00	0.26	0.45	0.49	0.19
	Female	0.00	0.00	0.00	0.00	0.00	0.10	0.00	0.19	0.00	0.00	0.00	0.00	0.00	0.06	0.00	0.12
	Total	0.32	0.41	1.04	0.68	0.30	0.67	0.41	0.38	0.00	0.00	0.00	0.00	0.26	0.50	0.49	0.31
Lost Time Injury Frequency Rate (LTIFR)	Male	1.60	2.04	5.19	3.38	1.49	2.88	2.03	0.96	0.00	0.00	0.00	0.00	1.30	2.23	2.46	0.93
	Female	0.00	0.00	0.00	0.00	0.00	0.48	0.00	0.96	0.00	0.00	0.00	0.00	0.00	0.28	0.00	0.62
	Total	1.60	2.04	5.19	3.38	1.49	3.36	2.03	1.92	0.00	0.00	0.00	0.00	1.30	2.50	2.46	1.55
Number of Work-Related Fatalities	Male	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00
	Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note:
1. Statistics cover 100% production sites in this report.
2. Total work hours of contractors are 3,229,312 hours in 2024, including contractors of engineering and labor services.
3. There were no high-consequence work-related injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months) in 2021, 2022 and 2024. However, there was 1 severe occupational injury related to being caught-in/between in 2023. This incident corresponds to a 0.05% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2024.

Content

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, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GRI Standard	Disclosure	Chapters	Pages
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	About This Report, 1.1, 6.1.1, 6.1.2	3, 36, 148, 148
2-2	Entities included in the organization's sustainability reporting	About This Report, 1.1.2	3, 37
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, 179
Activities and workers			
2-6	Activities, value chain and other business relationships	1.1, 4.4, 6.1.1	36, 131, 148
2-7	Employees	4.1.2, 6.1.1	107, 148
2-8	Workers who are not employees	4.1.2, 6.1.3	107, 150
Governance			
2-9	Governance structure and composition	1.2.2, 1.5.1, Please refer to "II. Corporate Governance Report" in the 2024 FENC Annual Report.	40, 51
2-10	Nomination and selection of the highest governance body	1.2.2	40
2-11	Chair of the highest governance body	Please refer to "II. Corporate Governance Report" in the 2024 FENC Annual Report.	
2-12	Role of the highest governance body in overseeing the management of impacts	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5.1	8, 11, 51
2-13	Delegation of responsibility for managing impacts	1.3.1, 1.5.1	42, 51
2-14	Role of the highest governance body in sustainability reporting	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5.1	8, 11, 51
2-15	Conflicts of interest	1.2.2	40
2-16	Communication of critical concerns	1.2.2, 1.5.1	40, 51
2-17	Collective knowledge of the highest governance body	1.2.1, 1.2.2	39, 40
2-18	Evaluation of the performance of the highest governance body	1.2.2	40
2-19	Remuneration policies	1.2.2, 4.1.5	40, 114
2-20	Process to determine remuneration	1.2.2, 4.1.5	40, 114
2-21	Annual total compensation ratio	4.1.3	112
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Message from the Chairman, 1.5.1	5, 51
2-23	Policy commitments	Boosting Stakeholder Dialogue,1.1, 1.3, 1.5.1, 2.4, 4.1.1, 4.1.4, 4.4.1	11, 36, 42, 51, 65, 101, 113, 132
2-24	Embedding policy commitments	Boosting Stakeholder Dialogue,1.1, 1.2, 1.3, 4.1.1, 4.1.4, 4.4.1	11, 36, 39, 42, 101, 113, 132
2-25	Processes to remediate negative impacts	Boosting Stakeholder Dialogue,1.2.1, 2.4, 4.1.1, 4.1.4, 4.4.1	11, 39, 65, 101, 113, 132
2-26	Mechanisms for seeking advice and raising concerns	Boosting Stakeholder Dialogue,1.2, 1.3, 1.5.1, 4.4.1	11, 39, 42, 51, 132
2-27	Compliance with laws and regulations	1.3.3	44
2-28	Membership associations	There are 93 associations meeting the recommendations of the index.	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue	8, 11
2-30	Collective bargaining agreements	4.1.4	113

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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	8
3-2	List of material topics	Identification of Stakeholders and Material Topics	8
Green Products			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 2	59
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
Climate Strategies and Low Carbon Transition			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 3	70
GRI 201: Economic Performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	Special Report 2, 3.2.1	26, 73
GRI 305: Emissions 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	26, 78
Environmental Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 3	70
GRI 305: Emissions 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	3.4.1	90
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	3.4.2	92
306-2	Management of significant waste-related impacts	3.4.2	92
306-3	Waste generated	3.4.2	92
306-4	Waste diverted from disposal	3.4.2	92
306-5	Waste directed to disposal	3.4.2	92
Operational Performance and Strategies			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 1	35
GRI 301: Materials 2016			
201-1	Direct economic value generated and distributed	1.1.1	36
201-4	Financial assistance received from government	(NT$ Thousand) / Taiwan / Mainland China / Japan Subsidies for technical development: 49,784 / 2,780 / 0 Subsidies for energy conservation: 0 / 134 / 0 Physical/mental handicapped living allowance: 36 / 44,589 / 10,596 Other item: 49,820 / 47,503 / 10,596 Total subsidies are NT$ 107,919 thousand. Production sites in Vietnam, Japan, and the U.S. are not subsidized by the government.	
GRI 207: Tax 2019			
207-1	Approach to tax	1.1.1, 1.3.3	36, 44

Content

GRI Standard	Disclosure	Chapters	Pages
207-2	Tax governance, control, and risk management	1.1.1, 1.3	36, 42
207-3	Stakeholder engagement and management of concerns related to tax	1.1.1	36
207-4	Country-by-country reporting	1.1.1, 4.1.2	36, 107
Corporate Sustainability			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 1	35
Custom Items			
Custom	Sustainable development principles	1.5.1	51
Custom	Structure of sustainability governance	1.5.1	51
Custom	Disclosure of sustainability data	1.5.1	51
Production and Product Innovation			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 2	59
Custom Items			
Custom	Funds for R&D and innovation	2.1	60
Custom	The number of patents approved	2.1	60
Energy and Resource Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 3	70
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	4.1.1	101
301-2	Recycled input materials used	2.2, 3.3.2	62, 84
301-3	Reclaimed products and their packaging materials	3.3.2, 3.4.2	84, 92
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3.3.1	82
302-3	Energy intensity	3.3.1	82
302-4	Reduction of energy consumption	3.3.1	82
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	3.3.3	85
303-2	Management of water discharge-related impacts	3.3.3	85
303-3	Water withdrawal	3.3.3	85
303-4	Water discharge	3.3.3	85
303-5	Water consumption	3.3.3	85
Product Accountability and Life Cycle Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 2	59
SASB: Safety & 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	2.2, 2.3	62, 64
Custom Items			
Custom	Life cycle assessment	2.3	64
Custom	Product quality and safety certification	2.3	64
Risk Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 1	35

Content

GRI Standard	Disclosure	Chapters	Pages
Custom Items			
Custom	Risk control policy	1.3.1	42
Custom	Identification and management of major risks	1.3.2	42
Custom	Risk control mechanism	1.3.3	44
Corporate Governance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	Sustainability issues of chapter 1	35
GRI 205: Anti-competitive Behavior 2016			
205-1	Operations assessed for risks related to corruption	1.2.1	39
205-2	Communication and training about anti-corruption policies and procedures	1.2.1, 4.2, 4.4.1	39, 116, 132
205-3	incidents of corruption and actions taken	No relevant issue (1.2.1)	39
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant issue(1.3.3)	44
Occupational Safety and Health			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 4	100
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	4.3.1	121
403-2	Hazard identification, risk assessment, and incident investigation	4.3.1, 4.3.2	121, 125
403-3	Occupational health services	4.3.3	128
403-4	Worker participation, consultation, and communication on occupational health and safety	Boosting Stakeholder Dialogue, 4.3.1	11, 121
403-5	Worker training on occupational health and safety	4.3.1	121
403-6	Promotion of worker health	4.3.3	128
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3	121
403-8	Workers covered by an occupational health and safety management system	4.3.1	121
403-9	Work-related injuries	4.3.1, 4.3.2	121, 125
403-10	Work-related ill health	4.3.2, 4.3.3	125, 128
Sustainable Corporate Image			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Enhancing Corporate Sustainable Image	18
Custom Items			
Custom	Participating in sustainable awards	Enhancing Corporate Sustainable Image	18
Custom	Participating in sustainable conferences and activities	Enhancing Corporate Sustainable Image	18
Sustainable Supply Chain Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 4	100
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.4.1	132
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.4.1	132
308-2	Negative environmental impacts in the supply chain and actions taken	4.4.1	132
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.4.1	132
414-2	Negative social impacts in the supply chain and actions taken	4.4.1	132

Content

GRI Standard	Disclosure	Chapters	Pages
Sustainable Community			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Sustainability issues of chapter 6	147
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	6.2.1	151
302-4	Reduction of energy consumption	6 Target and Progress, 6.2.1	147, 151
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	6.2.1	151
303-3	Water withdrawal	6.2.1	151
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	6.2.1	151
305-2	Energy indirect (Scope 2) GHG emissions	6.2.1	151
305-3	Other indirect GHG emissions(Scope3)	6.2.1	151

7.3 Response to Sustainable Guidance and Principles

Sustainability Accounting Standards Board (SASB) - Chemical Industry

Code	Accounting Metric	Description	Chapters
Greenhouse Gas Emissions			
RT-CH-110a.1.	Gross global Scope 1 emissions	934 $ktCO_2e$	3.2.2
	Percentage covered under emissions-limiting regulations	75%	
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, 3.2.1, 3.2.2	

Code	Accounting Metric	Description	Chapters
Air Quality			
RT-CH-120a.1.	Air emissions of the following pollutants: (1) NOx (excluding N_2O)	477 metric tons	3.4.1
	(2) SOx	400 metric tons	
	(3) VOCs	308 metric tons	
	(4) HAPs	3 metric tons	
Energy Management			
RT-CH-130a.1.	(1) Total energy consumed	17,728,000 GJ	Special Report 2, 3.3.1
	(2) percentage grid electricity	31%	
	(3) percentage renewable	7%	
	(4) total self-generated energy	11,762,000 GJ	
Water Management			
RT-CH-140a.1.	(1) Total water withdrawn, percentage in regions with High or Extremely High Baseline Water Stress	14,154 megaliters, 11%	3.3.3
	(2) Total water consumed, percentage in regions with High or Extremely High Baseline Water Stress	The revenue from green products is 48.301 billion	
RT-CH-140a.2.	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0	
RT-CH-140a.3.	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to"3.3.3"	
Hazardous Waste Management			
RT-CH-150a.1.	Amount of hazardous waste generated	2,458 metric tons	3.4.2
	percentage recycled	41%	
Community Relations			
RT-CH-210a.1.	Discussion of engagement processes to manage risks and opportunities associated with community interests	Please refer to Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue,"5", "6.2.4"	

Content

Code	Accounting Metric	Description	Chapters
Workforce Health & Safety			
RT-CH-320a.1.	Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	0.12, 0	4.3.2
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 Design for Use-phase Efficiency			
RT-CH-410a.1.	evenue from products designed for use-phase resource efficiency	The revenue from green products is 48.301 billion	2.2
Safety & 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	12%	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 Special Report 1, 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
Management 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 1.3, 3.2.2	
Operational Safety, Emergency Preparedness & Response			
RT-CH-540a.1.	Process Safety Incidents Count (PSIC)	27	4.3.2
	Process Safety Total Incident Rate (PSTIR)	0.12	
	Process Safety Incident Severity Rate (PSISR)	0.00%	
RT-CH-540a.2.	Number of transport incidents	0	4.4.2
Operating activity indicators			
RT-CH-000.A	Output by department	Please refer to chapter 4 of 2024 annual report	

Task Force on Climate-related Financial Disclosures (TCFD)

Dimension		Recommended Disclosure	Chapters
Governance	Disclosure of the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities.	3.2.1
		Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	Disclosure of the actual and potential impacts of climate related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Special Report 2, 3.2.1, 3.2.2
		Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
		Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	Disclosure of how the organization identifies, assesses, and manages climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks.	Special Report 2, 3.2.1
		Describe the organization's processes for managing climate-related risks.	
		Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	Disclosure the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Special Report 2, 3.2, 3.3
		Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
		Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

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
Chapter 2 Exercising Corporate Governance	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, Targets and Progress of chapter 1.2, 1.3, 1.5, 4.1
Chapter 3 Fostering a Sustainable Environment	Special Report1, Special Report 2, 1.5, 2, Targets and Progress of chapter 3 and 6, 2.2, 2.3, 3, 6.2
Chapter 4 Preserving Public Welfare	1.2, 1.3, 2.3, 2.4, 4, 5, 6.2
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, 7.1
Chapter 6 Supplementary Provisions	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5, 7

Content

7.4 Greenhouse Gas Inventory and Assurance Status

Greenhouse Gas Inventory Information

Scope of information disclosure according to the pathway for sustainable development of listed companies:

1. The parent company entity will begin the inventory process in 2023.
2. Subsidiaries in the consolidated financial report will begin the inventory process in 2025.

The Company and subsidiaries in the consolidated financial report adheres to the ISO 14064-1 standard for greenhouse gas inventory established by the International Organization for Standardization (ISO) to set up its greenhouse gas inventory mechanism.

Since 2023, the Company has conducted annual inventories for Scopes 1 and 2 emissions at all its production and business sites. Beginning in 2025, the annual inventories for consolidated subsidiaries will also be conducted. The greenhouse gas inventory data for the past two years have been summarized based on the control method, including the emissions from the Company and subsidiaries in the consolidated financial report. Details are as follows:

		2023		2024	
		Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e / NT$ million)	Emissions (metric tons CO_2e)	Intensity (metric tons CO_2e / NT$ million)
Parent Company	Scope 1	362,679	-	419,787	-
	Scope 2	226,550		174,125	
	Subtotal	589,229	13.75	593,912	13.64
Consolidated Subsidiaries (Note)	Scope 1	669,182	-	532,859	-
	Scope 2	948,955		831,538	
	Subtotal	1,618,137	5.77	1,364,397	4.38
Total		2,207,366	6.83	1,958,309	5.51

Note: In 2023, 71 consolidated subsidiaries completed greenhouse gas emissions inventories. By 2024, all 102 consolidated subsidiaries completed the inventory process. Two subsidiaries were excluded based on the materiality principle, as their emissions accounted for less than 5% of the total emissions from the parent company and its consolidated subsidiaries.

Greenhouse Gas Assurance Information

Scope of assurance execution according to the pathway for sustainable development of listed companies:

1. The parent company entity will begin executing assurance from 2024.
2. Subsidiaries in the consolidated financial report will begin executing assurance from 2027.

Since 2023, the Company has conducted annual verification for Scopes 1 and 2 emissions at all its production sites. Beginning in 2025, the annual verification process for consolidated subsidiaries will also be conducted.

The assurance execution status for the greenhouse gas inventory of the Company and subsidiaries in the consolidated financial report over the past two years is detailed as follows:

The Status of Assurance		Emissions for 2023 (metric tons CO_2e)	Emissions for 2024 (metric tons CO_2e)
The parent company	Scope 1	362,679	419,787
	Scope 2	226,550	174,125
	Total	589,229	593,912
	Percentage of data covered as disclosed above	100%	100%
	Assurance institutions	DNV, SGS, TUV (Assurance statement issued by DNV)	DNV, SGS, TUV (Assurance statement issued by DNV
	Assurance explanation	ISO 14064-3:2019 Reasonable Assurance	ISO 14064-3:2019 Reasonable Assurance
	Assurance opinion	Unqualified Conclusion	Unqualified Opinion
Subsidiaries in the consolidated financial report (Note)	Scope 1	669,182	532,859
	Scope 2	948,955	831,538
	Total	1,618,137	1,364,397
	Percentage of data covered as disclosed above	100%	100%
	Assurance institutions	BSI, BV, SGS, TUV, ITRI(CMS)	AFNOR, ARES, BSI, DNV, ETC, ITRI(CMS), LRQA, MIRDC, SGS (Assurance statement issued by DNV)
	Assurance explanation	ISO 14064-3, 2019 Reasonable Assurance	ISO 14064-3, 2019 Reasonable Assurance
	Assurance opinion	Unqualified Opinion/Conclusion	Unqualified Opinion

Note : In 2023, 71 consolidated subsidiaries completed greenhouse gas emissions inventories. By 2024, all 102 consolidated subsidiaries completed the inventory process. Two subsidiaries were excluded based on the materiality principle, as their emissions accounted for less than 5% of the total emissions from the parent company and its consolidated subsidiaries.

Content

Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Target and Progress of GHG Reduction: Approved by the Board of Directors in 2022, the Company's production business established Scopes 1 and 2 greenhouse gas reduction targets based on the 2020 baseline, include a 30% reduction by 2025, a 50% reduction by 2030, with the ultimate aim of achieving net-zero emissions by 2050. In 2024, the Company's production business achieved a 34% reduction in greenhouse gas emissions compared to the base year, and did not utilize carbon offsets to achieve greenhouse gas reduction targets. Five strategies were implemented to undertake the carbon reduction pathway.

Strategy	Execution Status	Future Plan
Enhancing Energy Efficiency	In 2024, energy efficiency was enhanced through three major approaches: manufacturing process improvements, equipment upgrades, and energy management initiatives. These efforts collectively reduced emissions by a total of 33,003 tCO_2e.	In 2026, Oriental Petrochemical (Taiwan) is on track to complete a major transformation of its manufacturing process. This innovative approach will allow it to generate electricity as a byproduct of production, reducing emissions by an estimated 80,000 tCO_2e annually. In 2028, the Company plans to install a 25MW steam and power cogeneration system in Vietnam. This system will utilize the heat generated by the fuel for both steam and power generation simultaneously, thereby improving fuel efficiency.
Substituting Low-Carbon Fuels	Gradually replace high-emission coal-water slurry and heavy oil boilers with loweremission natural gas boilers. FEPV-Knitting and Dyeing Plant uses biomass fuels, including wood chips and rice husk chips, achieving carbon reduction of approximately 35,778 tCO_2e in 2024.	Far Eastern Polytex (Vietnam) knitting and dyeing plant is committed to increasing the substitution rate of biofuels, with an estimated replacement rate of 85% in 2025 and 100% biomass fuel usage starting in 2026. The Company is actively engaged in R&D efforts to explore the potential applications of hydrogen energy and biomass fuels.
Developing Renewable Energy Sources	By the end of 2024, 21,960 kW solar power generation units had been installed at 12 production sites across Taiwan, mainland China, and Vietnam. These installations generated a total of 24.06 million kWh of solar electricity for self-consumption during 2024. Additionally, the Company purchased approximately 200 million kWh of renewable electricity. In total, these initiatives resulted in a reduction of 110,908 metric tons of CO_2 equivalent.	The Company will continue to procure renewable electricity by entering into long-term power procurement agreements. Simultaneously, we will enhance the capacity of renewable energy production at our production sites worldwide for selfconsumption.
Utilizing CCU Technology	The Company manufactures low-carbon polyester using captured waste gas with its groundbreaking technology. The waste gas captured from steel mills is first turned into ethanol through microbial fermentation during a special bio-treatment, and then transformed into PET products.	Continue to research on relevant information and practices to convert the CO_2 into usable products, with plan to capture carbon directly through the emission device
Transforming Raw Material Use	The Company incorporates low-carbon fuel alternatives sourced from biomass and other renewable sources into its operations.	Leveraging its industry-leading expertise, the Company is constantly innovating and expanding the use of low-carbon and ecofriendly materials. ● Raw material recycling: A global champion in recycled polyester, FENC is realizing the vision of a circular economy by reintegrating waste as raw materials. ● Biomass material: FENC remains dedicated to researching and developing scalable, commercially viable biomass polyester materials.

Integrated Greenhouse Gas Opinion for the Parent Company and Consolidated Subsidiaries

DNV

Impartial Engagement Opinion

Engagement Opinion No.: C775333-2024-AG-TWN-DNV
Issued Place: Taipei
Issued Date: 06 June, 2025

DNV is engaged to verify initiate statements of Greenhouse Gases of

Far Eastern New Century Corporation

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by Far Eastern New Century ('the Organization') to perform a verification of the greenhouse gas statements with respect to the sites listed in Appendix A.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization.

Verification Criteria and GHG Programme
The verification was performed on the basis of Financial Supervisory Commission Sustainable Development Roadmap Scheme to provide for consistent GHG emission identification, calculation, monitoring and reporting.

Verification Procedures
The intended users of Far Eastern New Century Corporation greenhouse gas statements were identified by the corporation itself. The emissions in the statements were verified base on the requirements of intended users by third party. Verification opinions were issued by Registered Verification Bodies. Relevant verification opinions information are listed in Appendix A:

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:
— a visit to GHG statements;
— inspecting the Verification Opinion issued by verification body;
— interview responsible personnels to confirm data gathering procedures.
— re-calculating the emissions of statements and their verification opinions.

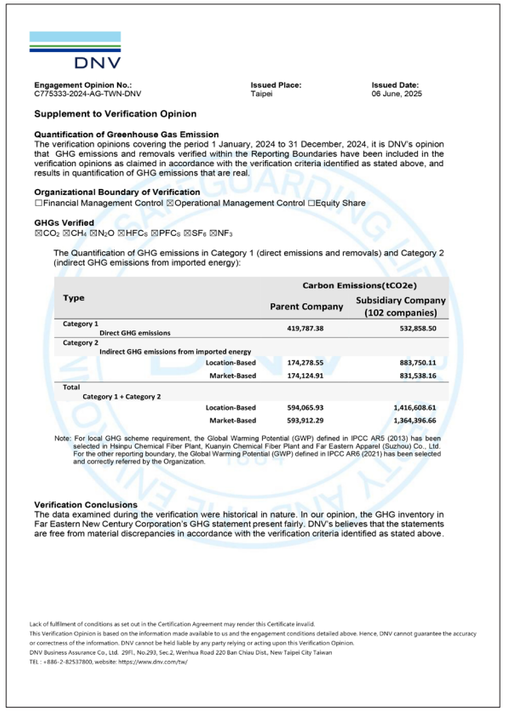
Chien Yi Jerry Huang
GHG Verifier

Place and date:
Taipei, 06 June, 2025

For the issuing office:
DNV Business Assurance Co., Ltd.
29Fl., No. 293, Sec. 2, Wenhua Rd., Banqiao District, New Taipei City 220, Taiwan

Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV Business Assurance Co., Ltd. 29Fl., No.293, Sec.2, Wenhua Road 220 Ban Chiau Dist., New Taipei City Taiwan
TEL: +886-2-82537800, website: https://www.dnv.com/tw/



DNV

Engagement Opinion No.: C775333-2024-AG-TWN-DNV
Issued Place: Taipei
Issued Date: 06 June, 2025

Supplement to Verification Opinion

Quantification of Greenhouse Gas Emission
The verification opinions covering the period 1 January, 2024 to 31 December, 2024, it is DNV's opinion that GHG emissions and removals verified within the Reporting Boundaries have been included in the verification opinions as claimed in accordance with the verification criteria identified as stated above, and results in quantification of GHG emissions that are real.

Organizational Boundary of Verification
☐Financial Management Control ☒Operational Management Control ☐Equity Share

GHGs Verified
☒CO_2 ☒CH_4 ☒N_2O ☒HFCs ☒PFCs ☒SF_6 ☒NF_3

The Quantification of GHG emissions in Category 1 (direct emissions and removals) and Category 2 (indirect GHG emissions from imported energy):

Type		Carbon Emissions(tCO2e) Parent Company	Subsidiary Company (102 companies)
Category 1	Direct GHG emissions	419,787.38	532,858.50
Category 2	Indirect GHG emissions from imported energy		
	Location-Based	174,278.55	883,750.11
	Market-Based	174,124.91	831,538.16
Total	Category 1 + Category 2		
	Location-Based	594,065.93	1,416,608.61
	Market-Based	593,912.29	1,364,396.66

Note: For local GHG scheme requirement, the Global Warming Potential (GWP) defined in IPCC AR5 (2013) has been selected in Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant and Far Eastern Apparel (Suzhou) Co., Ltd. For the other reporting boundary, the Global Warming Potential (GWP) defined in IPCC AR6 (2021) has been selected and correctly referred by the Organization.

Verification Conclusions
The data examined during the verification were historical in nature. In our opinion, the GHG inventory in Far Eastern New Century Corporation's GHG statement present fairly. DNV's believes that the statements are free from material discrepancies in accordance with the verification criteria identified as stated above.

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV Business Assurance Co., Ltd. 29Fl., No.293, Sec.2, Wenhua Road 220 Ban Chiau Dist., New Taipei City Taiwan
TEL: +886-2-82537800, website: https://www.dnv.com/tw/

Content

7.5 Assurance Statement

SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN NEW CENTURY CORPORATION'S SUSTAINABILITY REPORT FOR 2024

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern New Century Corporation (hereinafter referred to as FENC) to conduct an independent assurance of the Sustainability Report for 2024 (hereinafter referred to as the Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 2 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance 2025/02/17~2025/04/18 in FENC headquarter.
The boundary of this report includes FENC Taiwan and oversea operational and production or service sites as disclosed in FENC's Sustainability Report of 2024.
SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all FENC's Stakeholders.

RESPONSIBILITIES

The sustainability information in the FENC's Sustainability Report of 2024 and its presentation are the responsibility of the directors or governing body (as applicable) and management of FENC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance based upon sufficient and appropriate objective evidence.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The assurance of this report has been conducted according to the AA1000 Assurance Standard (AA1000AS v3), a standard used globally to provide assurance on sustainability-related information across organizations of all types, including the evaluation of the nature and extent to which an organization adheres to the AccountAbility Principles (AA1000AP,2018).

Assurance has been conducted at a Type 2 Moderate level of scrutiny.

TWLPP 5008 Issue 2502

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	AA1000 Accountability Principles (2018)
2	GRI (In Accordance with)

- The evaluation of the reliability and quality of specified sustainability performance information in FENC's Sustainability Report is limited to determined material topics or those clearly marked in the Report as conducted in accordance with type 2 of AA1000AS v3 sustainability assurance engagement at a moderate level of scrutiny for FENC and moderate level of scrutiny for its subsidiaries which cover in the report.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

SPECIFIED PERFORMANCE INFORMATION AND DISCLOSURES INCLUDED IN SCOPE

The scope of the assurance included data for the following KPIs:

Waste KPIs
FY2021~FY2024
- Recycling and Reuse (Ton)
- Non-Recycling and Non-Reuse (Ton)
- General Industrial Waste (Ton)
- Hazardous Industrial Waste (Ton)
- Total Waste (Ton)

ASSURANCE METHODOLOGY

The assurance comprised a combination of desktop research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

INDEPENDENCE AND COMPETENCE

The 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, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from FENC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

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The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with professional qualifications such as ISO 26000, ISO 20121, ISO 50001, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS
ASSURANCE OPINION

On the basis of the methodology described and the assurance 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 AA1000 AccountAbility Principles (2018).

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY

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, to ensure that their voices are heard and taken into account when the organization 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, ultimately leading to more sustainable and equitable outcomes.

MATERIALITY

FENC has established efficient mechanisms to identify material issues that have impacts on the business. Through a structured review process, FENC has identified the various stakeholders involved and determined the issues that are material to each stakeholder group. The organisation'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 FENC's sustainability efforts are well-aligned with stakeholder needs and concerns, which in turn enhances the organisation's transparency and accountability.

RESPONSIVENESS

FENC has adequately demonstrated responsiveness towards the material topics and their impacts that were identified through the review process. The organization has implemented a range of initiatives and actions to address these issues, detailed in the sustainability report. Measurable targets were set to monitor its sustainability performance. FENC's actions reflect its responsible and proactive approach towards mitigating its impact on the environmental and social perspective, while also creating long-term value for its stakeholders.

IMPACT

FENC has demonstrated a process for identifying and fairly representing impacts that encompass a range of environmental, social, and governance topics from a wide range of sources, including activities, policies, programs, decisions, products, and services, as well as any related performance. Measurement and evaluation of its impacts related to material topics were in place during target setting, with a combination of qualitative and quantitative measurements.

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QUALITY AND RELIABILITY OF SPECIFIED PERFORMANCE INFORMATION

On the basis of the verification work performed, we have interviewed personnel that prepared the material topic's information through checked and reviewed minutes of meetings, management documents, ESG information collection process, and ISO certification. We have confidence that the specified performance information included in the scope of assurance is reliable at a moderate level of scrutiny for FENC and at a moderate level of scrutiny for its subsidiaries which cover in this report boundary.

ADHERENCE TO GRI

The report, FENC's Sustainability Report of 2024, is reporting in accordance with the GRI Universal Standards 2021. The significant impacts were assessed and disclosed in accordance with the guidance defined in GRI 3: Material Topic 2021 and the relevant 200/300/400 series Topic Standard related to the material topics claimed in the GRI content index. The report has properly disclosed information related to FENC's contributions to sustainability development.
For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts 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 processes.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000 Licensed Report 000-8/V3-J3AUR

Stephen Pao
Business Assurance Director
Taipei, Taiwan
07 May, 2025
WWW.SGS.COM

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Assurance Statement

7.6 List of Publishers and Committee Members

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