



Inventing · New Century

FENC Corporate Social Responsibility Report

2013-2014

About this Report

This is the second Corporate Social Responsibility (CSR) Report released by Far Eastern New Century Corporation (hereinafter referred to as "FENC") after publication of the first report in July 2013.

Date of Publication: June 2015

Theme of This Report and the Significance of Sustainability for FENC

FENC embraces a corporate spirit of Sincerity, Diligence, Thrift, Prudence and Innovation to guarantee stable and sound operations. Innovation, in particular, has become one of the key elements in our corporate culture. The international trend of corporate sustainability requires chemical-related industries to provide green solutions, implying only enterprises that achieve breakthroughs, innovation, and grasp opportunities can attain a stable and sustainable development. FENC has always placed great emphasis on sustainable operations and has also successfully developed a large number of green products through our innovative production processes. The restructuring of the Far Eastern Group R&D Center during the report period clearly indicates our commitment to innovation and R&D. This report is centered in the theme of Inventing A New Century. The Chinese character for "create" can be combined with the character for "new" in "New Century" to form the compound term which means "innovation," while also connoting initiation and creation. The phrase emphasizes FENC's continued commitment to innovation. R&D and determination to initiate and embrace a new age. FENC not only fulfills its corporate duties and corporate social responsibility; it also views innovation as the foundation for sustainability as it provides society with green alternatives while achieving environmental and corporate sustainability.

Report Period

This report discloses achievements and performance of FENC in CSR in 2013 and 2014 (from Jan 1, 2013 to Dec 31, 2014). Data pertaining to the years 2010-2012 are sometimes utilized to show trends and ensure comparability. FENC has committed itself to continue release CSR reports on an annual basis in the future.

Basis of Reporting and Category Boundaries

This report conforms to the AA1000 standards and the requirements of the GRI (Global Reporting Initiative) G4 Comprehensive Option. It has also passed third-party Type 1 Moderate level assurance. Financial performance data used herein have been audited and validated by accountants. The report's responsiveness and implementation performance with regard to material issues in the areas of economics, environmental protection, and social responsibility are disclosed in accordance with GRI G4 requirements. The scope of this report has been expanded to a scope larger than the previous report, as it now covers not just the company headquarters and operating bases in Taiwan but also its ten subsidiaries:

Company	Base	Location		
Company	Dase			
	Headquarters	36F, Taipei Metro Tower, 207, Tun Hwa South Road, Sec. 2, Taipei, Taiwan, R.O.C.		
	Far Eastern Group R&D Center	2, Yuan Dong Road, Chungli, Taiwan, Taoyuan City, Taiwan, R.O.C.		
	Hsinpu Chemical Fiber Plant	369, Yadong Sec., Wen Shan Road, Hsinpu, Hsinchu County, Taiwan R.O.C.		
Far Eastern New Century Corporation	Kuanyin Chemical Fiber Plant	3, Jingjian 6th Road, Kuanyin Industrial Park, Kuanyin, Taoyuan City, Taiwan R.O.C.		
	Kuanyin Dyeing and Finishing Plant	1, Kuojian 2nd Road, Kuanyin, Hsulin, Taoyuan City, Taiwan, R.O.C.		
	Neili Texturizing Plant	2, Yuan Dong Road, Chungli, Taiwan, Taoyuan City, Taiwan, R.O.C.		
	Hukou Mill	30, Hexing Road, Hukou, Hsinchu County, Taiwan, R.O.C.		
Oriental Petro Co., Ltd.	chemical (Taiwan)	47, Jingjian 4th Road, Kuanyin Industria Park, Kuanyin, Taoyuan City, Taiwan, R.O.C.		
Far Eastern Fi	bertech Co., Ltd.	17, Gonye 5th Road, Kuanyin Industrial Park, Kuanyin, Taoyuan City, Taiwan, R.O.C.		
Oriental Petro (Shanghai) Co		133, Baisha Road, Spark Development Zone, Pudong, Shanghai, China		
Far Eastern Industries (Shanghai) Ltd.		32-33F, 800, Dongfang Road, Pudong New Area, Shanghai, China		
Wuhan Far Ea Ltd.	stern New Material	93, Zhushanhu Road, Wuhan Economical-Technical Development Zone, Hubei, Wuhan, China		
Oriental Indus	tries (Suzhou) Ltd.	1688, Yin Zhong South Road, HeDong Industry Park, WuZhong Economic Development District, Suzhou, China		
Far Eastern In Ltd.	dustries (Suzhou)	6, HengShan Road, New District, Suzhou, Jiangsu, China		
Far Eastern In Ltd.	dustries (Wuxi)	20, Xin Zhou Road, Wuxi, Jiangsu, China		
Far Eastern Dyeing & Finishing (Suzhou) Ltd.		1588, Yin Zhong South Road, HeDong Industry Park, Wu Zhong Economic Development District, Suzhou, China		
Far Eastern Apparel (Suzhou) Co., Ltd.		88, Tian Ling Road, Wu Zhong District Economic Development Zone, Suzhou, China		

As the scope of this report has been expanded from the previous report, certain data corresponding to previous periods provided in this report may differ from the last version. If the current scopes for certain performance data varies from the previous ones, they will be indicated and explained in the report.

For comments or questions regarding this report, please contact:

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Chairman's Message

It is our pleasure to announce the publication of the second Far Eastern New Century Corporate Social Responsibility Report. 2013 and 2014 were the years when the Taiwanese public selected "fake" and "unethical" as Taiwan's Word of the Year in an annual selection event jointly organized by the Far Eastern Memorial Foundation and United Daily News. This clearly indicates public mistrust and sense of frustration in the aftermath of the successive food safety scandals. At this critical juncture, enterprises must play a more proactive and positive role. They must show firm commitment to the fulfillment of corporate social responsibility in order to regain public trust. They must discard the myth that public welfare equals corporate social responsibility. Instead, they must maximize their positive influence and focus on social responsibility through their corporate core values. They should also effectively join hands with their cooperation partners in promoting sustainable development. With these aforementioned beliefs as a benchmark for its operations, FENC continues to invest in sustainable development. FENC's first CSR Report has received the annual award for best sustainability reporting. FENC embraces a spirit of constant advancement and thus the scope of disclosure in the second report has been expanded. In addition to the Taiwan sites covered in the first report, our China subsidiaries have also been included to a coverage that accounts for 92% of the total consolidated revenues of the Company.

Our corporate spirit summarized in the words *Sincerity, Diligence, Thrift, Prudence,* and *Innovation* has served as the keystone in the continuous and stable development of FENC for more than sixty years. Innovations have been realized through effective utilization of our core capabilities. We now provide more eco-friendly alternatives for our customers and the general public in particular in the fields of technology breakthroughs and products innovation. We constantly upgrade our internal management procedures and measures, implement effective risk controls, and maximize production and energy efficiency. We are firmly committed to transforming our polyester operations into a green industry and providing the general public with green product alternatives. At FENC, we fully dedicate our efforts to sustainable development and to lead the industry in this great joint undertaking by making full use of our core capabilities.

We are honored to share with you that FENC has achieved several accomplishments in the area of development and promotion of green products. For instance, we are currently the largest supplier of food-grade rPET (Recycled PET) to renowned international brands. Our green packaging materials help our clients to realize their sustainability goals. After overcoming many technical obstacles, we cooperated with Coca-Cola and successfully developed the world's first recyclable PET bottle made from 100% biomass in 2014. This signals our transformation into a leader in the green material development. In 2013, we received the Coca-Cola "2013 Supplier of the Year" Award for our excellent supply chain management that outperformed 900 other suppliers.

FENC's unique and exclusive technologies have injected a new life into the post-consumer PET bottles. In 2014 FIFA World Cup, the players of five national teams (including Brazil and the USA) wore jerseys made of regenerated fiber from recycled bottles. As we promoted environmental protection concepts, we also provided global exposure to Taiwanese know-how. On the eve of the World Cup Opening Ceremony, Nike officially launched products manufactured by adopting a waterless dyeing technology called ColorDry, which we developed in cooperation with Nike.

In 2014, we reorganized the Far Eastern Group R&D Center to upgrade our innovation capabilities. We have invested more funding and manpower to satisfy the R&D needs of our production units in a more rapid and effective manner. We have also strengthened strategic cooperation with our partners in initiating a green industry trend through our R&D capacity and influence.

CONTENT



At the same time as we remain committed to combining our core capabilities with efforts to promote sustainable development, we at FENC also place great emphasis on the cultivation of human resources so as to realize the goal of sustainable operations. We firmly believe that the growth of the company is inextricably linked to the personal growths of our employees. FENC likewise cultivates future leaders through the establishment of a sound human resource management and training system. In addition, the Company takes full advantage of the group's academic institutions such as Yuan Ze University to organize programs for the training of outstanding managers to accelerate the cultivation of the next generation of company leaders. FENC has also included the concepts of sustainable development and CSR in these programs to make managers more aware of the goals of FENC in the field of corporate sustainable development.

FENC aims to achieve better synergy by relying on our core industry capabilities and through an effective utilization of our influence in coordination with our partners and other companies in the Group. At the same time, we are also firmly committed to the concept of "giving back to society" and continue to invest resources in the fields of education, medical care, art and culture, and technology by cooperating with foundations, medical care and the academia. We strive to optimize the quality of life and its contents, aim to broaden international outlook and enhance the competitiveness of our younger generation.

We at FENC are fully aware of the importance of information transparency and communication, through which we strive to implement full disclosure of information. In 2014, FENC earned the highest A++ rating in the 11th Information Disclosure and Transparency Rankings Evaluation. This report serves the purpose of disclosing our efforts and achievements in CSR to all our stakeholders and friends. We firmly believe that this report shows how much emphasis we place on corporate social responsibility and it strongly attests to our commitment to usher in a New Age in this regard.

溶泡束

Douglas Tong Hsu Chairman Far Eastern New Century Corporation

Achievements in 2013 and 2014

The amount of water recycled by our production sites during the report period is equivalent to the capacity of 4,082 standard swimming pools.*1

The amount of avoided GHG emissions during the report period is equivalent to the carbon sequestration amount of a forest the size of 12,000 soccer fields.*2

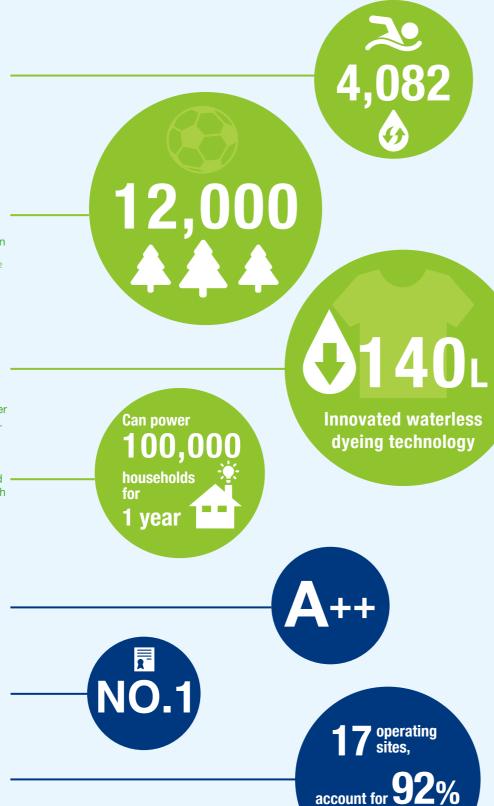
Compared to traditional technology, FENC's waterless dyeing technology leads to the conservation of 140 liters of water per kilogram of fabric processed.

The amount of energy conserved during the report period is enough to power 100,000 households in Taiwan for an entire year.*3

FENC was awarded the highest A++ rating in the Information Disclosure and Transparency Rankings Evaluation.

We are the first company in the industry to implement a legal compliance audit system.

We disclosed the operational performance of 17 operating sites, which account for 92% of the total consolidated revenues (an additional 10 companies compared to the previous report).



of consolidated

revenues

Coca-Cola's "Supplier of the Year" ×≡ Supplier evaluation systems **2100**% **Bio-based and** recyclable 10 1/4 3% Exceeded average market salary by

Notes

- 1. Calculated based on the standard swimming pool dimensions required for the Olympic Games.
- 2. Calculated based on soccer field dimensions prescribed by FIFA and the carbon sequestration rate of Daan park.
- 3. Calculated based on the information posted on the Taipower website(Average monthly power consumption of 3,570 kWh per household between February 2014 and January 2015).

We received Coca-Cola's "Supplier of the Year" award out of 900 Coke's suppliers.

> Our Shanghai subsidiaries implemented supplier evaluation systems.

We successfully produced the first recyclable PET bottle made from 100% biomass in the world.

> Our green products accounted for 1/4 of the total revenues during the report period.

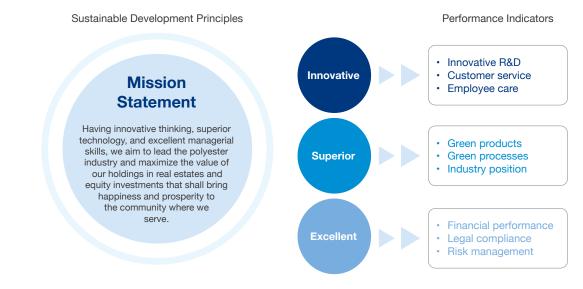
In 2014, the average training time per employee amounted to 15.24 hours, an increase of 13% from that of the previous year.

FENC's annual average salary of employees exceeded the Taiwan market average by 38.3%.

4. Based on the Regular Earnings Statistics of the manufacturing sector released by the Directorate-General of Budget, Accounting, and Statistics of the Executive Yuan in 2014.

FENC Sustainable Development

Sustainable Development Framework



ESG Management Principles

- · Top-down: Setting of high-level strategies, policies, goals, and formulation of action plans by all units
- Clear division of duties: Detailed definition of responsibilities and authorization
- · Verification of implementation: Regular tracking and review of progress as well as rolling readjustment of action plans

Short-term and Medium/Long-term Goals

Dimension	Short-term Goals (1-2 years)		Medium/Long-term Goals
Environment (E)	 Expansion of the implementation of GHG inventories to more sites and subsidiaries Setting of energy reduction goals Promotion of the use of renewable energy sources (solar energy) Continued promotion of energy conservation projects Mutual technology exchanges between energy task forces in Taiwan and China Optimization of the waste management system Strengthening of daily energy and resources management to reduce waste 	Ł	 Constant increase of the proportion of green products Setting of GHG reduction goals Full implementation of regular external verifications of GHG emissions Integration of regional energy sources Construction of co-generation plants Average annual electricity savings of 1% in plants and subsidiaries located in Taiwan
Society (S)	 Amendment of supplier code of conducts and procurement regulations Setting of annual KPI for supplier visits Expansion of opinion surveys of external stakeholders Optimization of the customer satisfaction survey mechanism Continued promotion of FENC's management training program and competency course Continued promotion of academic cooperative internships and training programs Continued promotion of various public welfare sponsorship activities 		 Optimization of the supplier performance appraisal and audit system Optimization of the stakeholder grievance system Establishment of a corporate volunteer system Adoption of a road transportation safety and quality assessment system
Governance (G)	 Annual publication of CSR reports and improving communication with stakeholders Continued strengthening of corporate governance and maintenance of position within the top 20% ranking in corporate governance appraisals Promotion of climate change risk identification and adaptation Gradual expansion of the legal compliance system to subsidiaries Increase of R&D manpower by 20% 		 Establishment of an accounting system for environmental management Revision of the management system in accordance with international factory certification standards Continued expansion of production capacities and maintenance of the industry leadership position

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About FENC



Basic Information

Far Eastern New Century Corporation (formerly known as Far Eastern Textile Limited) was established in 1954 and is listed on the Taiwan Stock Exchange.

FENC focused on textile-related operations during the initial stage. After laying a solid foundation, FENC expanded into upand downstream fields owing to stable and sound operations and a firm commitment to developing innovative technologies. The Company grew steadily, focusing on its core business areas and the constant creation of new value for its customers and shareholders. From petrochemical raw materials in the upstream, polyester materials in the mid-stream, to spinning, weaving, dyeing, and apparel manufacturing, from production to sales, we have established a comprehensive operation and marketing system. In addition, FENC has achieved brilliant results that made possible great contribution to the economy, environment, and the society at large.

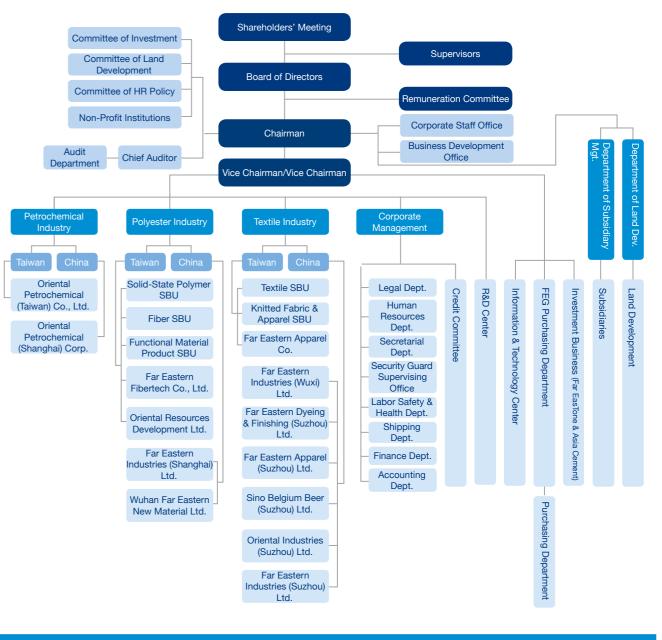
FENC and its subsidiaries span different fields and business units including petrochemicals, polyester, textile, telecommunications, property development, and other investments. In consideration of the fact that property development and other investments only accounted for 7% of all operations in 2013 and 2014 and the telecommunication business unit releases its own CSR reports (refer to the FET CSR Report), the organizational scope of this report mainly covers the petrochemical, polyester, and textile production businesses. It should be noted that only subsidiaries with annual revenues of at least NT\$2 billion were included in this report. If FET were added, the total disclosure ratio would amount to 92% of the consolidated annual revenues in 2014. For more details about FENC investment businesses, please refer to the FENC corporate website and the annual reports.

		Unit: NT\$ thousand
Item	2013	2014
Total assets	472,999,472	496,604,290
Total liabilities	213,550,261	233,285,536
Total equity	259,449,211	263,318,754

During the period covered by this report, there were no major changes in the size, structure, ownership, or supply chain of the Company.

こ 家東新世紀 FAR EASTERN NEW CENTURY

Organizational Chart



Department	
Petrochemical Industry	Production and sales of PTA
Polyester Industry	Production and sales of polyester chips, polyester sta
Textile Industry	Printing, dyeing and finishing of yarns, silks, fabrics a fiber yarns and fabrics, blended yarns and fabrics, we industrial fabrics including tire cords and framework i
Corporate Management	Arrange the planning and enforcement of the Compa safety and health, finance and accounting related ma

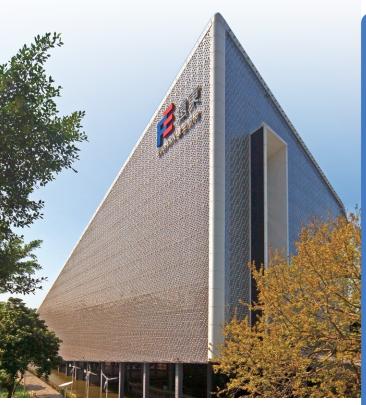


Operations

staple fibers, polyester filament, polyester films and functional materials

s and cloths; production and sales of miscellaneous natural, man-made, synthetic woven finished clothing and knitted finished clothing; production and sales of rk materials for various industrial goods

pany's legal, human resources, general administration, shipping, security, labor matters



An Overview of the Market Environment and Industry Conditions

Looking ahead, the world's advanced economies are expected to post an average economic growth of 2.4% in 2015, 0.6 percentage points higher than in 2014. Among these, US economic growth should rise 1.2 percentage points to 3.6% (Source: International Monetary Fund), reflecting a general strengthened momentum among the advanced group of economies. Combined with the continued expansion of emerging economies, China's expanded efforts to scrap its outdated production capacity, and the suppression of irrational expansion, polyester utilization rates should thus see a gradual increase in 2015. From 2015 to 2017, the average output growth rate of polyester worldwide will rise to 6%, double the 3% rate in 2014. This is an indication of healthy development for the overall polyester business chain.

Furthermore, new polyester product applications are continuously being created and their uses constantly expanding. At present, polyester products are widely used in industrial applications such as in the automotive, electronics, logistics, agricultural and fishery, construction, medical supplies, petroleum exploration industries and so on, all of them continually adopting relevant polyester products. The Company will continue to expand operations and product applications while at the same time focusing on the R&D of green products in our bid to create a more sustainable competitiveness.

Corporate Spirit and Mission

The Far Eastern Group's Founder, Mr. Yu-Ziang Hsu, has always upheld "trustworthiness " as his guiding principle in business management. In addition to the Group Founder's commitment to constancy, honesty, and openness, he has also enshrined "Sincerity, Diligence, Thrift, and Prudence" as Far Eastern's founding motto. FENC Chairman Douglas Hsu added "Innovation" to this motto, expecting the group to embrace a spirit of innovation and reform in the face of a rapidly changing and highly competitive environment.



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



Diligence Everyone must always work diligently to renew themselves and the Company. With diligence, we make up for our inadequacies



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



Prudence Always make a careful assessment before

and overcome hardships.



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 own

undertaking any task. People who plan

ahead are those who will succeed.

Mission Statement

sector

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.

Awards and Recognitions

Time	Award-winning Units	Awarding Unit	
December 2014	Far Eastern Industries (Shanghai) Ltd.	Shanghai Spark Development Zone	Awarde
December 2014	Oriental Industries (Suzhou) Ltd.	Jiangsu Provincial Government	Honore
November 2014	FENC	Bureau of Energy, Ministry of Economic Affairs	Awarde for the
November 2014	FENC	Ministry of Labor	Presen Develo
September 2014	Oriental Industries (Suzhou) Ltd.	Jiangsu Provincial Government	Rated
July 2014	FENC	Taiwan Stock Exchange	Receiv compa
June 2014	Far Eastern Industries (Wuxi) Ltd.	Wuxi City Government	Awarde Wuxi C
May 2014	Far Eastern Industries (Shanghai) Ltd.	Shanghai City Government	Rated
April 2014	FENC	Global Views Monthly	Awarde Service
March 2014	Far Eastern Apparel Co., Ltd.	Common Health Magazine	Tonia N Health
February 2014	Far Eastern Industries (Wuxi) Ltd.	Jiangsu Provincial Government	Honore
January 2014	FENC R&D Center	Textile Research and Development Association International	Honore
December 2013	FENC	National Health Insurance Administration, Ministry of Health and Welfare	Presen
December 2013	Far Eastern Industries (Wuxi) Ltd.	Jiangsu Provincial Government	Recog
December 2013	Far Eastern Dyeing & Finishing (Suzhou) Ltd.	Suzhou City Government	Presen
December 2013	Oriental Petrochemical (Taiwan) Co., Ltd.	Industrial Development Bureau, Ministry of Economic Affairs	Honore
December 2013	Oriental Resources Development Co., Ltd.	Institute for Biotechnology and Medicine Industry	NuROs medica
December 2013	FENC	Health Promotion Administration, Ministry of Health and Welfare	Health
November 2013	FENC Hsinpu Chemical Fiber Plant	Industrial Development Bureau, Ministry of Economic Affairs	Selecte in 2013
November 2013	FENC	Taiwan Institute for Sustainable Energy	Honore Award corpor
October 2013	FENC	Ministry of Economic Affairs	Presen Ministr
August 2013	FENC	Ministry of Economic Affairs	Тор со
August 2013	Far Eastern Industries (Shanghai) Ltd.	Shanghai City Government	Honore
August 2013	Oriental Resources Development Co., Ltd.	ROC Fine Manufacturer Association	The bio produc Wound
May 2013	FENC	Coca-Cola Company	The 1s
March 2013	Far Eastern Group	Asia Pacific Enterprise Cooperation	Far Eas Corpor Campu and ea
January 2013	Far Eastern Industries (Suzhou) Ltd.	Suzhou City Government	Selecte



Awards

ded the honorary title of an Advanced Collective in the field of Work Safety in 2014

red as a Three-Star Enterprise in the field of energy efficiency in China

ded a trophy for exceptional performance by the Bureau of Energy at the 2014 Conference e Formal Establishment of Energy Conservation Service Teams by Corporate Groups

nted with a Bronze Medal for Talent Quality Management System (TTQS) by the Workforce opment Agency of the Ministry of Labor

as an outstanding unit in the field of corporate energy management systems in Jiangsu

ved the highest A++ rating in the field of information disclosure of TWSE/GTSM listed

ded the honorary title of an Advanced Enterprises in the field of Energy Conservation in City in 2013

as one of the Top100 financially strong enterprises in Fengxian District in 2013

ded the "10th Annual Corporate Social Responsibility Awards - Global Views Excellent ce Awards" for the project "The Greenest Bottle, starts with a Genuine Heart"

Nicole was voted the healthiest brand in the bedding category by readers of Common ${\rm M}{\rm agazine}$ in 2014

red as a Three-Star Enterprise for energy efficiency in China

red with the 2013 Textile R&D Innovation Award

nted with the Convenient Service -Friend of National Health Insurance Award

gnized as a Three-Star Enterprise for energy efficiency in Jiangsu

nted with a Three-Star Energy Certification by the Suzhou City Government

red with the Safety and Health Excellence Award

ts Bone Graft Substitute was honored with a Bronze Quality Award for biotechnology and al supplies in 2013

n Promotion Label

ted as a plant with excellent achievements in the field of voluntary GHG emission reduction 3

red with a Taiwan TOP 50 Corporate Sustainability Reporting Award and an Excellence d in the sustainable innovation category for outstanding achievements in the field of rate sustainable development

nted with the 2013 Industrial Innovation Award for PET heat shrinkable film materials by the try of Economic Affairs

ontribution award in emerging target markets - Textile industry in 2012

red as one of the TOP 100 export businesses, 100 most powerful enterprises, and 50 gest manufacturing businesses in Shanghai.

iomedical technology SBU received the National Quality Gold Brand Award for the following cts: SavDerm Antiseptic Wound Dressing, Savderm Antiseptic Hydrocolloids Dressing, d Closure Strip Pack, Liquid Bandage, and Kilmicron Antibacterial Agent

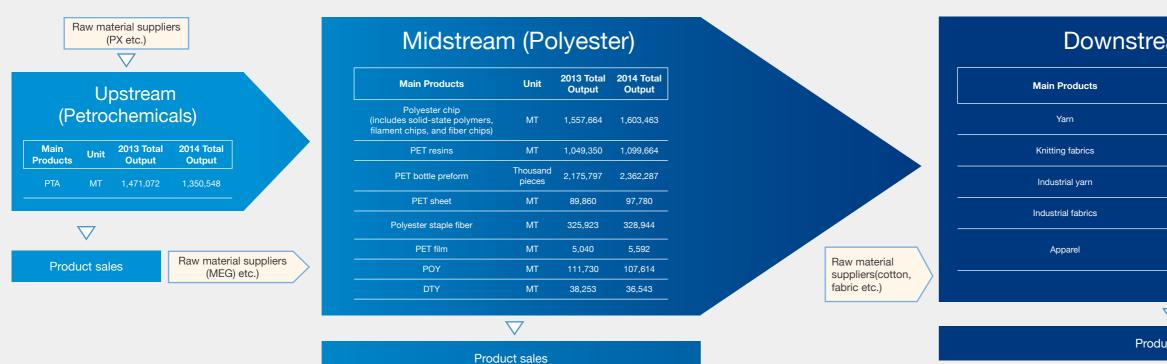
st Global Sustainable Procurement (GSP) Supplier Awards was launched by Coca-Cola. was honored as the "2013 Supplier of the Year" out of 900 firms.

astern Group was recognized with the Asia Pacific Corporate Humanistic Spirit Award and orate Philanthropy Award for the expansion plan of Far Eastern Memorial Hospital and Art special District project for Yuan Ze University. FE EcoArk was also acclaimed by judges arned the Green Energy Award.

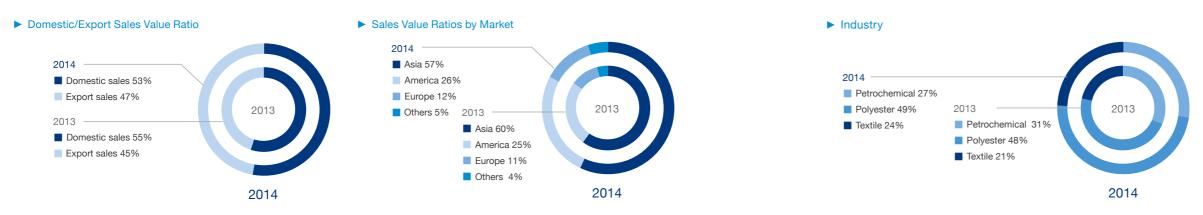
ted as a Three-Star Enterprise in the field of energy efficiency in Suzhou City

Main Products and Operation Bases

Main Products and Value Chain



Sales Profile





Downstream (Textiles)

Unit	2013 Total Output	2014 Total Output
Spindles	491,408	460,396
MT	16,451	17,913
MT	77,978	86,329
MT	18,240	20,160
Thousand dozens	6,018	4,865
\bigtriangledown		
duct Sales		

Establishment of Sound Governance

Operations Base



Participation in External Organizations

FENC participated in the following external organizations in 2013 and 2014:

Туре		Taiwan	China
Industry associations	 Taiwan Nonwoven Fabrics Industry Association Taiwan Silk & Filament Weaving Industrial Association Taiwan Man-Made Fiber Industries Association Taiwan Spinner's Association Taiwan Spinner's Association Taiwan Weaving Industry Association Taiwan Textile Printing Dyeing & Fining Industry Association Taiwan Textile Federation Better Cotton Initiative (BCI) International Cotton Association (ICA) 	 Environmentally Biodegradable Polymer Association Taiwan Nanotechnology Industry Development Association Taiwan Chemical Industry Association Taiwan Nanotechnology Industry Association Taiwan Synthetic Resin & Adhesives Industrial Association Chinese Taipei Packaging Association Association of Bio-based Material Industry (Industrial Technology Research Institute) Taiwan Biomass Energy Industry Association (Taiwan Institute of Economic Research) Industrial Safety and Health Association of TOSHMS, Occupational Safety and Health Administration, Ministry of Labor 	 China Cotton Textile Association Cotton Textile Association China Chemical Fiber Association China Chemical Fiber Association-Polyester Industry and Filament Division
R&D Association and Society	 Cradle to Cradle Taiwan R&D Alliance for Compound Medical Equipment and Cell Therapy Products R&D Alliance for Cosmetics and Skin Care Products 	 Chinese National Federation of Industries- Intellectual Property Right Alliance Polymer Society, Taipei Society of Plastic Engineers Taiwan Industrial Technology Research Institute -Materials Research Society Taiwan 	 Information Society Society for Environmental Sciences, Shanghai City, Fengxian District
Other Associations	 Chinese Human Resource Management Association Association of Industrial Relations, R.O.C. Chinese National Association of Industry and Commerce, Taiwan 	 The Institute of Internal Auditors, R.O.C. Taiwan Responsible Care Association 	 Shanghai Association of Enterprises with Foreign Investment Council of China Environment News Taiwan Responsible Care Associatio New Area Taiwanese Businessmen Association Council of Shanghai City Work Safet

Note: Mainly participated in seminars in China

FENC and our subsidiaries as well as their products comply with relevant rules, regulations, principles, and initiatives (in addition to rules formulated independently by brand clients) and have acquired relevant certificates such as Bluesign, Global Recycle Standard (GRS), Oeko-Tex as we fulfill our corporate social responsibility and enhance the competitiveness of our products. For more information about brand clients, please refer to the chapter on Joint Creation of Supply Chain Value.



The Industrial Development Bureau of the Ministry of Economic Affairs put in place the Product Category Rules (PCR) pursuant to the ISO14025 Environmental Product Declarations and ISO14067 Carbon Footprint Declarations to promote carbon footprint statements and bring Taiwan in sync with international practices. Based on its excellent reputation and technologies in the field of fiber recycling, FENC serves as the proposer in the field of PCR of polyester filament fiber and yarn by recommendation of the Taiwan Man-Made Fiber Industries Association. The Chinese and English versions of the PCR were completed and made public internationally in 2014



Government Subsidies

Taiwan			China				
Application item	Content	Subsidy amount	Period	Application item	Content	Subsidy amount	Period
Technology Assistance Program of	Hollow Fiber Membrane Trial Manufacture and Certification Assistance Program	NT\$ 1	2014/04-	Disabled Person Employment Security Fund	Disabled Person Employment Security Fund of Far Eastern Dyeing & Finishing (Suzhou), Oriental Industries (Suzhou), Far Eastern Industries (Suzhou), and Far Eastern Apparel (Suzhou)	RMB 720,000	2013-2014
the Industrial Development Bureau		million	2014/11		Wuzhong District Subsidies for Corporate Transformation, Upgrade, Energy Conservation, Emission Reduction granted to Far Eastern Dyeing & Finishing (Suzhou)	RMB 200,000	2014
	for Lignocellulosic	million stage (Third 2013/0	Third stage: 2013/01- 2013/07	-	Oriental Petrochemical (Shanghai) Energy Conservation Improvement Project	RMB 1.392 million	2013-2014
Technology Development Programs				3/01-	Far Eastern Industries (Wuxi) was granted energy conservation incentives by the provincial, city, and new district governments	RMB 1.279 million	2013-2014
Industrial Development Bureau Pilot application					Far Eastern Industries (Suzhou) was selected as a Three-Star Enterprise for energy efficiency in Suzhou	RMB 100,000	2013
and promotion assistance program for manufacturing industry energy management systems	manufacturing industry ISO50001 energy management systems in 2013 (subsidies will be used to establish an ISO50001 system)	NT\$ 600,000	2013		Far Eastern Industries (Suzhou) received a refund of energy audit costs for passing an assessment or key energy consuming enterprises in Suzhou conducted by the government	RMB 60,000	2013
Innovative Technology Applications and	Global Integration Project	NT\$ 14.7	2012/01-		Far Eastern Dyeing & Finishing (Suzhou) was selected as a Three-Star Enterprise for energy efficiency by Suzhou City Government	RMB 100,000	2013
Services Program of the Ministry of Economic Affairs	Project million		2013/12	New District Technology Development Program	Formulation of national standards for Internal carbon coated polyethylene terephthalate (PET) bottles	RMB 45,000	2013

Total government subsidies amounted to NT\$ 21.93 million and RMB 3.9 million in 2013 and 2014.

Financial Performance

Item (consolidated entities)	2010 (ROC)	2011 (ROC)	2012 (IFRS)	2013 (IFRS)	2014 (IFRS)
Operating revenues	2,002	2,356	2,368	2,388	2,355
Gross profit	474	463	443	466	479
Operating income	218	178	122	134	119
Non-operating income (expenses)	11	35	12	104	97
Income before income tax	229	213	134	238	216
Net income	199	177	112	209	172
Other comprehensive income (net)	NA	NA	(16)	23	22
Total comprehensive income	NA	NA	96	232	194
Net income attributable to owner of the company	128	111	49	132	110
Net income attributable to non-controlling interests	71	66	63	77	62
Total comprehensive income attributable to owner of the company	NA	NA	33	155	129
Total comprehensive income attributable to non- controlling interests	NA	NA	63	77	65
EPS (NT\$/share)	2.62	2.26	1.02	2.69	2.25
	Economic Value Di	stributed to Stakeh	olders		
Operating costs	1,528	1,893	1,925	1,922	1,876
Employee salaries and benefits	123	142	168	173	184
Investor dividends	115	159	149	143	147
Income tax	30	36	22	29	44
Community investments (NT\$ thousand)	9,547	372	4,991	2,580	1,601

Note: Data for 2013 were restated numbers from the 2014 Consolidated Financial Report.



Unit: NT\$ 100 million unless indicated otherwise

Corporate Governance

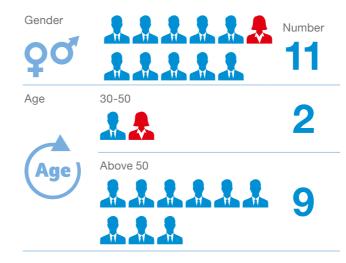
Governance Framework

The FENC Board of Directors consists of 11 Board members with rich operational and academic experiences, one of whom is female. A comprehensive and independent supervisory mechanism has been established for the Board to ensure effective management and prevention of conflicts of interests. Three Independent Directors and three Supervisors, including one female, have thus been appointed. Relevant powers are exercised in accordance with laws and regulations and FENC Articles of Incorporation, as well as the Meeting Rules of the Board of Directors (including regulations governing refusal). The tenure for Directors and Supervisors is three years. The last election date was June 2012. Starting from the next term, the Company will adopt a new nomination and selection system for the Board of Directors. This includes consultation with Independent Directors for their opinions, and evaluation of the educational background of each member, while complying with the "Election Procedures of Directors and Supervisors" and the "Corporate Governance Principles" to help ensure that diverse and independent stakeholder opinions are taken into consideration. FENC plans to establish an Audit Committee in June 2015.

Title	Name	Curriculum Vitae	Other Positions in FENC and/or Other Companies		
Chairman	Douglas Tong Hsu	National Chiao Tung University, Taiwan, Honor Ph.D. in Management, University of Notre Dame, USA, MS., Columbia University, USA, Post graduate study in Economics	Chairman of Asia Cement Corp.(ACC), Oriental Union Chemical Corp.(OUCC), U-Ming Marine Transport Corp. (U-Ming), Far Eastern Department Stores Ltd.(FEDS), Far EasTone(FET), and Vice Chairman of Far Eastern International Bank(FEIB)		
Vice	Yue Ding Industry Co., Ltd. Johnny Shih (Representative)	Columbia University, USA, Master in Computer Science	Chairman of Everest Textile, Vice Chairman of OUCC, Director of ACC & FET, Independent Director of CTCI Corporation		
Chairman -	Asia Cement Corporation Peter Hsu (Representative)	Stanford University, USA, Master in Operation Research	Director of ACC & FET, Supervisor of U-Ming		
Director	Asia Cement Corporation Raymond Hsu (Representative)	Australian Mining and Metallurgy College, Australia	Chief Auditor of FENC, Chairman of Fu Kwok Knitting & Garment Co., Ltd.		
	Asia Cement Corporation Shaw Y. Wang (Representative)	National Chung Hsing University, Taiwan, Business Administration Department National Taiwan University, Taiwan, the Executive Program in Business Administration	Executive Director of Group Foundation, Supervisor of ACC, Executive Director of FEIB		
	Asia Cement Corporation Richard Yang (Representative)	American Graduate School of International Management	Managing Director of Surfview Capital Ltd.		
	Far Eastern Department Stores, Ltd. Kwan-Tao Li (Representative)	Kellogg-HKUST, MBA	Chief Senior Counselor, Lee and Li, Attorney-at-law, Supervisor of ACC		
	Far Eastern Department Stores, Ltd. Tonia Katherine Hsu (Representative)	Sarah Lawrence College, New York, USA, BA (History, Humanities, Creative Arts)	Sotheby's, New York. USA (Arts Administration, Asian Liaison)		
	Bing Shen	Harvard University, USA, MBA	Independent Director of FEIB, Director of CTCI Corporation		
Independent Director	Bao-Shuh Paul Lin	Chief Director of Microelectronics and Information Systems Research Center, National Chiao Tung University, Taiwan, University of Illinois, Chicago, USA, Ph.D. in Computer Science	-		
	Johnsee Lee	Illinois Institute of Technology, USA, Ph.D.	Director of Taiwan Semiconductor Manufacturing Corp., Independent Director of Zhen Ding Technology Holding Limited & San Fu Chemical Co., Ltd.		
Supervisor	U-Ming Marine Transport Corp. T.H. Chang (Representative)	President of ACC	Director of ACC & U-Ming, Vice Chairman of Asia Cement (China) Holding Corp.		
	U-Ming Marine Transport Corp. Alice Hsu (Representative)	Sheridan College, Retail Management	-		
	Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation Champion Lee (Representative)	Texas A&I University, USA, Master in Business Administration	Supervisor of ACC, Director of FET & U-Ming		

Note: For more details about cross shareholding and related parties, please refer to the information disclosed on the Market Observation Post System

Board Composition



Note: The board does not include members of ethnic minority groups.

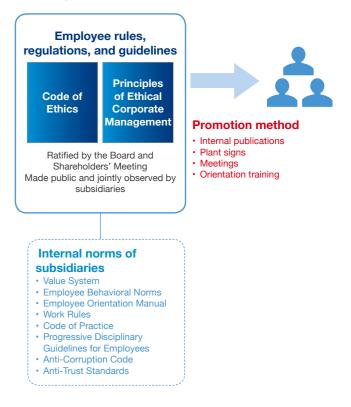
The Company has in place the "Remuneration Committee" whereby an Independent Director serves as the convener to assist the Board of Directors in establishing, among other things, the performance evaluation of Supervisors and remuneration-related policies, systems, standards, and structures, the relevant performance evaluations, employee salaries and bonuses, and the Directors and Supervisors' remuneration payout methods. Upon regular reviews and assessments by the Remuneration Committee, recommendations are submitted to the board for discussion and decision-making.

Remunerations for FENC Directors and Supervisors are linked to the economic dimension of sustainability performance. Pursuant to the regulations set forth in the Articles of Incorporation, 3% and 4% of the earnings of the respective year may be distributed as remuneration for Directors/Supervisors and employee bonuses respectively. The remaining reward payments are given out based on overall operational achievements, the salary reward standards of listed companies, market survey reports issued by professional consulting firms, and after considering the overall corporate financial status as well as risks in the business environment.



Ethical Corporate Management

FENC Founder Mr. Yu-Ziang Hsu and current Chairman Mr. Douglas Tong Hsu have always insisted that integrity should be the highest guiding principle of business development. Employees, business managers, clients, and investors must embrace the spirit of integrity in the Company's internal processes and external procurement. To achieve this, strict management guidelines have been formulated for employees and sales personnel. Integrity represents one of the main evaluation items for recruitment, performance appraisals, and promotions. Integrity not only connotes the absence of corruption but also means avoidance of unfair competition.



As far as anti-trust practices are concerned, FENC strictly refrains from coordinating production or sales quantities with same industry businesses or associations to prevent price manipulation and to abide by relevant domestic and international laws and regulations. In the field of organizational framework design, FENC has established a sound internal control system and operational guidelines (including management policies, an authorization system, and functional division of labor). It implements internal audit operation management to prevent corruption and misconduct.

Internal Assessment and Educational Training

Course title	Date	Target	Content		
Education on corporate corruption control and explanation of the self- assessment checklist	Started in the 4th Quarter of 2014	Executives of all units and colleagues from the Purchasing Department, Secretarial Department, Finance Department, and Accounting Department	 Explanation of corporate corruption and relevant laws and regulations through actual examples Introduction of the self-assessment checklist 		
Education on anti-trust legal compliance	June 2014	Operations	 Types of anti-trust violations Anti-trust laws in Taiwan, Europe, and the US Taiwan Fair Trade Law Amendment Draft and Anti-trust Law Compliance Rules 		

In addition to educational training, we conduct internal audits of sales and procurement units on an unscheduled basis. Audits are implemented during the procurement process to better assure control and management of procurement procedures and to reduce related risks. This includes monitoring of price negotiations, bid opening meetings, and purchasing unit authorization to reduce corruption risks. Online bidding systems are also utilized to stamp out corruption and reduce the need for physical assessments by 50%.

In addition, subsidiaries also organize information meetings to allow their sales personnel a better understanding of relevant provisions in the Code of Practice. Employees are required to comply with the code of business conduct with the goal of ensuring that the interests of the Company are not jeopardized, as well as to safeguard the lawful rights and interests of employees. This is also aimed at keeping a positive corporate image. Certain subsidiaries also clearly stipulate in their employee disciplinary guidelines that corruption is a serious infraction. The provision of relevant information serves as the main focus of the first day of orientation training.

Grievance and Consultation Channels

FENC has multiple communication channels in place to facilitate the reporting of corruption and other forms of illegal conduct by stakeholders. An independent investigation mechanism has also been established to allow probing and reporting of relevant incidents. Contact information (phone number and e-mail address) of the FENC Audit Department is publicly available for informants:

Supervisor e-mail: supervisor@fenc.com	A Supervisor e-mailbox has been set up in accordance with the regulations set forth in the Procedures for Supervisor E-Mail Management to strengthen corporate governance and establish a communication channel between employees, shareholders, stakeholders, and Supervisors. This helps us achieve the goal of facilitating timely detection of potential misconduct or other issues that will seriously impact company operations and management by Supervisors.
Audit Department e-mail: feaudit@fenc.com	The Audit Department provides a reporting channel pursuant to the Audit Department Misconduct Reporting and Resolution Procedures on Handling Employees or Stakeholders. This channel facilitates the reporting of shortcomings of the FENC internal control system or any illegal conduct that would violate Principles of Ethical Corporate Management and Code of Ethics or impair the working rights of employees.

In cases when procurement grievances fail to clearly specify relevant facts and details, FENC would still conduct audits of involved operations. If deficiencies of the internal control system or management issues are verified, suggestions for improvement are provided. Should it be confirmed that serious negligence or misconduct has been committed, disciplinary measures are proposed accordingly.

In addition, all subsidiaries have independent round-the-clock reporting and consultation hotlines, mailboxes, or relevant reporting mechanisms in place. The use of these mechanisms are promoted in employee code of conduct and behavioral norms imposed by the respective subsidiaries.

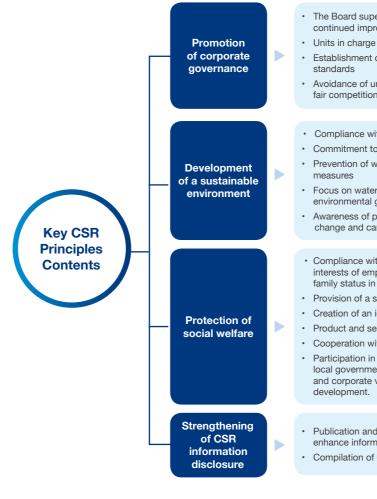
No confirmed incidents of corruption or social impact grievances occurred in 2013 and 2014. Regarding anti-competitive practices, Indonesia accused Taiwan, China, and Malaysia in 2014 of dumping Partially Oriented Yarn (POY) and Drawn Textured Yarn (DTY). However, the results of subsequent investigations showed non-involvement of FENC or its subsidiaries.

Sustainable Development Vision and Governance

Sustainability Vision

FENC has remained deeply dedicated to social welfare for over 40 years. In line with international trends and development. external stakeholders show greater concern for corporate practices in the areas of governance, society, and environment. The incorporation of the concept of sustainable development into core business areas has turned into the main foundation for FENC's fulfillment of its corporate social responsibility. Needless to say, FENC has a profound understanding of the core concept of sustainable development. Its operational strategies take full account of long-term interests instead of just temporary profits. FENC is fully committed to the integration of corporate sustainability into core business areas and makes necessary adjustments of its corporate values, culture, development blueprints and strategies. For more details about sustainability strategies adopted by FENC operations, please refer to the corresponding chapters of this report.

FENC is fully aware that an effective and full-scale implementation of sustainable development requires the active participation of the management team. To facilitate the promotion of corporate sustainable development by the board and top





management, external experts were invited by the Far Eastern Group to conduct a course on CSR and sustainable governance for all Supervisors and Directors in 2014. The course lasted three hours and was attended by Directors, Supervisors, and management teams of business entities that fall under the aegis of the FENC Group. Eleven out of the 14 Directors and Supervisors of FENC participated in the course.

In addition to promoting a better understanding of sustainable development among the Board and management teams, FENC also formulated CSR principles suitable for the overall operations of the Company and its subsidiaries in production business based on the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies in 2014 in order to fulfill the Company's CSR, promote better equilibrium among the economy, society, and ecology, and implement sustainable development. These principles were implemented upon ratification by the Board in November 2014. These CSR principles serve as basis for the promotion of sustainable development by the Company, thus reflecting our respect for social ethics and a concern for stakeholder rights and interests. The Company fulfills its CSR in line with its commitment to ecological balance and in keeping with efforts towards efficient corporate governance.

- The Board supervises the implementation of CSR which includes reviews and continued improvements
- · Units in charge of the promotion of CSR have been established
- Establishment of an effective corporate governance framework and relevant moral standards
- Avoidance of unfair competition, bribery, and corruption to create an environment of fair competition
- · Compliance with environment related laws and regulations
- · Commitment to enhanced energy and resource usage efficiency
- Prevention of water, air, and soil pollution and adoption of adequate pollution control
 measures
- Focus on water resources management, waste treatment, resource recycling, environmental greenification, and green procurement measures
- Awareness of potential operational risks and opportunities generated by climate change and carrying out of GHG emission inventories
- Compliance with relevant labor laws and safeguarding of the lawful rights and interests of employees. No unequal treatment based on gender, age, marital and family status in the Company's hiring policies
- · Provision of a safe and healthy work environment for employees
- · Creation of an ideal environment for employee career development
- Product and service quality assurance pursuant to national laws and industry norms
- Cooperation with suppliers and business partners and joint commitment to CSR
 Participation in community development and activities organized by NPOs or local government agencies through commercial activities, donations-in-kind,
- and corporate volunteer or other professional services to promote community development.

Publication and disclosure of relevant and reliable CSR- related information to enhance information transparency in line with laws and regulations.
Compilation of CSR reports to disclose the status of CSR promotion

$\overline{\mathbf{T}}$ FENC vision

In 1988, FENC took the initiative to invest in the transformation of the Company into the first PET bottle recycling business in Taiwan. Although this business sector recorded losses during the initial stage, the Company continued to insist on long-term sustainability and recycling or reuse of resources. Losses have been turned into profits and the Company is now capable of processing over 50% of all discarded PET bottles in Taiwan.

Sustainable Governance

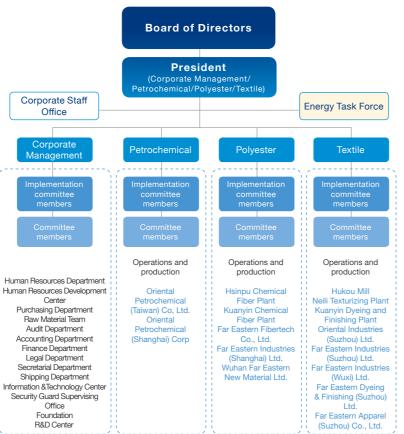
The FENC CSR Committee structure is based on the Group's organizational framework. The Board serves at the highest level and is centered in the four headquarters. The implementation committee and committee members subordinate to these headquarters are selected from the main departments. The Corporate Staff Office takes charge of promotion and overall planning. An Energy Task Force spanning the different headquarters has also been established. The fact that the CSR Committee is based on the organizational framework is conducive to the integration of CSR issues in existing management processes. The Presidents of the different business headquarters give relevant reports during board meetings, covering issues such a safety, health & environment, market conditions, R&D, internal audits, risk management, financial and business conditions. In 2013 and 2014, the four Presidents and executives of the main departments presented reports on the following issues during the six board meetings:

- 1. Risk management, investor relations, R&D
- 2. Operational performance and market conditions
- Audit report
- 4. Major personnel changes
- 5. State of ESH
- 6. Social donations
- 7. Financial condition
- Business condition

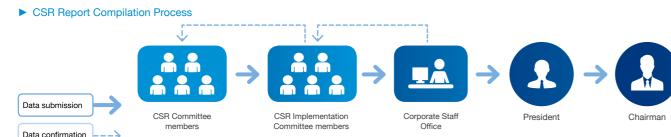
 $\overline{\mathbf{T}}$ FENC emphasis on long-term interests

In the face of an excessive supply of PTA, the Company decided to invest USD 500 million in the establishment of a 1.5 million-ton production line in Kuanyin in 2013 in consideration of the low energy efficiency of aged production lines and in response to changing trends in laws and regulations. A production line with high-energy efficiency was added to effectively reduce production costs through lower energy consumption.





The compilation of the FENC CSR report begins with the convening of a kick-off meeting in which task assignments and schedules are determined. The contents are provided by CSR committee members from corresponding units, after which they are collated by the Corporate Staff Office after initial compilation by the implementation committee members. The report is approved by the Presidents and submitted to the Board after completion and following third-party verification.



Risk Management

Operational Risks and Opportunities

Open communication channels between different departments ensure real-time and comprehensive risk management. FENC's operational performance is reviewed while overall industry and macro-environment conditions are monitored through numerous monthly reports submitted during regular meetings (attended by 2-3 Board Directors) to facilitate early response to external changes and timely grasping of opportunities.

FENC firmly believes that risk management is an important foundation of corporate development. For instance, our Legal Department was established when FENC was still in its fledgling state and the department reports directly to the President. This clearly indicates the importance that FENC attaches to risk management.

► FENC Regular Meetings

Corresponding Dimensions		Corresponding Dimensions	Frequency	Highest Level of Participation
Governance and Finance (G)	Μ	lanagement reports	Annually	Chairman
Society (S) and Governance (G)		HR management and development	Biannually	Chairman
Environment (E) and Governance (G)	ports	R&D related special reports	Biannually	Chairman
Governance and Finance (G)	Special reports	Business HQ industrial strategy discussion	Biannually	Chairman
Governance and Finance (G)		Budget review	Annually	Chairman
Environment (E)		Energy conservation	Annually	Chairman
Governance and Finance (G)	Bus	iness review meetings	Monthly	Chairman
Governance and Finance (G)		Sales meetings	Twice a month	Presidents of petrochemical, polyester, and textile businesses

In addition to regular reports, relevant FENC units also conduct risk assessment and management from different aspects. The main risk management dimensions include legal compliance, internal control, financial risks, innovation management, and climate change.

Legal Compliance

Since 2014, FENC has a legal compliance system in place to foster a culture of legal compliance, reinforce law consciousness and ethical norms among employees, as well as control and manage operational risks. The goal lies in the integration of legal compliance operations of different departments and the establishment of an audit mechanism to ensure effective management that would allow FENC to cope with operational risks.

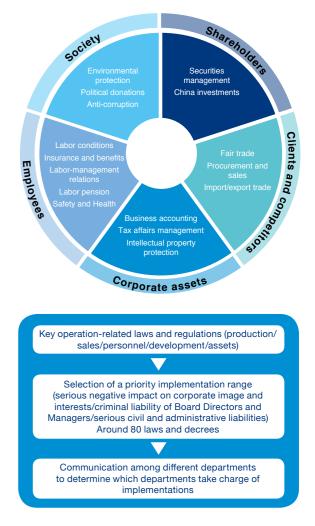
The President of corporate management serves as the Chief Supervisor of the FENC legal compliance system, while the Legal Department Head serves as the legal compliance supervisor of the parent company who is in charge of the planning, management, and implementation of the legal compliance system.



Scopes and Duties of the Legal **Compliance System**

Implementation Item	Description
Establishment of communication	Each department designates a senior executive who is responsible for the legal compliance of said department with the goal of creating a transmission, consultation, and reporting system (real-time reporting of irregularities, violations, and penalties)
Updates on rules and regulations	Setting of an internal website section for legal compliance to allow a real-time transmission of legal amendments and timely update of corresponding internal rules and regulations by different departments.
Legal training	Public announcement of decrees, sharing of cases, and education on implementation of decrees as well as educational training for new and regular employees.
Legal compliance assessment	Self-assessment of legal compliance are conducted on a quarterly basis and reported to the board to make the latter aware of implementation status and to allow the adoption of appropriate decisions.

Implementation Range of the Legal Compliance System



Establishment of Sound Governance

Implementation and Promotion of the Legal Compliance System

Around 20 promotion and information meetings were organized by the departments to provide education on self-assessment operations required for implementing the legal compliance system and having a firm grasp of implementation status. The meetings serve as a guidance for legal compliance self-assessment after which on-site audit reports are submitted to the Board. The Legal Department was responsible for the provision of guidance leading to improvements of detected deficiencies as well as the continued tracking of improvements. As of 2014, the department has conducted audits in terms of legal compliance in coordination with audit units to ensure effective implementation of the system. This system will be extended to FENC subsidiaries in stages starting in 2015.

Statistics on Major Violations in 2013 and 2014

Year	Deficiency	Deficiency Fines (NT\$) /Other Penalties Impro			
	Social Dimension (c	orruption, monopoly, fraud, dis	crimination)		
		None			
	Product and Service Dime	ension (marketing, communicat	tion, and labeling)		
		None			
		nvironmental Dimension			
2013	 Oriental Petrochemical: The perimeter fence around the construction site did not encircle the whole area No feedstock piling control measures were in place The pavement of major road networks for vehicles was not clean 	200,000	 Reinforcement of the perimeter fence Feedstock is covered with a dust screen Sprinkler trucks are used to clean roads 		
2013	Kuanyin Dyeing & Finishing Plant: Irregular running of three air pollution control facilities	200,000	 Regular daily inspections and meter readings Adjustment of operation parameters indicated in the operation license to avoid violations Allowable range of values is indicated on every gauge to facilitate visual inspection 		
2014	Hsinpu Chemical Fiber Plant: Trial-run coal water mixture boiler discharge pipes did not conform to the specifications of the approved trial run plan.	200,000	Internal monitoring and enforcement of trial run plan as well as operations in accordance with license specifications		
2014	Hsinpu Chemical Fiber Plant: Local citizens reported strange odor and samples exceeded standards	200,000	 Local citizens in the Zhubei area have reported over a long time that the plant emits a strange smell. However, the Environmental Protection Bureau never clearly 		
2014	Hsinpu Chemical Fiber Plant: Sampling of strange odor around the plant perimeter. All samples exceeded standards	300,000	 indicated that the plant is the source of the odor. Nevertheless, the plant strengthened autonomous management and implemented improvements in the emission of Volatile Organic Compounds (VOC) Executives conducted daily inspections of strange odor on-site and recorded observed data. 		
2014	Hsinpu Chemical Fiber Plant: Sample testing of odorous pollutants in discharge pipes did not meet required standards	400,000	 Old boiler facilities that tended to generate odor have been decommissioned, maintained, and calibrated to serve as reserve facilities 		
			2. New facilities were installed in December 2014		
2014	Far Eastern Dyeing & Finishing (Suzhou): Waste water overflowed into the rain water wells	Approximately 500,000 (RMB 100,000)	Emergency valves have been installed for rain water wells		
	Total	2,100,000			

Note: NT\$ 200,000 represents the disclosure standard

Internal Control Management

FENC internal control management was handled by dedicated audit units, which assist the Board and Managers in carrying out inspections, reviews, and improvements of the promotion and implementation of the internal control system. They assessed the performance of all company departments, provided constructive advice in the field of business and management that reduced the incidence of errors, prevented misconduct, enhanced performance, and thereby advanced the overall interests of the Company.

There are two main audit categories:

Categories	Target	Method
Advance review	Risky operational processes or transactions	Reviews conducted during operational processes
Post audits	 The law requires that audits be conducted based on risk assessments and different audit subjects be formulated: Important or high-risk transaction procedures or items are detected during the execution of audit operations Latest company developments New regulations set forth by competent authorities or in relevant laws 	Upon completion of audits, reports are issued that contain suggested improvement methods for deficiencies detected in audits and the progress of improvements is tracked on lists.

Annual internal audit plans of audit units are submitted to the Board of Directors for approval and implementation. Status of quarterly audit operations are reported to Supervisors, Independent Directors, the Board, and the Presidents of operation headquarters to give relevant personnel a better understanding of audit results and the progress of follow-up improvements.

Investment Management

Business and financial units conduct profitability assessments prior to investments. If assessments are feasible, the results are submitted to the Board for review in accordance with internal control procedures, after which announcements are made in keeping with relevant laws. In case of investments in foreign countries or in China, applications (or approval for reference) are submitted to the Investment Commission of the Ministry of Economic Affairs in accordance with relevant laws by the Legal Department. As for review and approval applications to be submitted to Mainland Chinese authorities, application materials are submitted by local finance, accounting, and legal affairs units, with assistance from project teams. Investments are carried out after receiving approval documents from competent authorities. Legal departments provide the necessary assistance in reviewing relevant investment documents. We require strict compliance with national and international laws and regulations during any investment process. All subsidiaries have also established internal control systems and introduced relevant procedures for the acquisition and disposal of assets. In the future, the legal compliance audit system will also be gradually extended to the Company's subsidiaries.

Financial Risk Management

The capital management of Far Eastern New Century mainly includes treasury operations and short-term financial management. Treasury operations include the daily forecast of cash receipts and disbursements, the arrangements of receivables and payables,



Example

- Purchase requisition, procurement, and acceptance procedures:
- Supplier visits in company of the FEG Purchasing Department and issue of appraisal reports
- · Monitoring of price negotiations conducted by the FEG Purchasing Department
- Additional review of purchase requisition and procurement e-forms
- Additional review of project acceptance and invoices and reinspection of projects
- Appraisals of the handling of supplier complaints and grievances in cooperation
 with the FEG Purchasing Center on an irregular basis
- Project audits
- · Authorization and participation in various company meetings
- · IFRS was adopted in 2013
- · Factory construction or expansion projects

and stock affairs, ect. Short-term financing management involves to monitor the daily cash balance of New Taiwan dollars and foreign currencies, to arrange loan borrowing or repayment at financial institutions such as banks or bills finance corporations after taking the market factors such as interest rates and exchange rates into consideration.

The main financial institutions that the Company transacts business with include local and foreign banks, bills finance corporations, etc. The main financial instruments consist of bank loans and commercial papers. Excess cash balances are mainly invested in investment tools such as fixed deposits, repurchase agreements, and money market fund.

Regarding financing periods, short/medium-term financing (less than three years) currently focuses on financing instruments such as bank loans and commercial papers, while medium/long-term financing (over three years) is based on capital market products such as various types of corporate bonds.

Cash Flow Management

Cash flow management is closely related to business activities. Effective forecasts of future cash flows rely on regular analyses of operating, investing, and financing activities.

Foreign Exchange Risk Management

Far Eastern New Century's exports bring in revenues denominated in foreign currencies. If an asset position of foreign exchange occurs after deducting foreign exchange liabilities, considering the recorded exchange rate in the accounting book, we will hedge our position by spot or forward exchange contracts to reduce the risk of currency rate fluctuations.

Capital Market Financing

In order to improve operational adaptability, diversify financing tools, and strictly control the interest rate risks, our Finance Department examines the statuses of capital markets and cash flows, looking for opportunities to issue domestic and offshore long-term fixed rate bonds such as straight, convertible, and exchangeable bonds. This will strengthen FENC's financial structures and reserve capitals for future capital needs.

Climate Change

FENC places great emphasis on long-term operational performance, actively responds to risks generated by climate change, and transforms risks into opportunities in an effort to create new business opportunities.

Dimension	Risk/Opportunity	Response
	Frequent climate incidents lead to rising transportation costs and affect production and delivery operations.	 Advance storage of feed stocks and transportation tools through an early warning mechanism Advance arrangement of transportation and accommodation for key personnel Insurance covering natural disaster to guarantee economic compensation
Sales	 Extreme climates such as bitter cold and scorching heat lead to an increased demand for clothing and beverages, respectively, which in turn boosts the sale of textile fibers and PET Bottle Preforms. Development of new functional products to satisfy the demands for warming, cooling, and Anti-UV products generated by climate change. Development of new eco-friendly products in conformity to a macro-environment that is characterized by eco and sustainability awareness to save costs through process efficiency enhancement. 	 Monitor climate and prepare adequate stocks accordingly Development of warming, cooling, and Anti-UV materials (TopHeat^{*®}and TopCool^{*®}) Development of recyclable materials to reduce the demand for petrochemicals (Topgreen[®], Pro-green[®]) Development of biomass materials to minimize environmental impacts and reduce GHG emissions (Bio-TopCool[*]) Development of warming, moisture-absorbing, and sweat-wicking products Procurement of organic cotton and promotion of the use of organic products
Finance	 Banks implement Equator Principles China levies carbon taxes 	 It has already been determined that Equator Principles have no considerable impact Promotion of the use of renewable energy Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) conserve energy and reduce carbon emissions
Production	 Typhoon disasters Impact on plant facility operations (e.g., rising temperatures affect the efficiency of cooling units of plants, which in turn leads to increased production costs) 	 Early adoption of typhoon response measures Promotion of the use of renewable energy Process optimization to minimize environmental impacts

Innovative Management

Innovation is a key policy of FENC as it tries to seize opportunities and reduce risks. To fully exercise the functions of the Far Eastern Group R&D Center, turn it into a driving force in research and development, and maintain the Company's competitive edge in the field of innovation, this center was reorganized in June 2014. In addition to the existing Bioenergy & Biomaterial Section and Biomedical Section, the R&D sections for polyester and textile operations have been greatly expanded (Polyester Packaging Section, Polyester Film Section, Chemical Fibers Section, Textile & Finishing Section, and Industrial Fibers Section). FENC has also made a firm commitment to the development of new strategic materials and technologies (Polyester Material Division, New Fiber Division, and Cutting-edge Polyester Division) to satisfy the needs of SBUs and to create applications for new materials.

In addition to meeting the R&D needs of production business units, FENC is fully aware that multilateral cooperation leads to better results in business expansion and R&D efficiency. The Company therefore established an Innovation Marketing & Partnerships Office within the R&D Center in 2014. This office aims for a better understanding of medium and long-term development strategies and potential demands of major international brands while striving for joint development with clients and the eventual transfer of newly developed technology to SBU for applications and productions.

This not only allows the Company to catch the demand trends in innovative and hi-tech products but also facilitates the creation and maintenance of long-term customer relationships to enhance the overall competitiveness.

Identification of Stakeholders and Materiality Issues

Identification of **Stakeholders**

FENC stakeholders were identified through a questionnaire survey designed to collect employees' opinions and assessments. Questionnaires were structured based on the five major principles of the AA1000 SES (2011) Stakeholder Engagement Standards: Dependency, Responsibility, Influence, Diverse Perspectives, Tension, and Concern. Surveyed employees included CSR (implementation) committee members from different corporate units based in Taiwan, Suzhou, Wuxi, Shanghai, and Wuhan. A total of 135 questionnaires were collected.

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Materiality Issues: Identification and Response

For the identification of materiality issues, FENC not only relied on opinions expressed by internal staff but also consulted relevant international industries on various issues of concern, prevailing international sustainability development trends, and GRI G4 material aspects. A total of 26 sustainability issues were identified in the survey. The respondents assessed the impact (financial/non-financial impacts, strategy integration level, opportunities/ competitiveness) of the 26 identified issues on FENC different stakeholder groups also expressed their assessments (impact significance level, expectations regarding response, action, and transparency) through questionnaires. The Company further consulted the opinions of the management to determine the materiality matrix for this report.

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Materiality Analysis Matrix for Sustainability Issues

	Ethical corporate management Legal compliance Pollution control Work environment and safety Crisis management/ Disaster mitigation	Corporate governance Risk management Sustainable development strategy and governance Business strategy and future development Operational performance
ese to climate enersive inication channels sperity with nities cal conservation welfare ients	Energy and resources management International standard certification Employee care, benefits, and compensation Supply chain management Customer services Response to urbanization Human rights	Process and product innovation Educational training Career development
	Technological exchanges and cooperation	
Level of	concern of the Compan	y High

Establishment of Sound Governance

Significance of Sustainability Issues for FENC

Materiality	Sustainability Issue	Significance for FENC						
	Corporate governance							
	Risk management							
	Sustainable development strategy and governance							
	Operational performance	Exhibits operational and governance performance and is of key importance in the promotion of sustainable development						
	Business strategy and future development	FENC since risk management, long-term strategy planning, and sustainable development determine the future stainable growth of the Company. Process and product innovation forms the foundation for the realization of sustainable evelopment.						
	Ethical corporate management							
	Legal compliance							
	Process and product innovation							
	Pollution control	Pollution control not only conforms to legal requirements but also facilitates the implementation of our risk management. It						
Material	Energy and resources management	 also connotes care and concern for the natural environment and the adjacent communities. It serves as an important link in the fulfillment of our CSR. Energy and resources management not only reduces operations costs but also minimizes impact on the natural environment. 						
	Crisis management/ Disaster mitigation	Certain production bases are adjacent to residential areas. In view of the development of urbanization this trend is becoming more and more pronounced. We feel that the minimization of impact on neighboring communities through						
	Response to urbanization	increased commitment to crisis management and disaster control represents one of our key responsibilities.						
	International standard certification	International standards certification is the most effective and credible way of demonstrating our internal operational standards and product quality to customers and the general public.						
	Customer services	FENC is firmly committed to gaining a full understanding of customer demands and meeting, or even, surpassing their expectations. Many of our innovative products and green processes were fruits of a desire to satisfy our customers. The enhancement of customer service quality is our main aspiration.						
	Supply chain management	In addition to their expectations on excellent risk management, brand clients have rigorous requirements for us. We aim to maximize our influence by way of supply chain management to ensure fulfillment of CSR by our cooperation partners.						
	Work environment and safety							
	Human rights	Our employees are one of our most valuable assets. They are the foundation of corporate development. The health and						
	Employee care, benefits, and compensation	satisfaction of our employees therefore directly impact on work efficiency and quality. We firmly believe that we must not only focus on corporate growth but also provide our employees with assistance and platforms for personal career development. The health and contentment of our employees are key prerequisites for achieving sustainable development.						
	Educational training							
	Career development							
	Response to climate change	Responses to climate change are intimately related to energy and resources management. They help reduce operating costs, while minimizing environmental impact. With regard to measures with less obvious short-term effects in reducing operating costs, we conduct assessments from the perspective of long-term overall benefits.						
	Ecological conservation	Far Eastern Industries (Suzhou) is currently the only plant located in an environmental protection zone. It abides by all relevant laws and regulations.						
Non- material	Comprehensive communication channels	Comprehensive communication channels are required to gain an understanding of stakeholders' views and opinions. They enable real-time communication and improvements. Internally, they allow effective management and in-depth understanding of implementation status while also making possible a more precise understanding of external views and demands.						
	Technological exchanges and cooperation	Innovation remains at the core of long-term corporate development. Technological exchanges and cooperation with different organizations are our main modes in innovative development as well as key links in business development.						
	Co-prosperity with communities	FENC has always placed great emphasis on social welfare activities including investment in neighboring communities or public welfare investments of an even larger scale. We have always embraced the concept of giving back and contributing						
	Public welfare investments	to social development.						

This report provides in-depth and detailed information on materiality issues while paying equal attention to other sustainability issues as well. With regard to materiality issues and GRI G4 material aspects, as well as their corresponding chapters in the report, please refer to the following chart:

ality	Sustainability		Interna	il		Exter	nal		Management Approaches and Relevant Information		
Materiality	Issue	FENC	Subsidiaries in Taiwan	Subsidiaries in China	Suppliers	Clients	Communities and Environment	Relevant G4 Material Aspects	Chapter	Section	Page
	Corporate governance	•	•	•				General Standard Disclosures: Strategy and Analysis Organizational Profile Governance	Establishment of Sound Governance	Corporate Governance	18
	Risk management	•	•	•	•	•		General Standard Disclosures: Strategy and Analysis Economic: Economic Performance	Establishment of Sound Governance	Risk Management	23
	Sustainable development strategy and governance	•	•	•	•			General Standard Disclosures: Governance	Establishment of Sound Governance	Sustainable Development Vision and Governance	21
	Operational performance	•	•	•	•	٠		Economic: Economic Performance	Establishment of Sound Governance	About FENC	8
	Dusiness								Chairman's Message		3
Material	Business strategy and future development	•			•	•		General Standard Disclosures: Strategy and Analysis	Establishment of Sound Governance	Sustainable Development Vision and Governance	21
	Ethical corporate management	•	•	•	•	•		General Standard Disclosures: Ethics and Integrity Social: Anti-corruption Anti-competitive Behavior	Establishment of Sound Governance	Corporate Governance	18
	Legal compliance	•	•	•	•			Environmental, Social, and Product Responsibility: Compliance	Establishment of Sound Governance	Risk Management	23
	Process and product innovation	•	•	•		•		Environmental: Products and Services	Innovation and R&D	-	33
	Pollution control	•	•	•	•			Environmental: Water Emissions Effluents and Waste Transport Supplier Environmental Assessment Society: Local Communities	Creation of a Sustainable Environment	Resource Management and Pollution Prevention	54
	Energy and resources management	•	•	•	•			Environmental: Materials Energy Water Effluents and Waste	Creation of a Sustainable Environment	Resource Management and Pollution Prevention	54
	Crisis management/ Disaster mitigation	•	•	•			•	Society: Local Communities	Creation of a Sustainable Environment	Communication and Feedback from Neighboring Communities	77
	Response to							Economic: Indirect Economic Impacts	Realization of Co-Prosperity With Society	Highlights of Corporate Engagement	101
	urbanization			•			•	Society: Local Communities	Creation of a Sustainable Environment	Communication and Feedback from Neighboring Communities	77
	International							DMA of relevant aspects (i.e. Energy, Water	Joint Creation of Supply Chain Value	Customer Management	44
	standard certification	•	•	•	•			DIVA of relevant aspects (i.e. Energy, water etc.)	Creation of a Sustainable Environment	Resource Management and Pollution Prevention	54



ality	Sustainability		Interna	ıl		External			Management Approaches and Relevant Information		
Materiality	Sustainability Issue	FENC	Subsidiaries in Taiwan	Subsidiaries in China	Suppliers	Clients	Communities and Environment	Relevant G4 Material Aspects	Chapter	Section	Page
	Customer services	•	•	•		•		Product Responsibility: Customer Health and Safety Product and Service Labeling Marketing Communications Customer Privacy	Joint Creation of Supply Chain Value	Customer Management	44
	Supply chain management	•	•	•	•			Economic: Procurement Practices Environmental: Supplier Environmental Assessment Labor Practices and Decent Work: Supplier Assessment for Labor Practices Human Rights: Supplier Human Rights Assessment Society: Supplier Assessment for Impacts on Society	Joint Creation of Supply Chain Value	Supplier Management	49
ସ	Work environment and safety	•	•	•	•			Labor Practices and Decent Work: Occupational Health and Safety	Creation of A Sustainable Environment	Work Safety Management	73
Material	Human rights			•	•			Human Rights: Investments Non-discrimination Freedom of Association and Collective Bargaining Child Labor Forced or Compulsory Labor Indigenous Rights Assessment	Generation of Employee Passion	Employee Care	86
	Employee care, benefits, and compensation	•	•	•	•			Human Rights: Employee-Employer Relations Labor-Management Relations Employee Diversity and Equal Opportunities Equal Remuneration For Male and Female Employees	Generation of Employee Passion	-	79
	Educational training	•	•	•				Labor Practices and Decent Work: Training and Education	Generation of Employee Passion	Career Development	94
	Career development	•	•	•				Labor Practices and Decent Work: Training and Education	Generation of Employee Passion	Career Development	94
	Response to climate change	•	•	•	•	•		Environmental: Energy Emissions Transport Products and Services	Creation of a Sustainable Environment	Resource Management and Pollution Prevention	54
	Ecological conservation			•			•	Environmental: Biodiversity	Creation of a Sustainable Environment	-	53
								Environmental: Environmental Grievance Mechanisms	Establishment of Sound Governance	Corporate Governance	18
Non-material	Comprehensive communication channels	•	•	•	•	•	•	Labor Practices and Decent Work: Labor Practice Grievance Mechanisms Human Rights: Human Rights Grievance Mechanisms Society:	Creation of a Sustainable Environment	Communication and Feedback from Neighboring Communities	77
Non-I								Grievance Mechanisms for Impacts on Society	Generation of Employee Passion	Labor- Management Communication	92
	Technological exchanges and cooperation	•	•	•	•	•		Environmental: Products and Services	Innovation and R&D	-	33
	Co-prosperity		_				-	Economic: Indirect Economic Impacts	Joint Creation of Supply Chain Value	Supplier Management	49
	with communities	•	•	•			•	Procurement Practices Society: Local Communities	Realization of Co-Prosperity With Society	Highlights of Corporate Engagement	101
	Public welfare investments	•					•	Economic: Indirect Economic Impacts	Realization of Co-Prosperity With Society	-	99

FENC endeavors to constantly communicate and engage with its stakeholders. Several examples of engagement between FENC (including its subsidiaries and production bases) and its stakeholders in 2013 and 2014 are listed below. Please also refer to the corresponding chapters in this report for responses to relevant issues.

► Stakeholder Engagement Channels and Actual Achievements

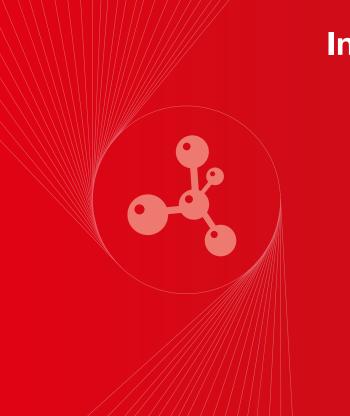
Stakeholders	Main Issues of Concern	Communication Channels and Frequency	Response Methods (actual examples)
Employees and labor unions	 Employee care, benefits, and compensation Work environment and safety Career development Educational training Human rights Operational performance Corporate governance Ethical corporate management 	 Different types of meetings on plant affairs, performance, energy conservation and carbon reduction, welfare, meals, and accommodations (every one to three months) Corporate union meetings (every quarter) Occupational Safety and Health Committee meetings (every quarter) Safe environment mailbox Grievance channels Satisfaction surveys (multiple times a year) Educational training (multiple times a year) 	 In 2013, Far Eastern Fibertech organized 12 safety thematic months providing education on driving safety, electrical safety, fire safety, energy conservation, and environmental protection. In 2014, a total of 186 employees participated in the Far Eastern Fiberte Annual Health Promotion Program in 6 batches. Oriental Industries (Suzhou) convenes meetings of the Meal Manageme Committee and Dorm Management Committee on a monthly basis and conducts satisfaction surveys every two months. In 2013 and 2014, the FENC Hukou Mill organized a total of 8 regular corporate union meetings, 12 ad-hoc corporate union meetings, 8 safet and health related meetings, and 4 welfare and nutrition related meetings
Government/ competent authority	 Legal compliance Pollution control Work environment and safety Crisis management/Disaster mitigation Ethical corporate management Response to climate change Sustainable development strategy and governance Employee care, benefits, and compensation Response to urbanization 	 Official audit laws and regulations Information meeting Training Seminar Demonstration and promotion Promotion meeting (monthly) Document Audit 	 In 2013, the Company sent representatives to visit the Institute for Information Industry and attended an Industry-Academic Consultation Meeting organized by the Bureau of Foreign Trade of the Ministry of Economic Affairs. In 2014, the Company participated in the formulation of advice at an Industry and Commerce Breakfast Meeting and a Trade and National Affairs Meeting. In 2013 and 2014, Oriental Petrochemical (Taiwan) participated in a tota of 27 information meetings on relevant laws and regulations, 3 training courses, 21 seminars, 4 observation and promotion activities, and over official audits. In 2013 and 2014, FENC polyester plants participated in a total of 30 audits of its operations of environmental protection facilities, 2 audits of operations involving toxic chemicals as well as one audit each for air an water pollution and occupational safety and health operations. Oriental Industries (Suzhou) visits government environmental protection agencies once every two months and fire departments once a month.
Cooperation partners (suppliers/ contractors)	Supply chain management Ethical corporate management Operational performance Risk management Business strategy and future development Legal compliance Corporate governance International standard certifications Sustainable development strategy and governance Process and product innovation Customer services	 Telephone and e-mail site visits (once a month to three times a year per request) Supplier appraisals Handling of supplier complaints and grievances Educational training (new contractors: prior to plant entry; long-term contractors: every quarter or in case of major violations) Public announcements Contractor meetings (once every three to six months) site visits (twice a week or once a 	 176 and 222 designated staff members visited our suppliers in 2013 and 2014, respectively. We organized an annual contractor communication training. A total of 1,633 and 1,079 newly inducted employees of contractors received training in 2013 and 2014, respectively. A total of 55 and 149 contractor employees attended regular educational training in 2013 and 2014, respectively. At total of 3 and 12 supplier appraisals were conducted in 2013 and 2017 respectively. 5 supplier complaints and grievances were handled in 2013 The Kuanyin Dyeing & Finishing Plant was visited around 80-90 times by
Clients	Customer services Ethical corporate management Process and product innovation International standard certifications Corporate governance Comprehensive communication channels Legal compliance Technological exchanges and cooperation	 Site visits (twice a week or once a month/year depending on clients' requests) Telephone, e-mail Client-end sales visit Audit 	 The Roaryin Dyeing & Finishing Plank was visited around ou-so times b clients annually (around 250 visitors). Most visits focused on inspection of production processes and quality audits. The Polyester Sales Department conducts 22 client visits per month or average



Establishment of Sound Governance

Stakeholders	Main Issues of Concern	Communication Channels and Frequency	Response Methods (actual examples)
Local residents in the vicinity of plant areas	 Pollution control Co-prosperity with communities Crisis management/Disaster mitigation Ecological conservation Legal compliance Public welfare investments Comprehensive communication channels Response to urbanization 	 Visits of neighboring plants (at least once a year) Notification drills (monthly) Open day activity (annually) Activities (several times a year) Actual visits of local communities (once or twice a month) Information meetings (annually) Government online platform 	 In 2014, Oriental Petrochemical (Taiwan) conducted 1 conducted 12 simulated notification drills and visited neighboring plants at least once a year. In November 2013 and February 2014, the Hsinpu Chemical Fiber Plant organized information meetings on pollution coordination for coal water mixture plants at the Hsinpu Environmental Protection Association. A total of 143 local residents of Wenshan Borough in Hsinpu Township participated in these meetings. In December 2013 and September 2014, the Hsinpu Chemical Fiber Plant organized information meetings on pollution control in the plant. Around 30 residents of the Dachiran Community in Chupei City participated in these meetings. The Hukou Mill and Neili Texturizing plants conducted a total of 35 visits of local communities in 2013 and 2014 to assist in weeding activities and discuss relevant services and demands. In March 2013 and April 2014, Oriental Petrochemical (Shanghai) organized Open Day Activities and invited around 100 local residents and enterprise representatives (including citizens who filed complaints in the past) as well as local competent authorities to attend this event. Annual safety, health, and environmental (SHE) reports were submitted inside the plant, visits of production sites were conducted, and questions were answered. Mutual trust and understanding were enhanced through these activities. Far Eastern Industries (Shanghai) organizes a total of three community blood donation activities per year as well as table tennis and basketball tournaments.
Shareholders/ Investors	 Operational performance Ethical corporate management Corporate governance Business strategy and future development Risk management Sustainable development strategy and governance Legal compliance 	 Shareholders' meetings (annually) Investor conferences Board of directors Market Observation Post System of Taiwan Stock Exchange Corporate website/IR mailbox Investor conferences held by brokerage firms (several times a year) Investor meetings (several times a year) 	 In 2013 and 2014, the Company attended investor conferences 5 and 6 times, respectively.
NGO	 Pollution control Energy and resources management Response to climate change Work environment and safety Public welfare investments Human rights 	 Seminars (i.e. TRCA seminar bimonthly) Participation in exchange activities (non-periodically) Telephone, e-mail (non-periodically) 	 In June 2014, Oriental Petrochemical (Shanghai) joined the Taiwan Responsible Care Association (TRCA) to reinforce social responsibility concepts of employees, promote responsible care, and enhance the corporate image and management standards through regular activities of the association. In September 2014, the Company assisted TRCA in the organization of the third seminar in China. In June 2013, over 40 representatives of the Foreign Business Association of Fengxian District in Shanghai City participated in exchange activities, listened to safety, health, and environmental (SHE) reports, and observed fire evacuation drills in the Administration Building.
Industry associations	 Technological exchanges and cooperation Process and product innovation Ethical corporate management Legal compliance Sustainable development strategy and governance Response to urbanization Pollution control 	 Member Conference (annually) Seminars/Exchange Meeting (non-periodically) Training (non-periodically) Assembly Report (bimonthly) 	 In 2013 and 2014, Oriental Petrochemical (Taiwan) participated in 2 member conferences, 25 seminars, and 5 training courses organized by industry associations. Far Eastern Fibertech participates in the Safety and Health Promotion Council of the industrial zone and the Regional Joint Defense Organization. It submits fire prevention, work safety, and joint defense related reports on a regular basis. In September 2013, over 60 corporate representatives from key enterprises under the jurisdiction of the Environmental Protection Bureau of Fengxian District in Shanghai City visited Oriental Petrochemical (Shanghai) to conduct environmental protection - related exchange activities. In addition to the sharing of internal environmental protection management experiences and an inspection of actual environmental protection management Sciences gave relevant instructions. In December 2013, over 40 representatives within the jurisdiction of the Management Committee of the Shanghai Spark Development Zone made a visit to Oriental Petrochemical (Shanghai) to participate in an exchange activity on contractor management experiences, listen to relevant experience, and conduct discussions and interactions.

Note: Only the main issues of concern are listed here. Stakeholders' issues of concern are not confined to those listed above.



Innovation and R&D

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The Energy to Innovate



The Far Eastern Group R&D Center (hereinafter referred to as "R&D Center") was founded by Far Eastern New Century in 2001 with the goal of accelerating development of new core-technology peripheral products with high added value and strengthening our competitive edge, as well as creating new value through constant breakthroughs, innovations, and active research and development.

Short-term R&D goals are centered in polyesters, environmental protection, energy conservation, and carbon reduction segments of our operation, all in keeping with global trends and demands. FENC core in PET (polyethylene terephthalate) synthesis is utilized to enhance our R&D efforts. PET-based feedstock and products are constantly developed to contribute to more applications of PET towards higher value products and markets. Long-term goals look to integrate resources and core competencies of the affiliated enterprises within Far Eastern Group so as to focus on green energy, biomass industry, PET feedstock and new materials. FENC has a clear direction with confidence to continuously improve on these segments that have significant potential in growth.



R&D Expenses

Unit: NT\$ thousand



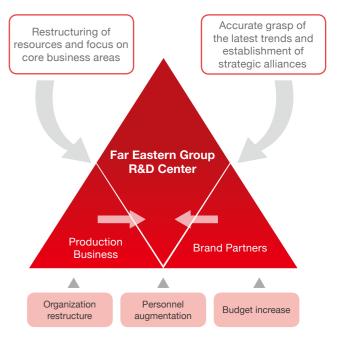
Restructuring and Reorganization

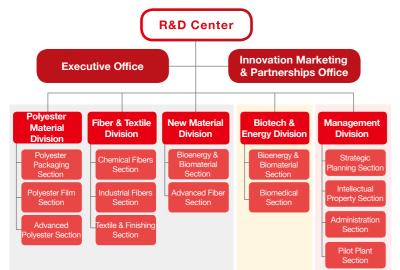
The R&D Center courses are divided into two main categories: 70% of activities are directly related to strategic business units (SBU) with the remaining 30% on future-oriented research. The R&D Center plans commissioned by SBUs cover the optimization of existing products and responding to special customer needs. An average of six new projects per year were submitted between 2008 and 2012. This figure significantly increased to 43 per year between 2013 and 2014, clearly indicating an increasing collaboration in research between SBUs and the R&D Center.

In June 2014, the R&D Center went through significant structural reorganization, increasing the original five R&D divisions to a total of ten. Human resources increased from 195 in December 2014 to 237 in December 2015 (approximately 20% increment). In addition to the existing Bioenergy & Biomaterial Section and Biomedical Section, the R&D sections for polyester and textile operations have been greatly expanded (Polyester Packaging Section, Polyester Film Section, Chemical Fibers Section, Textile & Finishing Section, and Industrial Fibers Section). FENC has also made a firm commitment to the development of new strategic materials and technologies so as to satisfy the needs of SBUs. We have thus embarked on the development and utilization of new materials through the newly established Polyester Feedstock, Advanced Fiber, and Advanced Polyester Sections. Our R&D capabilities in new materials and fibers are expected to

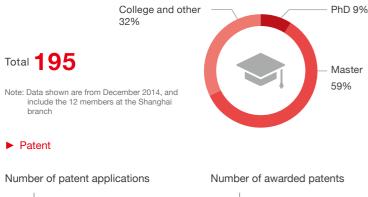


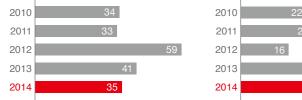
further facilitate and accelerate the integration of upstream raw materials and downstream applications. These newly developed platform technologies will enable FENC to maintain our lead in the industry.













Educational Training

The R&D Center contracts renowned academic experts to provide educational training and seminars on functional textiles, specialty chemicals, medical equipment, nanotechnology, and other related technologies so as to allow a firm grasp of cutting edge trends in global academia, industry and markets among employees of the Center. Individuals are encouraged to actively engage in external seminars and workshops, participate in technical discussions, and training courses, thus acculturating norms of incorporating sustainable material and economic development concepts in the R&D operations.

Sustainable Development-related Training						
The development of the deve	The development of textile products in global climate change					
Development of international environmental protection trendsAnalysis of the latest requirements of Oeko-Tex® Standard 100 & STeP® Certification						
 Analysis criteri 	a for produ	ct water fo	otprint inve	ntories		
 Functionalized Mesoporous Silica Nanoparticles as Efficient Solid Catalysts for Biofuel ProductionGreen technologies and productivity 						
Development and application of bioplastics						
• Bioenergy						
Eco-friendly flame retardant technology and future trends						
Sustainability of core technologies, key materials, and industries						
Training Type	20	13	20	14		
	Courses	Trainees	Courses	Trainees		
Internal training courses	11	385	4	115		

Awards and Recognitions

89

47

74

48

External

seminars

- · In 2013, the Company was recognized for achievements in the field of industrial innovation by the Ministry of Economic Affairs for its "Polyester Shrinkage Film."
- In 2013, the Company received 6 major awards at the Taipei International Invention Show (including 2 Platinums, 1 Gold, 2 Silvers, and 1 Bronze) for its inventions: dyeable PP fibers, bone graft, polyester shrinkage film, heat retaining fabric, 3D display functionality film, and antibacterial polymer materials.
- In 2014, Bio-TopCool⁺ was selected and recommended as the "ISPO selection" in the 2015 ISPO Textrends Conference (International Sporting Goods Trade Show in Germany, Munich). The international review panel made selections in eight product categories based on functions, sensual experience, innovation, originality, environmental protection, multi-functionality, and health.

Innovative Cooperation

The reorganization of the R&D Center meets our internal needs to expand business operations and enhance R&D activities. We also look forward to the application of new products we develop through strategic cooperation with renowned brands so that we could have a firm grasp of future demands in the chemical fiber and textile markets.

In the past, FENC fabrics and garments were mostly OEM products. Our R&D efforts focused more on the development of suitable products that meet the demands of brand manufacturers. Nowadays, FENC is taking the initiative in introducing internally developed new materials and technologies to brand clients with whom we establish strategic alliances that facilitate the design of revolutionary products utilizing new materials. This way, we help determine the product design activities of downstream and brand manufacturers. Today, renowned sports brand manufacturers already use new materials and fibers developed by FENC for the design of novel products. In addition, we also cooperate with the R&D departments of renowned brands to test newly developed fiber materials and initiate an exchange of views on how to adopt and apply these materials. FENC's strategy of aggressive promotion of R&D technologies has thus created a competitive niche characterized by high profits and stronger market presence.

In terms of joint research efforts, the cooperation partners of our R&D Center are not only confined to downstream and brand clients; we also cooperate with academic institutions in future-oriented R&D programs or commission external organizations to conduct research. Some of their research partners include affiliated organizations within the group. Such an arrangement creates group synergy.

► FENC's Joint Development and Strategic Partners

Cooperation Partner	Developm
Timberland	Recycled PET base Brea
Vf	Outdoor fur Development of Bio-To
Burberry	Fluoride-free, wat
Nike	Waterless dyeing ar Bio-To Eco-friendly
Genomatica/BASF	Bio-To
Certain US-based company	Cellulos Bic
Patagonia	Ultra-1 Bio-To
Levi's	Cotte
Coke, Virent	Bio-F 100%
Taiwan Textile Research Institute	Joint development of outd proc
Industrial Technology Research Institute	Hollow fiber membra
Taiwan Textile Research Institute	100% Joint development of outd



ent Project

eathable & Waterproof Film

nctional fabric

opCool⁺ fibers and fabrics

ater-repellent fabrics

and finishing auxiliaries TopCool⁺

shoe materials

opCool⁺

sic ethano io-PX

-thin film opCool⁺

tonPlus

-PX/PTA Bio-PET

door sports TopCool^{+®} textile oducts

rane guidance program

Green Processes and Products

Green Product Sales Performance

Revenue ratio of green products



Note: Based on sales value statistics of the manufacturing business in the consolidated financial statement. The slight drop in the sales value of green products in 2014 was due to lower product unit prices following global drops in raw material prices in 2014.

FENC features a large number of products that were developed in response to green and eco-friendly trends such as products, technologies, and processes that are eco-friendly and functional products designed for comfort in extreme weather changes. These functional products can also indirectly reduce the need for air conditioning. Technologies utilized by FENC for green processes and products include a large number of revolutionary inventions that represent key milestones in the promoting sustainable development in this industry. Several exclusive products and technologies adopted by FENC are listed below. For the effects of sublimation/heat transfer print technology and the dope-dyeing method please refer to the chapter "Creation of a Sustainable Environment."

Containers and Pa	ackaging Materials
Anti-scratch PET Sheet	Anti-scratch PET sheet is mainly used for packaging. As the scratch resistance of standard PET window-class sheets is low, a PE (polyethylene) coating is usually added as protection. As this PE coating must be removed again before processing, there is no permanent anti-scratch protection. This new product has greatly enhanced scratch resistance properties and does not require the use of traditional PE coating films while also maintaining its transparency. Due to these unique properties, there is no need for clients to remove any coating films. This offers great savings on required energy, materials, and manpower.
Printable PET Sheet	PET sheets are not easily for printing. Although additives may help improve printability, they tend to decrease transparency, are prone to damage and lead to breakage during cutting. This new product is characterized by excellent transparency, printability, cutting yield, and scratch resistance properties. It not only increases the marketability of the product but also effectively reduces the amount of products discarded due to cutting or scratch damage, thus increasing the resource usage efficiency. In addition, printable PET may be used as a substitute for other traditional printing materials that are hard to recycle and reuse such as polystyrene (PS), thereby greatly enhancing the recyclability of materials. This product has been certified by a large number of customers in Japan and Taiwan.
Polyester Shrinkage Film	FENC is the first company in Taiwan to pioneer and mass produce this innovative shrinkage film. This film replaces dioxin-generating PVC shrinkage labeling materials that have been regularly used for years. FENC started to mass produce this film in 2010 and currently enjoys a market share of over 70% in Taiwan. Two production lines were added in 2014 to gain a better foothold in China and Southeast Asian markets.
Food-Grade Recycled (PETPro-green®)	Bottle chips made from recycled PET bottles (rPET) can serve as a substitute for bottle chips made from petrochemical raw materials. Due to astringent hygienic requirements, generic recycled chips may not be used for food containers. However, FENC's Pro-green® has passed the challenge-test regulated by FDA and has obtained approval from USFDA. Compared to generic bottle chips, Pro-green® generates only 50% of their carbon emissions.
Biodegradable Polyester Materials (FEPOL®)	FEPOL [®] is a new biodegradable plastic materials. The R&D Center utilizes an innovative polymer control technology to allow FEPOL [®] to degrade completely into water and carbon dioxide within a short period outdoors without polluting the environment.

Thermal/Moisture Management Fiber (Topcool ^{+®} and Topheat ^{+®} Fiber)	These advanced fiber m effectively regulating the exceed those of polyest outdoor clothes, shoes,
Cooling and Quick-Dry Bio-Fiber (Bio-TopCool*)	The R&D Center exclusing BDO (Bio-based 1, 4 Bu 30% and is the first ever TopCool* possesses constatic properties. The pr met the Specified Requi Textile Federation. This is conditioning.
Hot Melt PolyUrethane Reactive Adhesive	This product, which emp is widely applied in fabri materials, 3C panel asse
Fabric Coating Technology	This unique ultra-thin, lig functional polymers and deodorizing properties.
Fabric-to-Fabric	Fabric recycling is the m physical decolorization a technologies capable of these technologies have
Recycled Polyester Fibers (TopGreen®)	Regenerated fibers prod fibers made from petroc
Breathable & Waterproof TPEE Films Made from Recycled PET Bottles (rTPEE Green)	This breathable and wat cooperation with renowr film may be used in com reuse process that utilize has wide applications in has anti-mold properties
Waterless Dyeing by SCF CO ₂	This innovative process eliminates the need for v



Is have excellent moisture absorption and release capabilities while o-climate between the skin and the fabric. Their excellent properties lon, and cotton, making them ideal for cooling/heating garments, sports and guilts.

eveloped the cooling and quick-dry fiber Bio-TopCool⁺ by utilizing Bioliol) marketed by Genomatica[®]. The fiber has a bio-based content of ing and quick-dry fiber with such a high bio-based material content. Biot cooling functions and moisture absorption, sweat discharge, and antit has passed the certification of the Taiwan Textile Research Institute and nts for Certification of Instant Cooling Fabrics formulated by the Taiwan s suitable for summer shirts and casual sportswear. It reduces the use of air

solvent-free, eco-friendly materials and solvent residual-free technologies, fabric laminates, fabric-to-breathable & waterproof film laminates, shoe es, and industrial adhesives for wood planks and automobiles.

ight coating technology can be combined with various self-developed s knitted fabrics windproof, air-permeable, cooling, quick-dry, and action lines for various functional fabrics have been established.

irection of environmental protection efforts of every major brand. The hemical recycling technologies provided by the R&D Center are the only eving the goal of fabric recycling. Renowned international brands believe that greatest commercial potential.

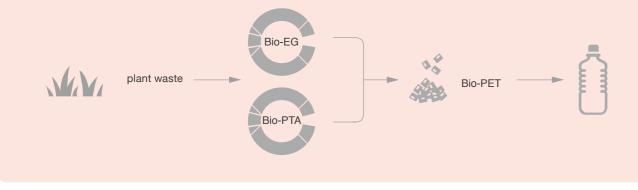
from recycled PET bottles can serve as a substitute for current polyester cal raw materials.

of rTPEE film, based on green and eco-friendly concepts, was developed in ternational manufacturers using recycled PET bottles as raw materials. This on with polyester fabric laminates, resulting in a streamlined recycling and b-friendly materials containing no heavy metals or halogens. The product jackets, windbreakers, casual jackets, gloves, hats, and shoes. rTPEE film s can also be used for isolation and protective clothing.

oped in cooperation with Nike, DyeCoo, and other dye companies, or chemical during fabric dyeing processes.

(\mathbf{x}) 100% Bio-PET

FENC has developed the first 100% Bio PET bottle in cooperation with Virent® and Coca-Cola to reduce the carbon footprint of PET bottles and minimize reliance on petrochemical raw materials. The research team presented the recyclable 100% Bio PET bottle at the 2014 Green Chemistry Conference organized by the American Chemical Society. The research team successfully converted biomaterials into chemical monomers and produced plant-based bottle chips for the manufacture of 100% Bio-based PET bottles. This project marks an important milestone in the development of green materials by FENC.





Anti-scratch PET Sheet is mainly used for packaging and its transparency is extremely important for aesthetic reasons. However, the scratch resistance of standard PET sheet is low. These surfaces therefore have to be protected with a PE (polyethylene) coating film during processing. The PE coating film, which covers every sheet received by the client, must be removed during follow-up operations at the client side. It therefore does not provide permanent anti-scratch protection for the window box and requires a lot of manpower.

To solve this problem, the R&D Center develops window-class, scratch resistant PET sheet that makes the PE coating film unnecessary and provide permanent anti-scratch protection for window boxes. By investing a lot of time and effort, the R&D Center was able to develop a product with superior transparency, anti-scratch, and folding and processing properties. This product does not sustain any scratches during the manufacturing and transportation process and fully satisfies customer needs. The costs are comparable to products with PE coating film. This product also reduces the use of raw materials, helps the client to save manpower and resources required for the complicated removal of PE coating film, and provides permanent anti-scratch protection for window boxes. This PET sheet has already passed certifications of major brands and can be manufactured with recycled PET (rPET) that helps achieve energy conservation and carbon reduction.

(\mathbf{t}) Bottle to Bottle (food-grade recycled PET, Pro-green®)

FENC recycles and reuses PET bottles through enhanced technologies and facilities to fulfill its corporate social responsibility. In 2010, the Company established the first bottle-to-bottle (BTB) production line with a capacity of 17,000 tons per year. This production line converts recycled bottles into polyester chips that are sold to large international enterprises for the manufacture of new drink bottles. In 2012, the Company gradually acquired certifications from Coca-Cola, Pepsi, Danone, and Nestle. In 2013, the Company invested around NT\$ 1.2 billion in the expansion of two production lines in Taiwan and Japan. Each production line allows the processing of 50,000 tons of PET bottle bricks per year and has a production capacity of 35,000 tons of PET flakes per year. The use and promotion of post-consumer recycled (PCR) materials have increased through coordination with large international beverage companies.



Fiber recycling technologies turn discarded PET bottles into a valuable resource (recycled polyester fibers, TopGreen[®])

During the 2010 FIFA World Cup, FENC proposed the adoption of TopGreen® fibers, a product manufactured from 100% recycled PET bottle materials, to Nike[®]. The innovative and eco-friendly soccer jersey fabric made from these fibers was used by the national soccer teams of Brazil, Australia and other countries. FENC again provided jersey fabric made from TopGreen® fibers for the national teams of Brazil, USA, Portugal, England, and Croatia for the 2014 FIFA World Cup. These light jerseys are not only eco-friendly; they also possess quick-dry and air permeability properties. This was the designated eco-friendly fabric used by Nike for FIFA World Cups, which provided global exposure to Taiwanese R&D know-how and environment-friendly concepts. Due to the leading position of FENC in the field of recycled fiber, the Company has become a formulator of rules and product categories for recycled fiber (polyester filament) in Taiwan. Please refer to the chapter "Establishment of Sound Governance" for more detail.



PET mixed bottles in bales

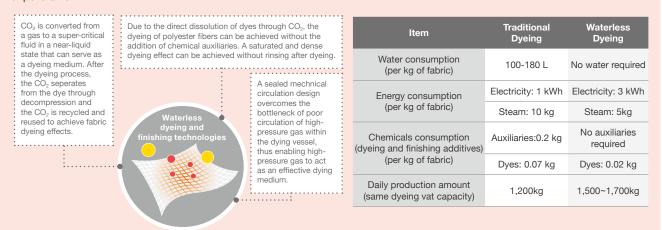




Innovation and R&D

Replacement of valuable water resources with CO₂

Traditional textile dyeing is very water consuming and the treatment of waste water requires energy. If the treatment process is not rigorous enough, it will lead to the pollution of waterways and the environment. In early 2012, FENC therefore initiated the development of this revolutionary textile dyeing and finishing technology in cooperation with Nike and DyeCoo, the Dutch developer of waterless dyeing technologies, to make a contribution to environmental protection and sustainable development. In October 2013, FENC's waterless dyeing and finishing technology team completed the installation of the plant facilities. Pilot operations were initiated in June 2014. This production technology replaces water normally used for dyeing with recyclable CO₂. It saves large quantities of water, eliminates the generation of waste water, and reduces the consumption of petrochemical energy sources (e.g., oil, natural gas, and coal) required for the heating of water in the dyeing and finishing steps. Such a method reduces greenhouse gases emission and slows down global warming while enabling the Company to achieve the dual goal of energy conservation and preventing generation of pollutants.



This is an advanced technology that still awaits breakthroughs and process optimization. However, through the joint efforts of the Company and its cooperation partners, the production efficiency was raised from an initial 65% to 92% in 2014 with constant software innovation and hardware transformation. It is expected that this figure will reach 95% of the efficiency of traditional dyeing in 2015 while using less space for facilities. In view of the growing shortage and unstable supply of water resources, the large-scale improvement of dyeing and finishing technologies that consume less energy and water represents a revolutionary breakthrough. This reflects the determination of the industry to actively respond to changes of time in ways that transform crises into opportunities.

Joint Creation of Supply Chain Value

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Customer Management

Customer Acclaim



▶ FENC received Coca-Cola's "2013 Supplier of the Year" award

FENC's products are sold all over the world and among its clients are many renowned international brands such as Nike, Coca-Cola, Adidas, Nestlé, Danone, Decathlon, and Continental. A large number of these clients also have outstanding achievements in the field of CSR through implementation of sustainable supply chain management including the areas of human rights, environmental protection, innovation, trainings, supplier management (visits and assessments, reviews, and supervision). As a premium supplier of renowned international brands, FENC adopts higher standards in CSR implementation more than others in the industry.

Product Health and Safety

Our clients impose strict standards and requirements for all production processes to control potential health and safety impacts. Regulations are particularly strict for products directly sold to individual consumers, such as beverage PET bottles, clothing fabrics, and apparel. FENC places great emphasis on the health and safety of consumers for which we have established relevant internal management and execution processes to satisfy the requirements of clients in terms of health and safety. The Company also provides comprehensive training courses for our employees to give them a better understanding of the importance of quality, of meeting legal requirements and of making sure processes are properly implemented. A complete incentive/ disincentive mechanism and relevant management policies are in place to ensure health and safety in our products. FENC's polyester products, spun yarn and apparel fully comply with relevant laws and customer requirements. As for apparel, all materials fully meet customer requirements and test reports are obtained from third-party certification institutions. For instance, we comply with regulations set forth in the US Consumer Product Safety Improvement Act (CPSIA). Our products do not contain constituents included in the Restricted Substances List (RSL). Needle detector tests are conducted for products before export. Nylon products have passed the OEKO-TEX[®] Standard 100 Certification. Relevant tests including formaldehyde and pH tests for dope dyed black fiber are likewise conducted for industrial yarns. FENC products have, over the years, received client and industry certifications including:

- OEKO-TEX[®] Standard 100 Sustainable Textile Production (STeP) Certification
- REACH SVHC (Substances of Very High Concern) Certification
- The EU Certification for Chemicals High Concern to Children (CHCC) (2009/48/EC)

FENC discloses the main components of its products including fabrics, trims, and packaging materials and fully complies with relevant laws and customer requirements. No violation of laws and regulations pertaining to health and safety impacts and labeling and voluntary guidelines was reported in 2013 and 2014.

Green and Sustainable Product Certification

In addition to compliance with requirements on toxic and harmful substances, FENC also proactively promotes green materials. A large number of green and sustainable products have been awarded high-standard green product certifications. A list of existing certifications is provided below and we renew these certifications regularly to demonstrate and ensure full compliance.



FENC remains constantly devoted to expanding the range of certified products and processes. For instance, the Guanyin Dyeing and Finishing Plant plans to extend the bluesign[®] certification to its printing and laminating production lines in 2015.



Awards and Recognitions

FENC's long-term efforts and achievements are well acknowledged by our brand clients and affirmed through various evaluations and supplier appraisal systems. The main supplier awards during the report period are listed and described below. We comply with the most rigorous standards so as to meet customers' requirements and apply those requirements to all production lines.

FENC was honored by Coca-Cola as "Global Sustainable Procurement (GSP) -2013 Supplier of the Year"

Coca-Cola has been assessing its global supplier system since May 2013. The first Global Sustainable Procurement Awards were presented in 2013. This award is based on evaluations of the performance and main achievements of suppliers in seven categories: sustainability, quality, delivery, service, value, strategic alignment, and innovation. Suppliers with such outstanding performance are selected and recognized with the sustainability, innovation, quality, and value awards respectively. The supplier with the highest total score for all seven categories is chosen as the Supplier of the Year. Due to our outstanding performance in all areas, FENC stood out among some 900 suppliers and was the sole recipient of the 2013 Supplier of the Year.





FENC received the Nike supplier award in 2013 and 2014

FENC received the Nike 2013 Supplier Innovation Award (It is Our Nature to Innovate). This award emphasizes that constant product innovation effort is the key to build bonds with consumers and it appeals tirelessly to suppliers for constant innovation with passion. FENC received this award for our outstanding efforts to maintain momentum in the development of new products to meet customer expectations.

In 2014, Nike presented FENC with "The Consumer Decides" award. This award recognizes our efforts to respond to consumer needs. FENC received this award for flexibility in the development of new products, our efforts in the field of energy conservation and environmental protection, and for exceptional performance in the area of management strategies.



FENC received the Puma supplier award in 2013

In 2013, FENC was honored with the award for Apparel Fabric Supplier of the Year presented by Puma for our efforts and commitment to product development, product delivery reliability, quality, and environmental sustainability.



Maintenance of Customer Relationships

Creating Added Value

At FENC, we make sure to create added value in all our products and to avoid providing controversial products. In our daily operation, patented items such as eco-friendly recycled polyester fibers (TopGreen[®]) and cooling fibers (TopCool^{+®}) are introduced to our clients distinctively and we ensure proper labeling of these products on our side.

For greater client convenience, we, have adopted a "One stop shopping" marketing concept to expand the scope of our apparel business. As fast fashion has turned into the mainstream trend used by all brands, we have also shortened production times and lengthened the sales times for its clients. Moreover, we share relevant market development information with our brand clients to help them meet their needs and to create greater added value through cooperation. In addition, we also hone the competitive edge of our subsidiaries and R&D centers and aim to achieve vertical integration with fabric plants and enhance our overall efficiency through the FENC supply chain, which fully integrates up-, mid-, and downstream businesses with the goal of providing faster and more comprehensive services. At the same time, we introduce new materials and develop new products in cooperation with our brand clients.

We are fully committed to innovation and breakthroughs in the field of customer services. In 2012, we applied for the Innovative Technology Applications and Services Program (ITAS) of the Ministry of Economic Affairs. The FENC Global Integration Project lasted for a total of 24 months. A multi-directional flow of R&D, production, and marketing information was achieved through the linking of platforms and breaking the unidirectional information transmission from the upstream chemical fiber and yarn plants, midstream fabric plants, to the downstream apparel

Customer Satisfaction Surveys

Relevant departments of our subsidiaries serve clients all over the world, providing them diversified products. The methods for carrying out customer satisfaction surveys are determined and implemented independently by each business unit.

Company	Method of Implementation	Results
Oriental Petrochemical (Taiwan) Co., Ltd.	 In the past, customer satisfaction surveys were conducted on a biennial basis. As of 2014, surveys were conducted annually to gain an understanding of customer needs and expectations to serve as basis for continued quality improvements. The Quality Control Manager coordinates relevant departments and serves as the convener of a customer satisfaction survey task force in charge of carrying out relevant tasks. The customer satisfaction survey task force determines the list of surveyed clients and the questionnaires used. 	Overall customer satisfaction levels reached an average score of 3.8 out of 5 in 2014, a rating that is mid-upper level. Clients provided many suggestions regarding quality information such as prior notifications on start and end of manufacturing equipment use, real-time provision of quality information, and speed of response to customer feedback. These are important suggestions for Oriental Petrochemical (Taiwan)'s continuous improvement.



departments. At the same time, established close relationships with external clients and satellite plants helped us achieve the goal of optimized service quality through sharing of resources. In this way, we successfully enhanced the effectiveness and efficiency of our global operations, creating a win-win situation for all.

Protection of Client Information

FENC places great emphasis on information security. In addition to educating our staff on personal information protection as part of internal legal compliance courses offered on a quarterly basis, we carry out other relevant management methods including the following:

- Signing of NDAs (Non-Disclosure Agreements) with clients and implementation of demands in accordance with the spirit of these agreements,
- Operating personnel are only allowed to handle mail or documents upon confirmation,
- Proper preservation of client authorization codes which are not provided to non-authorized personnel,
- Internal server access is restricted in accordance with authorities of respective sections, and
- Internal operating systems may not be accessed from external computers.

In addition, the operations of our Shanghai subsidiaries are based on the risk control system of ISO 27001 Certification (Information security management system). IT risk management governance and framework committees have been established to assist the management in setting up an IT risk management system that conforms to the overall state of the Company. Corresponding risk evaluation, monitoring, and internal control systems have also been established.

No grievances due to infringement of customer privacy or loss of client information were reported in 2013 and 2014.

Company		Method of Implementation	Results
	Petrochemical nghai) Corp.	Questionnaire surveys are conducted at the end of every year. Upon compilation of the survey results by service representatives, the results are discussed with the Sales Department. Customer suggestions are discussed during internal management review meetings.	 Average score of 95% and 94% in 2013 and 2014, respectively Customer satisfaction levels remained stable in 2013 and 2014
Yarn		Better understanding of customer appraisals of FENC services through regular visits by sales personnel and alternating visits by the After-sales Service and Quality Control Departments. Product and service quality is enhanced through feedback received from different departments.	Good to excellent ratings
FENC	Industrial fiber	Domestic sales are surveyed on a biannual basis, while only key clients are surveyed for export sales.	Average score of 4.625 and 4.725 out of 5 for export sales in 2013 and 2014, respectively
	Apparel and knitting fabrics	Frequent spot checks of products by clients and supplier appraisals.	Good to excellent ratings
Far Eastern Fibertech Co., Ltd.		Questionnaire surveys are conducted once a year. Upon compilation of survey results by service representatives, the results are discussed with managers, technical service personnel, and quality control personnel. Customer suggestions are discussed during internal management review meetings.	 Average score of 4.48 and 4.39 out of 5 in 2013 and 2014, respectively Customer satisfaction levels remained stable in 2013 and 2014
Far Eastern Industries (Shanghai) Ltd.		Sending a fax or e-mail to the client and asking for a direct reply to the factory director.	Satisfaction level of over 95%
Wuhan Far Eastern New Material Ltd.		At least one questionnaire survey per year. Main contents include transportation, quality, and service. Upon compilation of survey results, relevant departments are requested to make improvements.	 Average score of 4.65 and 4.5 out of 5 in 2013 and 2014, respectively Customer satisfaction levels were stable in 2013 and 2014
Oriental Industries (Suzhou) Ltd.		The Customer Service Department provides questionnaires for clients. Surveys are conducted on a biannual basis.	 Average score of 94% and 96% in 2013 and 2014, respectively The satisfaction levels of all clients rose between 2013 and 2014
	tern Industries zhou) Ltd.	Customer satisfaction questionnaires are sent out on an annual basis and clients are asked to evaluate the four categories of product quality, product delivery, product packaging, and services of the Company	Average score of 81.6% and 88% in 2013 and 2014, respectively
Far Eastern Industries (Wuxi) Ltd.		Questionnaire surveys are conducted once a year. Customer satisfaction questionnaires are distributed by customer service personnel by phone, fax, e-mail, or personal visits to be filled out by clients. The weighted mean is obtained based on purchase volume of the client.	 Average score of 91% and 90% in 2013 and 2014, respectively Customer satisfaction levels remained stable in 2013 and 2014
Far Eastern Dyeing & Finishing (Suzhou) Ltd.		Questionnaire surveys are conducted on a biannual basis Upon compilation of the survey results by sales and administrative personnel, results are discussed with Sales Managers and personnel of Production and Quality Control Departments. Customer suggestions are discussed during internal production and sales management meetings.	 Average score of 92.2% and 93.6% in 2013 and 2014, respectively Customer satisfaction levels remained stable in 2013 and 2014
Far Eastern Apparel (Suzhou) Co., Ltd.		Communication with clients by e-mail to gain a better understanding of possible areas of improvement.	-

Supplier Management

FENC is the parent company of the Far Eastern Group and its Purchasing Department is the FEG Purchasing Department, acting as the joint purchasing center for the whole group. It is in charge of FENC purchasing operations, including all procurement items of the Group in Taiwan such as project contracting and equipment. In addition, FENC has established a Raw Material Team to take charge of the procurement of raw materials. This team is in charge of cotton, PTA, and MEG market analysis, strategic planning, and procurement operations for all subsidiaries. FENC's subsidiaries in Taiwan and China have set up independent or regional purchasing departments responsible for the procurement of other items.

The FEG Purchasing Department requires all suppliers to sign a declaration stating their willingness to comply with FENC requirements. This declaration not only covers independent and cost analysis, it also includes compliance with regulations and occupational ethical standards set forth in the Labor Standards Act, as well as relevant government decrees. The Raw Material Team cooperates with international suppliers in accordance with customer needs (including brand and beverage manufacturers) in the adoption of organic cotton, BCI cotton, and Bio-MEG. The team visits suppliers on a regular basis.

Selection Criteria and Management

Examples of detailed procurement guidelines and methods formulated by FENC Purchasing Departments and those of its

Oriental Petrochemical (Taiwan) Supplier Eco-Performance Evaluation

- Establishment of an environmental management system
- Preliminary review and investigation of the following environmental impacts generated by main supplier products, activities, and services:
- Types and annual volume of waste gas and wastewater effluents,
- Waste types and volumes, as well as final disposal methods used,
- Types of utilized energy and resources, together with their annual usage quantities,
- Types of toxic chemical substances and annual usage quantities.
- Second review and investigation of environmental impacts caused by suppliers:
- Quality management certificate: ISO9000
- Environmental management certificate: ISO14001
- Occupation Health & Safety Assessment Series certificate: OHSAS18001
- Business/Factory registration/Work registration/Water pollution prevention/Stationary pollution source control/ Toxic chemical substance manufacturing licenses issued by government agencies
- Supplier environmental policies and Material Safety Data sheet for main products



subsidiaries are provided below. Procurement statistics include data pertaining to purchasing activities conducted by FENC, its subsidiaries, the FEG Purchasing Department, and the Raw Material Team.

Selection Criteria and Evaluation of Suppliers

Selection and evaluation of suppliers are based on procurement-related internal audit and control procedures while also considering procurement operation guidelines that require suppliers to sign a letter of undertaking.

For instance, Oriental Petrochemical (Taiwan) requires its suppliers to comply with the Company's commitments and guidelines on environmental protection. Signing a Letter of Undertaking is mandatory. The Company also conducts evaluation of suppliers' efforts in environmental protection.

Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) successively initiated the "Operation Guidelines for Manufacturer Evaluation" in 2013 and 2014. To begin with, these evaluations are carried out for all new suppliers who are also required to sign a CSR Letter of Undertaking. Manufacturers must pass these assessments for them to be listed as approved suppliers. Annual reassessments are carried out for major suppliers, making sure that all suppliers sign the CSR Letter of Undertaking, a guarantee that all major suppliers have a high level of CSR awareness.



Material Supplier Appraisal Scoring Chart Contents

Dimension	Ratio
Overall state	
Production and manufacturing	15%
Research and development	15%
Quality management	20%
Logistics and delivery	15%
Supplier management (including whether or not supplier evaluations have been conducted and provision of standards and records)	5%
Ecology (including environmental certifications, environmental impact assessments and measures, resource consumption management, dangerous substances and processes)	5%
Cooperation	10%

Contents of the CSR Letter of Undertaking				
Compliance with legal norms regarding social responsibility, ethics, environment, and occupational health and safety promulgated by the government				
Social Responsibility	Moral Norms	Environment	Occupational Health and Safety	
 Prohibition of child labor Labor protection for minor and female employees Employee right to free choice of employment and association Respect and non-discrimination Appropriate compensation and benefits 	 Prohibition of corruption Protection of intellectual property rights Provision of a grievance channel for breach of identity confidentiality 	 Compliance with laws and regulations governing waste water, waste gas, solid waste, dangerous waste, and noise control Adoption of systematic methods to reduce energy consumption and emissions Guarantees that products and services are free of illegal, hazardous substances banned by clients 	 Guarantees for safe and healthy work environments through effective management methods Provision of safe and clean food and drinking water for employees Provision of sufficient sanitary and social facilities (public facilities) that satisfy relevant needs 	

The Purchasing Department of the Suzhou Headquarters gives priority to suppliers that have acquired ISO14001 (Environmental management system standard) and OHSAS18001 (Occupational Health and Safety Assessment Series) certifications in accordance with its procurement management program. It has also established an annual appraisal mechanism. The annual KPIs of Purchasing Departments include the following two indicators: number of visited manufacturers and ratio of suppliers with an evaluation score greater than 85 (target values are 50 and >85%. respectively). In addition, Far Eastern Apparel (Suzhou) also requires suppliers to sign a Letter of Undertaking for Environmental Protection to promote sustainable development. Its contents include: fomenting environmental awareness, strict compliance with environmental laws and regulations, strengthening of pollution prevention and self-awareness, as well as acceptance of supervision by society.

Compiled and organized statistics for supplier assessments in the fields of environment, labor practices, human rights, and society during the report period are shown in the table below. The data for Taiwan encompass all suppliers of the respective year, while the figures for China only cover new suppliers of the respective year. As far as environmental impact assessments are concerned, a corresponding evaluation and scoring mechanism has been established. With regard to labor practices, FENC once received a grievance stating one of the contractors' failures to apply for labor insurance for its employees. FENC terminated the cooperation with the aforesaid contractor after the allegation was substantiated. In the field of social assessments, we terminated cooperation with one contractor due to its inability to deliver goods as a result of distribution right issues.

Item		Numi	Taiwan per of Sup	pliers			Number	China r of New S	uppliers	
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
vironmental Impact Assess	ment									
Screened	5,067	5,598	6,062	6,379	7,109	447	452	433	359	345
With proven or potential significant impacts	None	None	None	None	None	-	1	1	-	1
onducted corrective action	-	-	-	-	-	-	1	1	-	1
Vith contract terminated	-	-	-	-	-	-	-	-	-	-
oor Practice Assessment (r	elevant di	mensions	include o	ccupatior	nal safety,	equality,	and traini	ng)		
Screened	5,129	5,666	6,134	6,456	7,183	1	2	1	212	345
With proven or potential significant impacts	None	2	4	4	3	None	None	None	None	None
nducted corrective action	-	-	2	3	2	-	-	-	-	-
/ith contract terminated	-	2	2	1	1	-	-	-	-	-
an Right Assessment (rel	evant dim	ensions i	nclude chi	ld labor, f	orced lab	or, and inc	ligenous ı	rights)		
Screened	5,057	5,588	6,052	6,369	7,099	1	2	1	212	345
Vith proven or potential significant impacts	None	None	None	1	None	None	None	None	None	None
onducted corrective action	-	-	-	-	-	-	-	-	-	-
/ith contract terminated	-	-	-	1	-	-	-	-	-	-
ietal Impact Assessment	(relevant c	limension	s include	corruptior	n, monopo	oly, and fra	aud)			
Screened	5,068	5,599	6,063	6,380	7,110	1	2	1	212	345
ith proven or potential significant impacts	2	None	None	11	12	None	None	None	None	None
onducted corrective action	-	-	-	-	-	-	-	-	-	-
Nith contract terminated	2	-	-	11	12	-	-	-	-	-

FENC (FEG Purchasing Department) conducts environmental, labor practice, human right, and societal impact assessments for suppliers in Taiwan. If international suppliers are taken into consideration, the percentage of new suppliers that underwent assessments between 2010 and 2014 was 75%, 76%, 80%, 84%, and 78%, respectively. Far Eastern Industries (Shanghai), Oriental Petrochemical (Shanghai), Wuhan Far Eastern New Material, Oriental Petrochemical (Taiwan), and Far Eastern Fibertech conduct environmental, labor practice, human rights, and societal impact assessments for all new suppliers. In addition, we have also set "number of visited existing suppliers" as a KPI as shown in the table below:

S	uzhou HQ	
Item	KPI	2013 Implementation results
Number of suppliers visited	50	80
Ratio of suppliers with appraisal scores greater than 85	85%	97%

FENC (FEG Pu	urchasing De	partment)
Item	KPI	2014 Implementation results
Number of suppliers visited	155	288
Number of users visited	137	262

Selection Criteria and Management of Transportation Carriers

FENC largely relies on sea and land transportation vehicles for the import and export of its products. We request all sea and land transport companies to help reduce environmental pollution and to promote energy conservation and carbon-reduction activities. These form part of our efforts to effectively decrease environmental impact and energy consumption at the same time that we fulfill our responsibility in the area of supply chain management.

FENC's export areas encompass all five continents with over 200 destination harbors. Energy conservation is a main focus of evaluations for the selection of maritime transportation carriers. We also require that our carriers fully abide by international environmental regulations including those on anchoring or mooring, gas discharges, fuel consumption, and waste oil treatment

As for domestic container transportation in Taiwan, FENC only cooperates with established domestic carriers that are required to abide by relevant quality policies:

Safety	Regular vehicle maintenance and inspections and observation of traffic rules (no speeding or overloading)
Economy	Linkage to the transportation network, flexible dispatch of suitable vehicles, selection of the most appropriate routes, reduction of empty vehicle trips and costs, and maximization of benefits
Account ability	Guarantee of the safety of transported goods to conform to customs clearance requirements and effectiveness



Relevant departments are in charge of domestic inland transportation in China. For instance, Far Eastern Industries (Wuxi) currently requires that carriers increase the use of Green Label vehicles conforming to the Limits and measurement methods for exhaust pollutants from compression ignition and gas fuelled positive ignition engines of vehicles (V) in China. In 2015, Yellow Label vehicles that conform to the Limits and measurement methods for exhaust pollutants from compression ignition and gas fuelled positive ignition engines of vehicles (III) in China were banned. Contracts that require cleansing of exhaust emissions during the transportation process were imposed.

Designated personnel are currently dispatched to the container and marshaling yards of cooperating carriers and inland transportation businesses to conduct unscheduled onsite inspections. Spot check items include: Condition of empty containers, machinery and facilities, container storage environment. treatment of pollution emissions, and compliance with work safety regulations. In case there are deficiencies, improvements are requested with a focus on early detection instead of review after incidents. For instance, Oriental Petrochemical (Shanghai) has a high demand for raw materials, supplementary materials, and transportation services. As raw materials such as paraxylene and acetic acid pose a certain hazard and could generate a negative impact on the environment in case of accidents en route, the Company requires that carriers are qualified to transport hazardous chemicals and that they conducts regular inspections. No incidents of environmental pollution during the transport of raw materials were reported for 2013 and 2014.

In the future, the Company will actively adopt SQAS appraisals (Safety & Quality Assessment System/Road safety and quality assessment system) with reference to domestic and international experiences with the goal of measuring and monitoring the performance of transportation service providers in terms of safety, quality and decreasing incidence of accidents. It is expected that SQAS evaluation forms and relevant regulations will be complete by late 2016 and be officially used in 2017 for businesses consigned to handle transportation of FENC containers. Upon adoption of the SQAS system, largescale evaluations will be conducted once every three years. The Company will constantly monitor the implementation of improvements in case of deficiencies and conduct unscheduled spot checks of qualified providers.

To minimize the potential impact of transportation on the environment, relevant units communicate our requirements to carriers via the aforementioned methods as far as off-site transportation is concerned. As for on-site transportation, oil consumption is reviewed on a regular basis.

Preference for Local Suppliers

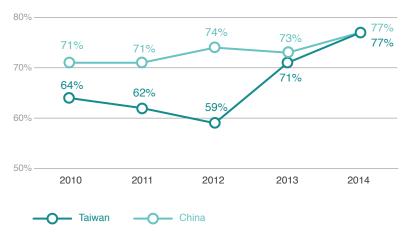
FENC gives priority to local suppliers. This not only guarantees the provision of very accessible and more comprehensive after-sales services but also helps boost local economic development. For example, Oriental Petrochemical (Taiwan) cooperates with local transportation providers and has expanded its plant area and manpower to increase local output value and employment opportunities. Through the use of local suppliers who operate in the same area and who have a better knowledge of local culture, the incidence of conflicts and disputes is reduced and mutual understanding is achieved.

Notes:

1. Definition of "local": The whole island for Taiwan and the province where the Company is located for China.

2. Does not include PX procurement amounts

Percentage of Local Supplier by Purchase Amount



Training and Norms

FENC operation guidelines are based on national policies, laws, and regulations. The Company has established and implemented a safety management system to protect the health and safety of suppliers, contractors, and other stakeholders. Details are shown in the table below:

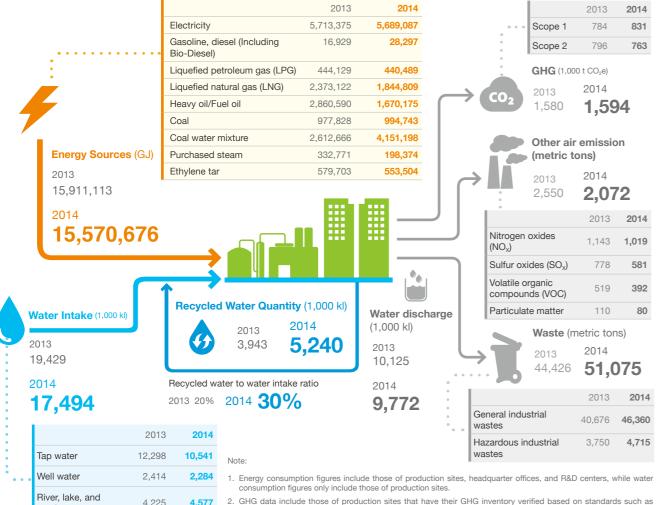
Company	Main Management Documents	Main contents
Oriental Petrochemical (Taiwan)	Health and Safety Management Regulations for Contractors	In addition to compliance with employer responsibilities as defined in the Labor Standards Act, the Occupational Safety and Health Act, the Labor Health Protection Regulations, the Employment Service Act, and other relevant decrees, the Company also requires contractors to abide by the Safety and Health Rules and the Plant Safety, Health & Environment (SHE) Regulations of the Company as well as resolutions by consultative organizations. This includes evaluation of contractor qualifications, training and testing of contractors' personnel by Oriental Petrochemical (Taiwan)'s health and safety engineers, and the establishment of consultative organizations for contractors.
Far Eastern Fibertech	Contractor Work Safety Regulations and Procedures Inside Plants	 Contractors are required to sign a Letter of Undertaking for on-site operational safety and discipline. They also have to pass relevant safety tests to ensure that personnel in plants have an appropriate level of safety awareness. Contractors must abide by the Operational and Behavioral Norms for Contractors and conduct safety audits during construction operations. Performance assessments and annual performance evaluations after construction operations
	Contractor Safety Training and Skills Training Programs	Required training programs are developed for contractor personnel and necessary work training is provided for different contractors to guarantee that contractor personnel are able to execute contract work in a safe manner inside plants and prevent endangering the safety of neighboring communities.
Oriental Industries (Suzhou)	Management Procedures for Constructors	Contractors must fill out plant entry applications, SHE awareness forms and participate in relevant training courses and contractor management meetings.

Creation of a Sustainable Environment

Resource Management and Pollution Prevention	54
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Resource Management and Pollution Prevention

Overview of Important Data



 GHG data include those of production sites that have their GHG inventory verified based on standards such as the ISO14064-1: FENC Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Neili Texturizing Plant, Hukou Mill, Oriental Petrochemical (Taiwan), Far Eastern Fibertech, Oriental Petrochemical (Shanghai), and Far Eastern Industries (Shanghai)

 Data on other air emissions in China include those of Oriental Petrochemicals (Shanghai), Far Eastern Industries (Shanghai), Wuhan Far Eastern New Material, Far Eastern Industries (Wuxi) and Far Eastern Apparel (Suzhou).

Environmental Protection-related Expenses

489

3

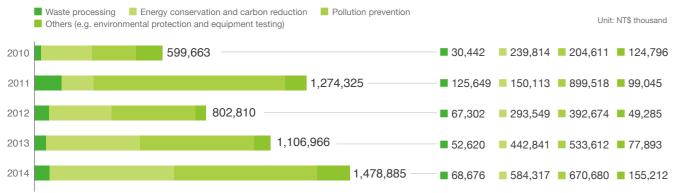
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11

creek water

Groundwate

Rainwater



Energy and GHG Management

Enterprises have a duty to implement effective energy source and GHG management not only from the perspective of fulfillment of social responsibility but also from the aspects of cost and process control in response to climate change, energy price fluctuations, and the demand for a stable energy supply. Governments have also formulated relevant laws and regulations to promote corporate energy management. For instance, the Taiwan Energy Administration Act clearly settipulates that enterprises must establish an energy audit system, set energy conservation goals, and develop implementation plans in addition to the designation of energy management personnel and the reporting of power consumption data. Moreover, the Taiwan Government also promotes an annual power conservation program requiring enterprises to save an average of 1% of power annually during the period from 2015 to 2019. In China, enterprises are also required to conserve energy as specified in the Chinese Government's 12th Five-Year Plan (2011-2015). These enterprises are likewise required to pass energy audits conducted by the government, undergo government supervision, and report relevant data online annually. Beyond that, the number of energy management professionals and their level of professionalism are also clearly stated for heavy energy-consuming enterprises.

Energy Task Force

FENC established an in-house, interdepartmental corporate Energy Task Force in 2010 in response to government policies with the goal of mitigating global climate change, reducing GHG emissions, and fulfilling the corporate social responsibility of protecting our global environment. Energy-related issues are reviewed from the governance level of the parent company, to establish a method for feasibility assessments of energy projects, to implement the directions for energy conservation plans, and to help promote suitable projects. The Energy Task Force convenes regularly to discuss projects, track performance, conduct technical know-how exchanges, and visits of relevant facilities. Common issues are detected and experiences are shared through interactions and exchanges with different plants. The team aims to achieve the goal of energy conservation and

Energy Task Force Organizational Chart



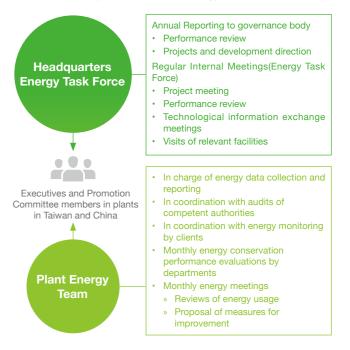


consumption reduction through energy saving designs, green procurement, technological transformation, and optimization of production units and operations. Coordination and cooperation with different departments ensure smooth implementation of core energy conservation tasks and the ultimate realization of goals on sustainable development.

Our subsidiaries have formulated relevant guidelines and regulations in accordance with Energy Task Force policies and provided the Energy Task Force with detailed data required for project assessments. For instance, Far Eastern Fibertech has formulated its "Energy Management Policies and Goals" calling for the establishment of an internal energy audit system, an energy management team, and energy conservation goals. Far Eastern Fibertech has carried out energy conservation plans since 2006 and is currently on its second five-year plan. The goal is to decrease energy intensity per metric ton of product by 35% in 2016 compared to 2006.

As for the subsidiaries in China, the "Energy Management Manual" of Oriental Industries (Suzhou) and the "Energy Management System Management Manual" of Far Eastern Industries (Wuxi) are the major documents drafted for internal energy management. The contents are based on relevant rules, guidelines and flows set forth in GB/T 23331-2012 (Energy Management System Requirements), GB17167-2006 (General principle for equipping and managing of the measuring instrument of energy in organization of energy using), GB/T 13234-2009 (Calculating methods of energy saved for enterprise), GB/T 2589-2008 (General principles for calculation of the comprehensive energy consumption), and DB32/2163-2012 (The norm & calculation method of integrating electricity consumption of per comparable unit product for cotton yarns). In addition to detailed plans and arrangements in the areas of energy conservation and carbon reduction, monthly tracking and review meetings are held. Relevant cases and methods are reported to relevant government agencies.

► Duties and Responsibilities of the Energy Task Force

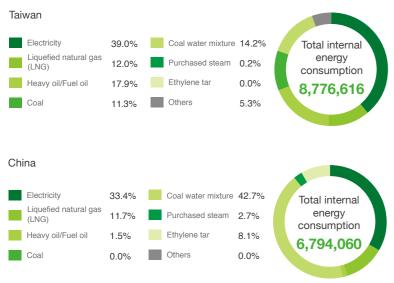


Besides enforcing the Energy Task Force system, each production plant also promotes ISO certifications depending upon actual requirements. The FENC Hukou Mill stood out from other plants after rigorous assessments conducted in May of 2013 by the Industrial Development Bureau. It was selected as a benchmark plant of the manufacturing industry in terms of ISO 50001 (Energy Management System) and received a subsidy of NT\$600,000. It also obtained a third-party certification in January 2014. Far Eastern Industries (Wuxi) in China initiated the promotion of ISO 50001 and GB/T23331-2012 (Energy Management System Requirements) in early 2013 and was awarded both certificates in early 2014 after just one year.

Energy Consumption

										Unit: (
Energy			Taiwan					China		
Туре	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Electricity	3,555,056	3,585,572	3,613,750	3,559,064	3,422,256	1,961,236	2,067,965	2,093,351	2,154,311	2,266,831
Gasoline	4,002	3,808	4,036	3,290	2,988	0	0	0	0	0
Diesel	14,464	11,372	10,290	12,444	24,322	648	918	670	1,025	946
Bio-diesel	92	148	158	170	41	0	0	0	0	0
Liquefied petroleum gas (LPG)	212,303	398,710	480,842	444,062	440,428	363	703	58	67	61
Liquefied natural gas (LNG)	8,735	10,888	1,208,260	1,674,102	1,052,356	557,306	599,871	653,819	699,020	792,453
Heavy oil/ Fuel oil	4,940,819	4,834,837	3,414,944	2,510,213	1,571,081	2,586,321	1,644,688	929,764	350,377	99,094
Coal	1,108,452	1,032,026	1,006,459	977,828	994,743	0	0	0	0	0
Coal water mixture	0	0	0	23,026	1,250,176	153,508	1,351,496	1,800,358	2,589,640	2,901,022
Purchased steam	77,429	93,202	85,169	108,228	18,225	355,324	316,900	272,705	224,543	180,149
Ethylene tar	0	0	0	0	0	0	32,393	637,968	579,703	553,504
Total	9,921,352	9,970,563	9,823,908	9,312,427	8,776,616	5,614,706	6,014,934	6,388,693	6,598,686	6,794,060

2014 Energy Consumption



Greenhouse Gases (GHG) Emission Control

FENC's subsidiaries and production sites establish adequate management mechanisms in response to GHG management requirements from different authorities such as the Shanghai carbon trading scheme. The members of in-house Energy Task Force discuss, formulate, and implement management policies, as well as review performance with relevant units internally. For instance, energy meetings are convened on a monthly basis to review energy consumption, the achievement percentage of energy conservation goals, and the execution output of energy conservation and carbon reduction projects.

Far Eastern Fibertech, for example, conducts GHG inventory checks in compliance with ISO 14064-1 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals) standard. Through a firm grasp of GHG emission profile as the first step, the efficiency of key machinery and equipment is gradually enhanced while energy consumption is reduced. Furthermore, efforts to promote energy saving concepts also change the habits of employees and enhance implementation results. Far Eastern Fibertech obtained the ISO 14064-1 external GHG inventory check verification in 2006 and 2008, and completed its own GHG inventory check from 2009 to 2013.

Oriental Petrochemical (Taiwan) was among the second batch of industries required to report GHG emissions by the Environmental Protection Administration and was required to register its GHG emissions beginning in 2014. In order to facilitate the measurement of GHG emissions, Oriental Petrochemical (Taiwan) established a GHG Management Committee which is responsible for the allocation of manpower, technologies, and financial and facility resources to ensure compliance with the requirements of ISO/CNS 14064-1. In 2013, Oriental Petrochemical has passed its own "GHG Policy," conducted the GHG emission inventory check in accordance with ISO/CNS 14064-1 and received a third-party verification. The external verification for 2014 version is still in progress.

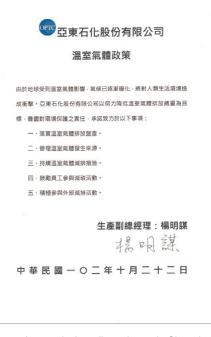
FENC production sites have successively acquired relevant ISO verifications. For instance, the Hsinpu Chemical Fiber Plant, the Kuanyin Chemical Fiber Plant, the Hukou Mill, and the Neili Texturizing Plant have all obtained ISO 14064-1 verification. The high-performance LED lighting device project of the Hukou Mill was verified in accordance with ISO 14064-2 (Greenhouse gases - Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements) standards in 2012.

Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) have applied a carbon emission and carbon trade management system and operating guidelines following the "The Trial Procedures of Shanghai Municipality on Carbon Emission Administration." They have also established a Carbon Emission Management Section, a Carbon Trade Decision-making Section, a Carbon Trade Funding Section, and a Carbon Trade Decision-making Section to gain a more comprehensive grasp of all trading processes. In accordance with the "Accounting Methods and Reporting Guidelines for GHG Emissions of the Chinese Chemical Industry (Trial Version)" promulgated by the National Development and Reform Commission, during the first year of the carbon emission pilot scheme in Shanghai, the enterprises shall submit the 2013 carbon emission report in a timely manner. Subcontractors audited the actual sites to assist the Shanghai Development and Reform Commission allowances. In the future, we will strictly control carbon emission and enhance the usage efficiency of primary energy to better attain sustainable development of our operations.

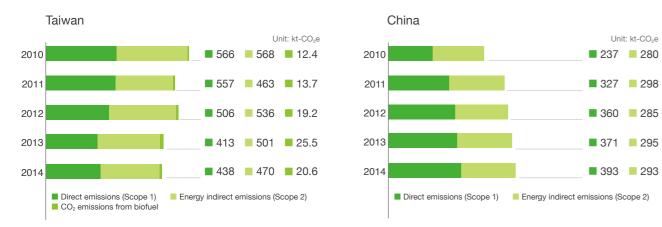
This report only discloses GHG emissions for production sites that have completed their GHG inventories verification based on standards such as the ISO 14064-1.

Region	Company/ Production sites	Methodology and Conversion Coefficient Basis	Base Year	Year of First External Verification	Year of Most Recent External Verification
	FENC Hsinpu and Kuanyin Chemical Fiber Plants	 ISO-14064-1 Emission factor chart of the Environmental Protection Administration is employed for heavy oil and coal (coal water mixture) based on the heating values of the testing units 	2005	2005, 2009	2014
		 Electricity, gasoline, and diesel as per public notice by the Bureau of Energy Other conversion factors based on mass balance 			
Taiwan	FENC Hukou Mill and Neili Texturizing Plant	ISO-14064-1 Emission data of Industrial Development Bureau	2005	2005, 2009	2006, 2010
	Oriental Petrochemical (Taiwan)	ISO-14064-1 Emission data of Environmental Protection Administration	The base year was changed from 2013 to 2014 due to a legal requirement to expand boundary.	2013	2014
	Far Eastern Fibertech	ISO-14064-1 Emission data of Industrial Development Bureau	2006	2008	2008
China	Oriental Petrochemical (Shanghai)	Technical document on accounting and reporting of GHG emissions in Shanghai (SH/MRV-004- 2012	Average annual emissions from 2009 to 2011 were obtained based on the "2013-2015 Carbon Emission Quotas	2013	2014
0.miu	Far Eastern Industries (Shanghai)	"Accounting and Reporting Methods for GHG Emissions of the Shanghai Chemical Industry (Trial Version)")	and Management Plans for Shanghai City"	2010	2014





▶ GHG Emissions of FENC Production Sites



Notes:

- 1. The data in the table above refer to all production sites that have their GHG inventories verified based on standards such as the ISO14064-1: FENC Hsinpu and Kuanyin Chemical Fiber Plants, the Neili Texturizing Plant, and the Hukou Mill, Oriental Petrochemical (Taiwan), Far Eastern Fibertech, Oriental Petrochemical (Shanghai), and Far Eastern Industries (Shanghai)
- Scope 1 includes CO₂, CH₄, N₂O, PFCs, HFCs, and SF₆ Scope 2 emissions are generated by electricity and purchased steam. Scope 3 emissions are not recorded.
- 3. In accordance with SH/MRV-004-2012, Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) only record CO2 emissions.

Biofuels mainly consist of marsh gas supplied by the Oriental Petrochemical (Taiwan)'s wastewater anaerobic reactor for combustion in gas boilers as well as the 1% to 2% bio-diesel content in diesel supplied by CPC Corporation before 2014.

Energy Conservation and Carbon Reduction Measures and Performance Assessment

Between 2010 and 2014, FENC continued to promote energy conservation and carbon reduction measures in its plants and offices. Recent energy conservation measures include replacing high-energy consumption equipment with variable frequency control, and optimization of refrigeration and air compression systems. In addition, integration of steam used by the group is another mean to enhance the overall energy usage efficiency of the Group.

Item	2013	2014
Investments amount (NT\$ thousand)	585,079	835,690
Energy conservation (NT\$ thousand)	273,982	336,452
Energy savings*1 (GJ)	724,820	601,494
Emission reductions*2 (t-CO ₂)	81,675	55,089

Notes: 1. Savings (include fuel oil, natural gas, electricity, and steam) are compared with the energy consumption amounts of the original equipment/process before the implementation of conservation measures. The heat value of every metric ton of steam is calculated

as 2.77 GJ.

2. Includes fuel oil, natural gas, electricity, and steam emissions. The calculation of emissions generated by the burning of fuel oil and natural gas employs the emission factor of Version 6.0.1 of the GHG Emission Factor Management Chart of the Bureau of Energy of the Ministry of Economic Affairs and the Environmental Protection Administration. Electricity emissions are calculated based on the emission factor of the local electricity grid. The emission factor per metric ton of steam is 0.307 t-CO2e.

Between 2013 and 2014, FENC and its subsidiaries implemented a total of 261 energy conservation and carbon reduction projects which were mainly divided into four categories: improvement of production, procedures improvement of facilities, improvement of product mix, and energy management and others.



▶ Energy Conservation and Carbon Reduction Performance in 2013 and 2014

			20	13			201	4	
Type of Energy Conservation Measures	Region	Energy	GHG I	Reductions (t-	-CO₂e)	Energy	GHG I	GHG Reductions (t-CO ₂ e)	
Measures		Savings (GJ) ^{⁺1}	Scope 1* ²	Scope 2* ³	Steam*⁴	Savings(GJ)*1	Scope 1* ²	Scope 2* ³	Steam* ⁴
Improvement of	Taiwan	52,626	2,560	1,121	596	32,319	996	364	1,883
production	China	174,083	103	150	18,991	42,989	-	857	4,350
Procedures	Taiwan	306,495	6,884	23,686	1,447	442,505	17,630	12,720	2,781
improvement of facilities	China	51,184	645	5,996	1,369	53,988	110	8,548	1,541
Improvement of product mix, energy	Taiwan	109,511	701	12,589	1,044	24,092	542	1,804	155
management, and others	China	30,921	-	713	3,080	5,601	-	370	438
Total		724,820		81,675		601,494		55,089	

Notes

- *1 Savings (including fuel oil, natural gas, electricity, and steam) are compared with the energy consumption amounts of the original equipment/process before the implementation of
- the Bureau of Energy of the Ministry of Economic Affairs and the Environmental Protection Administration.
- *3 Scope 2 refers to emissions caused by power generation which are calculated based on the emission factor of the local electricity grid.

FENC and its subsidiaries constantly develop a large variety of energy conservation and carbon reduction projects such as investments in large-scale projects for the installation of renewable energy power generation facilities in China plants and replacement of cone winders in the Neili Texturizing Plant (with a projected energy conservation effect of 57%). In addition, the Hsinpu Chemical Fiber Plant will be the first FENC plant in Taiwan to install a smart energy management system in 2015.



Example (includes production plants and offices)
 Modification of process parameters (such as temperature, pressure, etc.), planning of recycled materials, and changing of feedstock ratios
 Optimization, upgrading, and replacement of air conditioning, air compression, boilers and process equipment including variable frequency and installation of heat preservation equipment.
 Increasing output volume of products that are less energy-consuming and reducing overall energy intensity per unit of production.
 Lighting improvements and lighting device upgrades (in production plants and offices), rationalization and optimization of equipment operating hours, and review of decommission unnecessary equipment and facilities.

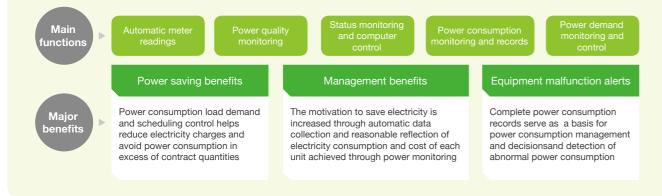
*2 Scope 1 includes emissions generated by the burning of fuel oil and natural gas and employs the emission factor of Version 6.0.1 of the GHG Emission Factor Management Chart of

*4 Emissions from steam are classified based on their source and are therefore not distributed between Scope 1 and 2. The emission factor per metric ton of steam is 0.307 t-CO_e.

Creation of a Sustainable Environment

Smart energy management system of the Hsinpu Chemical Fiber Plant

In view of the global trend of energy conservation and the termination of the Fourth Nuclear Power Plant Project, high electricity prices will be an inevitable trend. A smart energy management system will be installed in the Hsinpu Chemical Fiber Plant to achieve the dual goals of environmental protection and cost reduction.

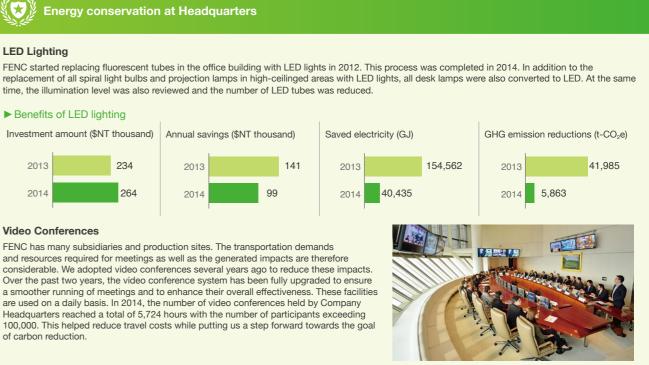




Innovative use of Personal Electric Transporters (PET) in Hukou Mill

The size of the production facilities in the Hukou Mill are relatively large, and designated personnel walk long distance to perform their tasks. It is therefore difficult to achieve equilibrium between assigned manpower and labor efforts. Since April 2014, Hukou Mill has purchased two Personal Electric Transporters which not only required less manpower and lighting, but also enhanced operational efficiency. The investment cost for PET was about hundreds of thousands New Taiwan dollars, but is can be recovered within two weeks.

lt	em	Before	After	Difference	
	Assigned area	860 sq m/person	4300 sq m/person	↑ 80%	
Personnel	Work complexity	Multitude of tasks: Machine operation, cotton pushing and replacement, replenishment of paper tubes, cleaning	Single task: Machine operation	-	
	Traveled distance	3.5 km/person•shift•8h	25 km/person•shift•8h	↑ 614%	
	Work load	Fatigue	Decreased load	-	
	Manpower demand per shift	5 persons/shift	4 persons/shift	↓ 20%	
obinon			Only 4 rows of		
achinery	Lighting demand	34 rows of fluorescent tubes	fluorescent tubes	↓88%	
\mathbf{X}	Equipment signal identification	Not clearly visible	More obvious	-	
	Machine efficiency	Average efficiency 95.5%	Average efficiency 97%	↑ 1.5%	



of carbon reduction.

Energy/Environmental Management Mechanism

ISO 14061-1 has been implemented for the headquarter offices in Taipei, with the ISO 50001 (Energy Management) and ISO 14001 (Environmental Management Systems - Requirements with guidance for use) will be implemented in 2015. The establishment of a comprehensive energy management system serves the purpose of gaining a better understanding of follow-on projects for further energy conservation.

Product Energy and GHG Emission Intensity

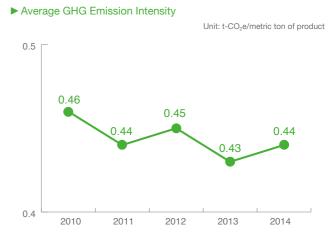
Energy conservation measures adopted by production plants directly affect unit energy consumption during the manufacturing process. Through the implementation of various energy conservation measures, we have achieved a significant reduction of unit energy consumption.

Average Energy Intensity



Note: The textiles business does not include Far Eastern Apparel (Suzhou)





Note: Figures only include production sites that have their GHG inventory verified based on standards such as the ISO14064-1: FENC Hsinpu and Kuanyin Chemical Fiber Plants, Neili Texturizing Plant, Hukou Mill, Oriental Petrochemical (Taiwan), Far Eastern Fibertech, and Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai)

Creation of a Sustainable Environment



Green processes

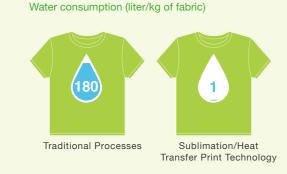
Dope-Dyed

In traditional dyeing and finishing technologies, the dyeing follows the spinning and forming of the fiber. These technologies are characterized by high consumption of energy and water. Adding dyeing formula and chemical additives not only pose a serious health hazard for employees but also generate large quantities of contaminated and toxic wastewater. The wastewater treatment is a costly process that generates significant environmental impact. FENC takes full advantage of dope dyeing which requires the addition of colorants into the raw materials prior to the spinning and forming processes, allowing a unified completion of the forming and dyeing processes. This greatly reduces the demand for energy, water, and chemicals as well as the generation of contaminated wastewater. The final product also has improved color fastness and greater resistance to fading.



Sublimation/Heat Transfer Print Technology

Traditional fabric printing processes require large quantities of water, while the heat transfer print technology employed by FENC greatly reduces this demand for water.



Water discharged (liter/kg of fabric)



Energy-saving bottle chips

FENC and Far Eastern Industries (Shanghai) produce energy-saving bottle chips that can be processed at relatively low temperatures. This allows clients to save 25% on electricity during the blow molding process. In addition, energy-saving bottle chips also require lesser amounts of raw materials and lead to an indirect savings on the fuel required for transportation due to decreased bottle weight. For more details about our green materials and processes please refer to the chapter on Innovation and <u>R&D</u>.



Awards and Recognitions



- Formal Establishment of Energy Conservation Service Teams by Corporate Groups.
- Work Team in 2014.
- by the Energy Conservation Supervision Center of Jiangsu Province.
- government in accordance with GB/T23331-2012.
- In 2014, Oriental Industries (Suzhou) was honored with a Three-Star Enterprise in the field of energy efficiency.
- · In 2013, Far Eastern Industries (Suzhou) was honored with a Three-Star Enterprise in the field of energy efficiency.



· FENC's Polyester Business established an integrated energy conservation service team under the guidance of the Industry Technology Research Institute of Taiwan (ITRI) in 2011. Our energy conservation improvements in production plants were under the supervision of ITRI over a period of three years. Within this three-year period, the FENC Polyester Business completed a total of 174 energy conservation projects, leading to generated power savings of 40,053 MWh, a figure equivalent to the annual carbon absorption amount of 109 parks the size of Daan Forest Park. The Bureau of Energy of the Ministry of Economic Affairs presented FENC with an outstanding achievement award in recognition of the company's performance in energy conservation at the 2014 Conference for the

· Far Eastern Industries (Wuxi) achieved its annual goal of total power savings of 2,300 MWh in 2013 and was honored with an award for Advanced Enterprises in the field of Energy Conservation in Wuxi City from the Wuxi City Energy Conservation and Emission Reduction

• In 2014, Far Eastern Industries (Wuxi) was one of two enterprises in Wuxi City honored with a Three-Star Enterprise in energy efficiency

· In 2014, Oriental Industries (Suzhou) was the first enterprise in the Wuzhong District of Suzhou City and the second enterprise in the whole city recognized as an Outstanding Unit in the field of corporate energy management systems by the Jiangsu provincial

Emission Management

In addition to compliance with the requirements specified in the FENC CSR Principles and all environmental protection-related laws and regulations, several FENC production sites have already passed ISO50001, for which they are required to abide by the regulations set forth in relevant management protocols and documents. For instance, Far Eastern Apparel (Suzhou) has created a program to control negative environmental impact arising from production processes. This program requires production sites to strictly abide by regulations on process flows, the sealing of volatile compounds, and control of waste gas emission. We also conduct routine inspection of existing facilities and processes to help pinpoint possible areas of improvements. For instance, the waste gases discharged by the forming machines of Far Eastern Dyeing & Finishing (Suzhou) meet relevant criteria but still contain oil fumes. Static electricity and water sprinkler facilities with an assessed purification efficiency of over 90% were therefore installed as a solution. The oil-based ink of the paper transfer printing machine of FENC Kuanyin Dyeing and Finishing Plant was replaced with water-based ink to eliminate the need for solvents in laminating machines, thus minimizing volatile organic compounds (VOC) emission. In addition, no input or output of ozone-depleting substances (ODS) was recorded during the report period.

► Air Pollution Emissions

Taiwan China



📕 Taiwan 📕 China

2010

1 311 5

2011

851.3

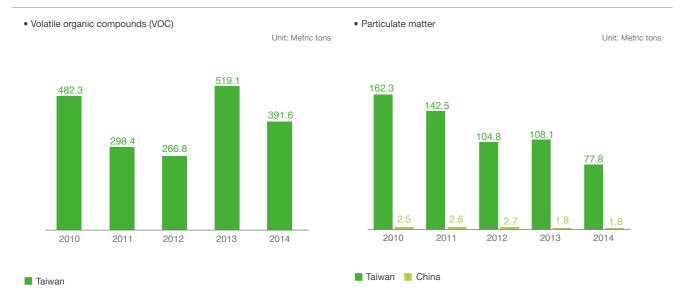
2012

2013

Unit: Metric tons

445.3

2014



Note: Data for China consists of values monitored and accounted by Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Wuhan Far Eastern New Material, Far Eastern Industries (Suzhou) , Far Eastern Industrie (Wuxi) , and Far Eastern Apparel (Suzhou)

(\star)

Hsinpu Chemical Fiber Plant improved the VOC discharge and treatment in wastewater treatment plants by installing sealed collection and pollution prevention facilities for the aeration pool in accordance with the legal requirements set forth in the VOC Air Pollution Control and Emission Standards. This was done to improve air quality and prevent the spread of odors and polluting the environment. The company also aims to conform to FENC environmental policies and social expectations by controlling emissions to levels much lower than legally required.





Collection and treatment of volatile organic compounds (VOC) by wastewater treatment plants

Material Management

Raw Materials

FENC products span a wide range from PTA, fiber, yarn, and fabric, to the finished apparel and garments that the general public is more familiar with. This also includes a large number of specific industrial-use or high value-added products. Subsidiaries and production sites utilize different raw materials based on their specific products. However, because Petrochemical and Polyester Business operations account for a greater portion of the overall operations than downstream textiles and apparel, only significant raw material usage quantities are disclosed.

► Purchase Amounts of Significant Raw Materials

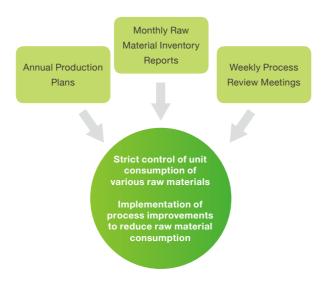
0					Ur	nit: 1,000 metric tons
Process Materials	Source (region/country)	2010	2011	2012	2013	2014
РХ	Japan, Korea, Singapore, Indonesia, Thailand, Malaysia, Kuwait, China, Taiwan	1,020	1,013	976	941	848
PTA*	China, Korea, Japan, Thailand, Taiwan	1,185	1,230	1,276	1,263	1,317
MEG and Bio-MEG	Saudi Arabia, India, Canada, Taiwan	478	512	522	534	516
Cotton (including organic cotton and recycled cotton)	USA, Brazil, Australia, China, India, Taiwan	81	39	87	85	82

Note: Part of the PTA utilized was produced by Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai) after purchasing the raw material PX; the rest was purchased from external sources.

FENC upholds a corporate spirit of innovation and continues to explore and experiment with green material applications. We also dedicate our efforts to the development and utilization of recycled materials (such as raw materials from recycled PET bottles) and Biomass (such as Bio-MEG and PLA). Polyester materials (PET) are among our main products. In addition to the provision of bottle chips, which can be used by clients for the production of packaging for water, juice, or cooking oil, these materials are also supplied in the form of PET sheets. Empty bottles used by consumers can be converted into recycled PET chips, which can in turn be processed into fibers, bottle chips, and PET sheet materials. FENC is currently capable of recycling, reusing, and processing 50% of all waste PET bottles in Taiwan. The Company is currently the only Taiwanese manufacturer that takes care of the complete process: from the manufacture and recycling of PET bottles to their reuse in manufacturing various downstream products.

We constantly strive to enhance the usage efficiency of raw materials through product design, improvement of daily plant operations, and regular reviews. For instance, we promote the recycling and reuse of defective products. We also reduce the consumption of source materials through a decrease of raw material demands. In addition, implementation guidelines for improvement proposals are in place as a motivation for employees to make suggestions for material consumption reduction.





Recycling of Packaging Materials

FENC aims to avoid unnecessary or excessive packaging for the transportation of goods. For instance, Far Eastern Industries (Shanghai) employs tanker trucks to transport chips to reduce packaging, while filaments are directly delivered via reel carriers. FENC also educates clients on packaging reduction methods. For example, it is recommended that garment clients abandon the use of packaging bags for single items. This reduces around 4 million pieces of plastic bags for the packaging of single items annually.

If the use of packaging materials is unavoidable, eco-friendly materials are used whenever possible and materials are recycled and reused. For instance, eco-friendly plastic bags are used for all garment deliveries. FENC also cooperates with recycling businesses and jointly implements a packaging material recycling and reuse mechanism with domestic clients. Qualified partner recycling companies proceed to client locations to collect used packaging materials. These packaging materials are then sorted, and those that are in good conditions are resold to FENC. Through the recycling of large quantities of packaging materials, environmental impact and the procurement cost are greatly reduced. All production sites that implement the recycling of packaging materials have set recycling targets. FENC record packaging material recycling quantities, recycling rates, and achievement rates on a monthly basis and conduct reviews and discussions of those that fail to meet targets.

FENC also utilizes existing recycling mechanisms such as the purchase and use of recycled Braiform hangers to reduce resource waste and pollution. Employees of retail stores that participate in the Braiform Re-use Program place hangers in boxes that are later sent back to Braiform via the retail distribution center. These hangers are sorted, cleaned, and repackaged, Braiform then ships these recycled hangers back to cooperating garment manufacturers for reuse. A total of 563,386 and 730,996 recycled hangers were used in 2013 and 2014, respectively.



Far Easter

Fibertech

Far Easter Industries (Shanghai

Note: Small quantities of paper tubes for diversified products have different colors and are difficult to recycle. Only paper tubes for specific items are currently being recycled.





Examples of Recycling of Packaging Materials by the Polyester Business

Packaging Material Categories	Average Recycling Rate of Packaging Material
Cardboard box bottoms, cardboard box cover, cardboard box flat boards, plastic bases, backing plates, pallets, binder plates, paper tubes, and lateral plates	98.5%
Paper tubes*	2%
Pallets, porous plates, tube lids	43%
Backing plates of chips	100% recycling and reused in cooperation with designated manufacturers
Metal stripes for assembly and sealing of boxes	100% recycling of all raw materials and metal stripes of recycled PTA assembly boxes
Sheet packaging bags	5.8%
IPA plastic backing plates	4.6%
Filament wooden backing plates	100% recycling within the group; reuse of wooden backing plates by external enterprises is hard to manage since they use products from many companies. However, recycling firm proceed to downstream to purchase, sort, screen, and resell materials to Far Eastern Industries (Shanghai) for reuse

Water Resource and Waste Management

Water Resource Control and Management

Water resources are valuable assets. Owing to the impact of climate change, rainfall patterns have shifted significantly in many parts of the globe. Water supply uncertainty is therefore one of the main problems the world currently faces. Consequently, water resource management is one of the key management areas that enterprises closely monitor and fully implement. As far as the use of water resources is concerned, FENC conducts constant reviews for its daily operations and activities. In addition to daily meter readings and record keeping, water consumption conditions and water conservation effects are recorded, assessed, and reviewed on a monthly basis. Improvement programs are also developed. For instance, the efficiency of water resource usage is enhanced through equipment maintenance and technical improvements.

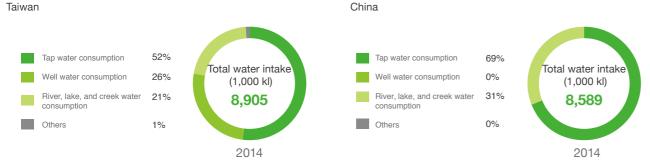
At FENC, we also take into consideration the requirements generated by corporate development, industry reforms, and land use by local residents as we plan out water resource utilization. For instance, the Hsinpu Chemical Fiber Plant manages the allocation and use of water resources in a rational and effective manner and enhances the stability, economy, and efficiency of water resource utilization in accordance with local water supply characteristics such as potential surface water quantities and safe ground water yield. All these are aimed at achieving a sustainable and balanced development for the company and the environment at large.

Available water resources in all FENC production sites include tap water, lake and river water, well water, ground water, and rain water. Water intake quantities and methods have no significant negative effects on the ecology of source areas and the lives of local residents.

► Water Intake and Sources

										Unit: 1,000 k		
Туре		Taiwan					China					
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014		
Tap water	4,516	5,013	4,889	5,321	4,653	6,049	6,575	7,700	6,977	5,888		
Well water	3,176	2,822	2,548	2,414	2,284	0	0	0	0	0		
River, lake, and creek water	3,007	2,785	2,428	1,823	1,887	1,731	2,256	1,984	2,402	2,690		
Ground water	89	99	312	489	81	0	0	0	0	0		
Rain water	0	0	0	0	0	0	0	1	3	11		
Total water intake	10,788	10,719	10,177	10,047	8,905	7,780	8,831	9,685	9,382	8,589		

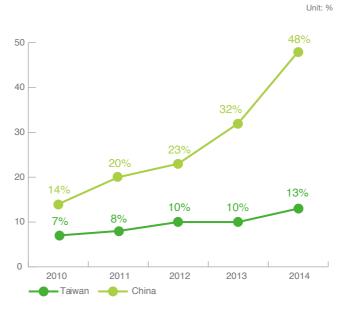
Taiwan



In consideration of factors such as the possibility of future water shortages, the increasing difficulty of obtaining water rights, expansion of production lines, and increased demands for water, FENC proactively implements various programs to expand water sources, reduce consumption and be prepared for future needs with the goal of reducing water shortage-related risks that could affect production.

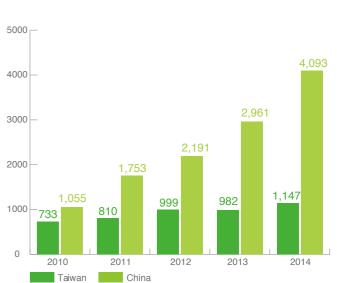
Management Program	Content and	d Achievement						
	Hsinpu Chemical Fiber Plant foresees rising water costs as a result of future difficulties in water right acquisition and water int We are therefore forced to further reduce water consumption with a view to water conservation and meeting cost consideration Hsinpu Chemical Fiber Plant mainly focuses on more use of surface water as a substitute for a portion of the ground water int and increases the use of reclaimed water:							
	Measures	Achievements						
	Cooling water concentration cycle was increased to 5.5 times	Daily water savings of 50 m ³						
Hsinpu Chemical	Cooling tower water is recycled and conveyed to the flue gas desulfurization (FGD) system of the coal water mixture boiler	Daily water savings of 350 m ³						
Fiber Plant - Water Resource Planning	Recycling and reuse of water used for back washing of filter tanks for coal water mixture processes	Daily water savings of 100 m ³						
	Wastewater system expansion is expected to be completed by late 2015	The wastewater recycling system, scheduled to be installed in 2016, will allow daily recycling of 600 m ³ of wastewater.						
	Addition of river water treatment facilities	Substitute for a portion of ground water consumption						
	Addition of river water treatment facilities in the pipe area before it is channeled into the well water	Substitute for a portion of ground water consumption						
	Sanitary water program management	Reduction of unnecessary waste						
Far Eastern Dyeing & Finishing (Suzhou) - Reclaimed Water Reuse Program	Upon the second stage of expansion of the Far Eastern Dyeing & the machinery and equipment reached 1,700 metric tons/month, In 2014, the plant thus invested in a Reclaimed Water Reuse Programs to enhance wastewater treatment capabilities through improve wastewater is thoroughly treated before it is reused for machinery metric tons of reclaimed water can be supplied on a daily basis to equivalent to 40% of the total water consumption.	while water consumption amounted to 370,000 metric tons/mor gram to satisfy the water needs of the plant area. This program ovements to the existing wastewater treatment unit. Production y operations. After completion of the improvement program, 5,00						
Oriental Petrochemical (Taiwan)-Recycling of Low-pressure Condensed Water	Oriental Petrochemical (Taiwan) modified the design of its dischar condensed water at the bottom is used as substitute water for th de-aerator tanks of the boilers. Under conditions of high-volume tons of condensed water may be recycled per month, which gene per month.	e heat exchanger to reduce the output of condensed water in th and stable production operations, a total of 3,000 to 3,500 metri						
Far Eastern Industries (Wuxi)- Exposure of concealed pipes	The exposure of concealed pipes at Far Eastern Industries (Wuxi) conduct repairs, which has led to a considerable decrease of war reduction by around 40% compared to the period before the imp	ter consumption. Through a combination with user management						

► Ratio of recycled water to total water intake









▶ Recycled water amount

Linit[,] 1 000 kl

Effluent and Waste Processing

FENC has comprehensive regulations and operating protocols in place for effluent and waste processing in compliance with relevant local laws and regulations. For example, FENC subsidiaries in China have formulated regulations such as "Wastewater Management", "Hazardous Substance Management", "Hazardous Energy Control and Solid Waste Management". FENC's wastewater is currently not being reused by other organizations. During the report period, no serious leaks of waste or other substances occurred and no hazardous waste was exported or imported.

For instance, waste and contaminated water in the Far Eastern Fibertech Plant is treated through adequate facilities in conformity with laws and regulations to ensure that no impact is generated on receiving bodies of water and areas in the vicinity of the plant. The operation departments review the current waste and contaminated water management conditions during daily morning meetings and conduct tests of samples drawn from the wastewater treatment plant three times a week. Wastewater quality tests are conducted by commissioned external organizations on a biannual basis. In addition, personnel testing and technical training are implemented on a regular basis. After going through a treatment facility within Far Eastern Industries (Shanghai), the effluent is conveyed to an external treatment plant established by the government. An effluent online monitoring system has been installed inside the plant to ensure the discharge meets relevant standards prescribed by law.

Effluent Treatment and Management Program	Content and Achievement
Kuanyin Chemical Fiber Plant- Wastewater UASB Anaerobic Treatment Improvement Project	The Kuanyin Chemical Fiber Plant originally employed an aerobic system to treat wastewater. However, the aerobic system is not very effective in treating highly concentrated wastewater. Although the legal requirements can be met, from the perspective of eco-friendliness, it has decided to revamp the anaerobic system for better wastewater treatment capabilities and to ensure that the quality of discharged effluents far exceeds the required and that no environmental incidents occur in the plant. This improvement of (UASB) for the treatment of COD in wastewater (1,120 kg/day). The power consumption required for the aerobic treatment of COD is reduced (322,272 kW/year) and sludge quantity is decreased (10 metric tons/month), and the quality of discharged effluents exceeds the legally required.
Kuanyin Chemical Fiber Plant -Wastewater VOC Control Project	The Kuanyin Plant effluent processing facility was not sealed, which led to the dissipation of VOCs in the wastewater. Petrochemical plants are legally required to seal wastewater pre-treatment facilities and connect them to pollution prevention equipment with the goal of attaining a reduction rate of 85% or a discharge concentration of less than 150 ppm. After sealing, VOC control equipment was further added to ensure that the quality of effluents and the volume of VOC discharge exceed the legal requirements and that no environmental incidents occur in the plant while leaving the wastewater treatment capabilities unaffected. Upon implementation of the project, VOC discharge concentrations were controlled below 150 ppm.

Acquisition of a discharge license Regular inspections of wastewater treatment facilities Regular functioning Far of equipment and Fastern facilities Fibertech Wastewater Regular professional Management training for Policy employees Regular wastewater testing Reporting in accordance with laws and regulations

► Effluent Discharge Volume and Locations

				Discharge	
Areas	Company	Production Site	Volu	ume	
			2013	2014	
Taiwan		Hsinpu Chemical Fiber Plant	1,003	1,051	Processed was Fengshan Rive
		Kuanyin Chemical Fiber Plant	260	460	Processed was Shulin River aff
	FENC	Kuanyin Dyeing & Finishing Plant	626	428	Processed was treatment insid
		Neili Texturizing Plant	58	59	Only domestic plant area.
lawan		Hukou Mill	105	102	Only domestic treatment (aera
	Oriental Pet	rochemical (Taiwan)	2,898	2,349	Processed was anaerobic treat standards.
	Far Ea	stern Fibertech	100	103	Processed was inside the plant standards.
		l Petrochemical Shanghai)	2,022	1,570	Processed, dou treatment, was recycled water was piped into before being di
		stern Industries Shanghai)	605	615	Wastewater wa the plant.
		Far Eastern New Material	11.95	9.49	Only domestic
China	Oriental Ir	ndustries (Suzhou)	148.8	158.7	Wastewater wa manner.
	Far Eastern	Industries (Suzhou)	4.15	3.43	Domestic and pumped to sev Canal after me
	Far Easter	n Industries (Wuxi)	4.21	4.20	Only domestic
		Dyeing & Finishing (Suzhou)	2,177	2,746	Wastewater wa manner.
	Far Easterr	n Apparel (Suzhou)	101	114	Processed was pipeline to the

The difference between effluent volume and water intake mainly stems from process consumption such as water used to maintain constant temperature and humidity, air conditioning evaporation, water consumed for boiler steam generation, washing room evaporation, and cooling tower evaporation. In addition, small quantities were used for drinking and irrigation.

Far Eastern Industries (Suzhou) in Taihu Lake Basin \mathbf{x}

Far Eastern Industries (Suzhou) is the only FENC operation and production site with discharge water bodies located in an environmental conservation zone. The plant area is adjacent to the Taihu Lake Basin, which covers an area of 0.117 km². The lake is under joint jurisdiction of Jiangsu, Zhejiang, Anhui Provinces, and Shanghai City. The 19,399 km² area under Jiangsu Province accounts for 52.6%. Taihu Lake is a natural water reservoir that irrigates the whole basin and supplies water to neighboring cities and towns. It is also one of the key freshwater fishery sources of China. Its fish production accounts for 10% of the whole country.

Local governments strive to improve pollution control at Taihu Lake, maintain and upgrade the water quality, and safeguard the health of local residents, as well as promote balanced economic and ecological development. The Jiangsu Province Taihu Lake Pollution Control Statute was formulated to implement pollution control of the lake and all nearby rivers, lakes, reservoirs, and waterways that have an impact on the water quality of the lake. The Far Eastern Industries (Suzhou) plant is located at a second-grade conservation zone of the Taihu Basin, as it sits 10 to 50 km upstream of the main tributary of the Taihu Lake Basin and is within 1 km from the shore. To ensure that effluents conform to relevant regulations, all domestic and processed wastewater is treated by commissioned qualified businesses to meet Level A Standard as required by the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant. In addition, qualified external units are commissioned to conduct environmental monitoring of the plant area on an annual basis and submit annual environmental monitoring reports.



Unit: 1.000 k

Effluent Discharge Location

astewater was treated biologically inside the plant and discharged into the er after meeting local effluent standards.

astewater was treated biologically inside the plant and discharged into the fter meeting local effluent standards.

astewater was pumped to a sewage treatment plant in the industrial zone upon ide the plant.

wastewater, which was directly discharged into the drainage ditch next to the

wastewater, which was discharged into the Desheng River upon biological rated oxidation) inside the plant.

astewater was treated biologically inside the plant (ultra-deep aeration and atment) and discharged into the Shulin River after meeting local effluent

astewater underwent biological (contact oxidation) and precipitation treatments int and was discharged into the Shulin River after meeting local effluent

omestic, and lab wastewater was pumped to the sewage treatment unit. After stewater was pumped to the water reclamation facility for recycling. The r was channeled back to the original pool for reuse. Non-recyclable wastewate o the Eastern sewage treatment plant in Fengxian District for final treatment discharged into the ocean.

vas pumped to a municipal wastewater treatment plant after treatment inside

wastewater was directly discharged into the Wuhan City sewage network.

vas treated by commissioned state-run sewage treatment plants in an unified

processed wastewater was treated by commissioned qualified businesses and wage treatment plants in an unified manner. It was discharged into the Grand eeting local effluent standards.

wastewater was directly discharged into the Wuxi City sewage network. vas treated by commissioned state-run sewage treatment plants in an unified

astewater was treated inside the plant and pumped through the municipal Chengnan sewage treatment plant.

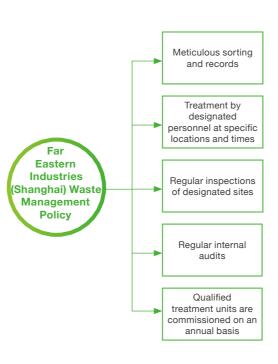
In the field of waste management, compliance with relevant laws and regulations is the basic requirement and qualified businesses are commissioned to treat waste in accordance with legal laws and regulations. Far Eastern Fibertech, for example, is required to file online reports on regulated waste (e.g., sludge). Tenders are invited for non-valuable waste on an annual basis while valuable wastes are sold by the Purchasing Department, Far Eastern Industries (Shanghai), in contrast, is committed to 100% treatment of hazardous wastes, Actual implementation methods include sorting of waste and treatment by designated personnel at specific locations and times. For instance, domestic waste is treated by the Haiwan Environmental Sanitation Management Bureau upon notification by the General Affairs Division. Organic solvents, solid wastes, and polyester sludge are treated by qualified businesses through arrangements made by the Environmental, Safety, and Health Division. Far Eastern Industries (Shanghai) commissions qualified businesses for the treatment of all types of hazardous wastes. We conduct rigorous reviews of the qualifications of all waste treatment business partners in Taiwan and China. In addition to GPS tracking, spot checks of waste removal and treatment conditions are conducted on a non-scheduled basis. Far Eastern Industries (Shanghai) plans to implement even more meticulous sorting of wastes in the future in addition to improvement of packaging methods and minimization of the incidence of overturning and leakage during storage, transportation, and handling. At the same time, technical and operational improvements are implemented to reduce waste generation, costs, and environmental impact.

FENC also focuses on internal education efforts to reinforce resource recycling and reduction concepts. We constantly search for opportunities to reduce, recycle, and reuse wastes. For instance, Far Eastern Fibertech's sludge is landfilled by commissioned qualified businesses. The company also searches for businesses that focus on sludge reuse. The Kuanyin Dyeing & Finishing Plant currently conducts wastewater process adjustments with a projected reduction of pollution by 20%. The Kuanyin Dyeing & Finishing Plant and the Hsinpu Chemical Fiber Plant conduct tests on heat and dry treatment of sludge. If these tests prove successful, it is expected that the volume of sludge can be decreased by 38%-80%.

▶ Waste Quantities and Categories of Production sites

	ourogenee ei			Unit: Metric ton		
Categories and	Tai	wan	China			
Treatment Methods	2013	2014	2013	2014		
Total Quantity of General Industrial Wastes	19,259	24,581	21,417	21,779		
Reuse and recycling	14,341	17,625	20,531	20,758		
Energy uses	160	152	232	222		
Incineration	4,522	5,694	654	798		
Landfilling	216	1,089	0.23	0.57		
Other physical and chemical treatment methods	20	21	0	0		
Total Quantity of Hazardous Industrial Wastes	0.29	-	3,750	4,715		
Reuse and recycling	0	-	2,403	3,616		
Energy uses	0	-	1.00	1.00		
Incineration	0.29	-	1,336	1,083		
Landfilling	0	-	0	0		
Other physical and chemical treatment methods	0	-	10	15		

Note: Reuse and recycling include those done inside the plants, selling, and recycling by commissioned qualified busine



Work Safety Management

Work-related Injury Statistics

lterre		Taiv	wan	CI	nina
Item		2013 2014		2013	2014
		FENC and	Subsidiaries		
	Male	9	14	33	26
Occupational injuries (number of cases)	Female	3	7	8	4
	Total	12	21	41	30
	Male	0.19	0.29	0.46	0.38
GRI Lost-time Injury Rate (IR) ^{*1}	Female	0.06	0.15	0.11	0.06
	Total	0.25	0.44	0.57	0.44
	Male	0.30%	0.24%	0.07%	0.03%
GRI Absentee Rate (AR) ²	Female	0.17%	0.19%	0.28%	0.08%
	Total	0.47%	0.43%	0.35%	0.11%
	Male	10.14	11.66	7.13	5.49
GRI Lost Day Rate (LDR) ^{*3}	Female	1.59	3.2	4.63	0.26
	Total	11.73	14.86	11.76	5.75
Number of deaths	Total	0	0	0	0
		Cont	ractors	·	
	Male	0	1	0	0
Number of deaths	Female	0	0	0	0
	Total	0	1	0	0

 *1 . IR=Total number of work-related injuries / Total hours worked × 200,000 $^{\triangle}$

*². AR=Total number of missed days / Total hours worked × 100%
*³. LDR=Total number of lost days / Total hours worked × 200,000

(\triangle : Based on 50 weeks per year, 40 working hours per week, and ratios per 100 employees)

No cases of occupational diseases occurred at FENC during the report period. However, a contractor occupational injury incident occurred as a result of a fall at the construction site. To prevent a repeat of such an incident, FENC has amended the "Contractor Management Guidelines" and now requires that contractors conduct self-inspections in accordance with relevant inspection items. This includes the requirement for workers to use safety belts, helmets, and other necessary protective gear when working at heights of more than 2 meters to prevent falls.

The company continues to be committed to optimization of process, perfection of protective facilities, promotion of pollution control, and prevention of occupational accidents to create a safe, healthy, and comfortable work environment. Safety norms inside the plants are very strict. Full compliance with relevant laws and regulations such as the Occupational Safety and Health Act and the Regulations on Labor Health Protection in Taiwan as well as the Labor Law and Occupational Health and Safety Statute in China is ensured through a comprehensive management system, clearly formulated norms, continued educational training, regular environmental monitoring, health management, and internal and external audits in every plant.



Management Practice	Content
Management system and norms	 Establishment of an Occupational Safety and Health Committee and an Occupational Safety and Health Management Unit for internal management of operational risks and setting of work safety targets. Constant inspections and monitoring of production operations and regular assessments and formulation of improvement measures as well as monthly safety meetings All plants have already passed or are about to pass relevant certifications such as OHSAS 18001 (Occupational Health and Safety Assessment Series) and TOSHMS (Taiwan Occupational Safety and Health Management System) A significant portion of our operation bases has incorporated work safety performance into their performance bonus assessments to encourage the implementation of relevant measures. For instance, Far Easter Industries (Shanghai) has incorporated work safety performance scores into its monthly performance bonus evaluations. The core objective of plant safety management is "zero accidents and incidents" and each plant has formulated relevant norms in Safety and Hygiene Policies, Corporate Safety Management and Occupational Health and Safety Management Manuals.
Educational training	The safety and environmental awareness and relevant skill level of plant personnel are raised through orientation training for new employees, systematic and regular health education and training, and emergency rescue training.
Environmental monitoring and health management	 Regular inspections are conducted for sites with potential hazards (such as noise hazards). For instance, average concentration monitoring is conducted in plants every eight hours and work environment monitoring is carried out every six months. Employee safety management includes pre-employment physical examinations, annual health checks as well as occupational health assessments in all plants including on-site of detection of occupational hazard factors. Dedicated medical rooms have been established and professional health management personnel hired to provide counseling services for employees on a scheduled and non-scheduled basis. Guidance and advice is offered for balance of ingredients and nutritional value of meals and constant and comprehensive health management is provided for employees.
Internal and external audits	 Safety inspections are carried out on a weekly basis and internal and external audits of management systems are conducted to confirm the efficiency of these systems. Non-scheduled audits are carried out inside plants in accordance with relevant management guidelines and unscheduled reviews are conducted in coordination with government agencies and clients.

At FENC, the Safety and Health Committee is the highest review and policy-making body in terms of safety and health management. The Vice President of Corporate Management serves as the Committee Chairman in charge of occupational safety and health management. The Safety and Health Committee consists of occupational safety and health personnel, business department managers, monitoring and supervision personnel, occupational safety and health related engineering and technical personnel, healthcare personnel and labor representatives engaged in labor health services. Labor representatives make up 44% of the committee membership. All FENC operation bases and subsidiaries in Taiwan have established Labor Health and Safety Management Committees which take charge of analysis, planning, coordination, and supervision of environmental, safety, hygiene, and health-related issues in all plants. The highest level of the committee mainly consists of top plant executives (such as senior plant managers). In accordance with the regulations of the Occupational Safety and Health Administration, the health and safety management committees must convene regularly every quarter. Labor representatives make up 32%-44% of the committee membership. FENC subsidiaries in China have established Safe Production Management Committees with a labor representative ratio of 50%-80%, except in the committee of the Wuhan plant whose membership at FENC. The Neili and Hukou plants in Taiwan and Oriental Industries (Suzhou) and Far Eastern Industries (Wuxi) in China have included occupational safety issues in agreements signed with trade unions.

The safety management systems of all FENC plants operate smoothly and efficiently, maintaining excellent safe production records. For instance, Far Eastern Industries (Wuxi) was presented with the Wuxi City Safe Enterprise Award due to excellent performance in this regard for three consecutive years.

Examples of Improvements in Work Safety Management Measures

		, management medealee
Company	Measure	
Far Eastern New Century Kuanyin Chemical Fiber Plant)	Fire prevention training in foreign worker dorms	In 2014, two fire-prevention courses was to familiarize p prepare them for various en drills, participants practiced operation methods were cou
FENC Kuanyin Chemical Fiber Plant)	CPR+AED education	To reduce the incidence of i defibrillator (AED) was purch was provided. Every trainee meeting attended by 262 pa
	Education on accidents and incidents	Charts with safety informatii 2013 for employees to bene included safety managemer required to sign a form after were also shown a DVD of p injuries such as fires, chemi animations to explain how v was to provide employees v operations. Employees learr eliminated. Participants wer of 1,306 employees from 16 safety-related themes were
	Summer fire prevention inspections	High temperatures in summ facilities, combustion syster warehouses are conducted and adjustments with regard inspections, 95 deficiencies for 80 items within the same They were subsequently con
Driental Industries (Suzhou)	Safety education bulletin board rating	From July to August in 2014 activity organized by the pla the fact that several units la have lost their educational e
(Sulfice)	Safe production month activity	As employees tend to have are organized on an annual skills of employees. These a • A safety promotion and ec • A one-week fire prevention • A one-week inspection of • One week of summaries, n activity Motivation of all employees foundation for work safety in
	Safety dialogue activity	Managers and employees g through equal-footing dialog course of these dialogues, e All employees participated i the activity to serve as refer
	Safety knowledge and intelligence contest	A safety knowledge and int Day promotional and educa District Safety Inspection E invited to provide guidance. fire prevention knowledge a

Although there are no work-related injury records for contractors, FENC still ensures to provide work safety education and implements relevant laws and regulations. Future data recording operations are currently in the planning stage. For more detailed information, please refer to the chapter on <u>Joint Creation of Supply Chain Value</u>.



Content

n training courses were held in foreign worker dorms. The purpose of these participants with the operation of fire extinguishers and escape slings to mergencies and reduce the incidence of injuries and loss of property. During d how to operate relevant equipment and safety personnel ensured the orrect. The total number of trainees exceeded 56.

i injuries inside plants due to accidents or incidents, an automatic external chased in April 2014. Cardiopulmonary resuscitation (CPR) and AED training the had a chance for hands-on practice. A total of 18 education and information participants were organized between April and May 2014.

tion were posted inside the plant for promotion and education purposes in nefit from past experiences and raise their safety awareness. The contents ent and equipment operations as well as relevant regulations. Employees were er viewing the charts to ensure participation by all staff members. Employees past incidents in 2013. The contents consisted of frequent incidents and nical leaks, falls, and mechanical injuries. The DVD also featured repeated violations of different rules and regulations could lead to accidents. The goal with relevant education and make them reflect on their own behavior during rm by analogy, their safety awareness is heightened, and dangerous behavior is ere also required to submit their impressions regarding these incidents. A total 16 sections and offices participated in this activity. A total of 25 charts with five e distributed to each section and office.

mer contribute to the risk of fires. Special inspections of natural gas pipes, ems, detection systems, and flammable and explosive chemical storage d on an annual basis. In addition, each unit is required to make improvements ird to potential risks within a specified deadline. During fire prevention es that posed safety hazards were detected. Improvements were implemented ne month. The remaining 15 items were listed as special improvement projects. ompleted by October 20, 2014.

14, all employees participated in a safety promotion bulletin board rating lant to ensure that bulletin boards meet their educational purposes in view of acked such bulletin boards or that safety education related bulletin boards effect as they are outdated. The top three raters received monetary awards.

e lax safety awareness by the end of the year, safe production month activities Il basis to further reinforce safety concepts and enhance the safety handling activities include:

- education week on skill contest
- f potential safety risks in the plant

reviews, and presentation of achievements of the safe production month

s to participate and implement safe behavioral patterns to set a good in the coming year.

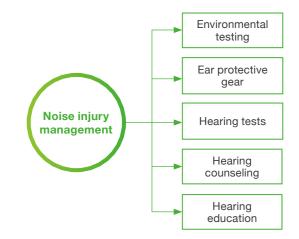
gain a deeper understanding of safety management conditions in each section ogues and sincere interactions over a period of three months per year. In the employees come to the realization that safety and health are key assets in life. In this activity and conversation contents were summarized and analyzed after rences in developing and implementing improvement measures and plans.

ntelligence contest was organized on the occasion of the 119 Fire Prevention cational activities in 2014. VIP guests such as Mr. Qian Ke from the Wuzhong Bureau and Mr. Li, Chief of Staff of the Wuzhong District Fire Brigade were e. A total of 16 teams of representatives enriched and enhanced the safety and and safety awareness of employees through their participation in this activity.

Prevention of Occupational Injury

Workers in FENC plants are exposed to risks including hearing impairment due to high noise levels generated by machinery, injuries due to contact with chemical substances or chronic injuries during work processes. In addition to our commitment to compliance with legal requirements, we also strive to reduce the occurrence of occupational injuries through meticulous testing, observations, and other efforts to protect our employees.

In the field of noise management, we actively implement improvements to the work environment (such as sound insulation walls), carry out regular inspection and testing of areas with high noise levels, enforce requirements to wear protective gear in those areas, and provide health checks for workers who conduct special hazardous operations on an annual basis. For instance, work personnel in the Neili and Hukou Plants are prone to suffer noise damage. Noise Prevention Measures are therefore implemented inside the plants. In addition to the installation of silencers, AC fan blade materials and angles are adjusted to an optimum, machines are regularly maintained and projects are reviewed to eliminate noise sources and reduce noise levels. In addition, management methods are adjusted to reduce noise exposure. Furthermore, noise and environmental testing is carried out by commissioned external organizations in offices and plant areas on a biannual basis. Employees are required to wear earmuffs or plugs to prevent occupational injuries due to high noise levels at their workplaces. Hearing tests have been added to annual health checks for personnel who work in areas with high noise levels. Specially commissioned professional medical specialists provide hearing related counseling and health education for employees based on the results of their hearing tests and give suggestions for work adjustments if deemed necessary. For instance, two employees of Oriental Industries (Suzhou) were informed by medical specialists during the annual hearing tests that their natural physiques are not suited for high-noise environments during the report period. We immediately adjusted the duties of the said two employees.



Hazard control for operations with chemical substances focuses on the installation of ventilation and exhaust devices to reduce the exposure of workers to these substances. In addition, inspections of work environments are also carried out in line with relevant regulations, and adequate protective gears provided for workers. Annual health checks are also administered for special hazardous operations. For instance, hazardous chemicals in the Hsinpu Chemical Fiber Plant are divided into four categories: harmful, dangerous, dangerous and harmful, and others. Although these chemicals do not pose an immediate hazard or reproductive toxicity danger to the human body, the plant has added health check items for employees who come in contact with these substances based on principles of labor health protection. No physical deformities were detected due to exposure to the aforementioned chemicals in health checks conducted in 2013 and 2014.

In terms of the prevention of chronic work-related injuries such as wrist tendonitis or frozen shoulders which are common in office environments, every relevant unit has strengthened educational training for work personnel and initiated the design of operating devices that meet ergonomic standards for workers. In addition, the Program for Prevention of Ergonomic Hazards was formulated in response to provisions regarding muscle and bone diseases caused by repeated movements in the amended Occupational Safety and Health Equipment Regulations to promote the prevention of occupational injuries. Ergonomics explore human capabilities, limitations, and requirements during work operations as well as the interaction and relationship between tools, machines, equipment, and the environment. Better coordination can be achieved through design operations. Inferior ergonomic designs impact in direct and indirect ways including an increased incidence of errors and accidents leading to muscle and bone injuries and ailments, all of which affect work efficiency. The factors leading to muscle and bone injuries and ailments include workload, work postures, and repetition. The Kuanyin Chemical Fiber Plant organized an information meeting for Prevention of Ergonomic Hazards in late 2014, with a draft of the execution guidelines was completed soon after. Assessments of operational risks will be carried out successively for the whole plant in 2015. This will be followed by the submission of improvement plans by responsible units for unacceptable risks. Diagnosis of individual cases by professional medical specialists will be carried out in a timely manner. Safety and health management units will track the implementation of improvements and verify results.





Communication and Feedback from Neighboring Communities

A large number of FENC production sites are located in industrial zones including the Kuanyin Dyeing & Finishing Plant, the Kuanyin Chemical Fiber Plant, Oriental Petrochemical (Taiwan), and Far Eastern Fibertech in Taiwan and Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Far Eastern Dyeing & Finishing (Suzhou), and Far Eastern Apparel (Suzhou) in China. In addition, certain production sites are located in the vicinity of residential communities such as the Hsinpu Chemical Fiber Plant in Taiwan. There are also some plants located in industrial zones nearby residential areas at the time of construction. However, the gradual urbanization of urban fringe areas has led to a shrinking distance between the plant and residential areas, leading to more frequent opportunities for interaction with communities.

Other than pollution emissions in gaseous or liquid forms arising from irregularities of machines or operations, accidents in the raw material storage or main process area of petrochemical plants can also pose significant negative impacts for local communities. All of our plants therefore have emergency response procedures in place and conduct regular emergency drills.

Grievance Mechanism and Feedback

In case of irregularities reported by communities or enterprises in the vicinity of production sites, safety and health management units of a production plant may be notified by phone or grievance may be filed through the security guards of the plant zone. Taiwanese citizens may also state their opinions about the company via their borough or neighborhood chiefs. In addition, Oriental Petrochemical has established a dedicated PR Department to in charge of external communication. Three designated employees take charge of all communications with communities. When the PR Department receives a grievance report, it will submit a notice to the Oriental Petrochemical President who will take appropriate actions.

In 2013 and 2014, Oriental Petrochemical (Taiwan) received three and four environmental grievances, respectively, which were filed by neighboring plants. Oriental Petrochemical conducted investigations for all grievances. Dates of occurrence, locations, processes, and preliminary reasons were identified in comprehensive investigation reports. Corrective measures were adopted immediately and the main factors were analyzed and reviewed. Summaries of key facts and suggestions for correction and prevention were provided. Completion dates and persons in charge were indicated for corrective and preventive measures. All incident investigation reports had to provide detailed investigation team member lists and the names of the persons responsible for review and approval of the reports. All of the abovementioned incidents have already been resolved in a satisfactory manner.

Introduction of the Coal Water Mixture Plant of Hsinpu Chemical Fiber Plant

The FENC Hsinpu Chemical Fiber Plant added a coal water mixture plant and boilers in 2013. As the construction of these facilities may raise concern among residents of Wenshan Borough in Hsinpu Township and the Nature Community in Zhubei City, "Regional Environmental Protection and Pollution Control" briefing sessions were held to give local residents a better understanding of the low pollution characteristics of these facilities as well as the control measures adopted by the plant. In November 2013 and February 2014, Hsinpu Chemical Fiber Plant organized information meetings on operating procedures of the coal water mixture plant. Two other information meetings on pollution control were subsequently held in December 2013 and September 2014, leading to greater consensus between the plant and neighboring communities.







Oriental Petrochemical (Shanghai) Open Factory Day

In 2013, the Shanghai Spark Development Zone received a total of 62 environmental grievances from citizens. About 90% of them were related to odor issues. Oriental Petrochemical (Shanghai) is the largest chemistry enterprise in the development zone. The auxiliary materials and acetic acid utilized by the plant are extremely irritating to the nasal passages. Oriental Petrochemical (Shanghai) has therefore improved equipment maintenance. In case of leakages, the two fire trucks provided by the plant are dispatched to the site of the incident in a rapid manner to decontaminate the leakage and prevent the spread of acetic acid, while also disposing of leaked substances. In addition, external organizations are commissioned regularly to carry out environmental reviews and assessments of existing processes, as well as safety and occupational health condition assessments. Relevant departments of the development zone are invited to participate in annual emergency drill meetings.

The reason for the increasing number of complaints in recent years lies in the rise of environmental protection and self-protection consciousness and lack of understanding of the company's production processes on the part of the general public. Although raw materials used by Oriental Petrochemical (Shanghai) emit a nasally irritating smell, many of the odors referred to in the grievances were actually not generated by Oriental Petrochemical (Shanghai). The large amount of energy and effort invested in clarification proved to be ineffective.

The company hopes to provide the general public with a better understanding of the facts and increase mutual trust by allowing local residents to visit the production sites through which they gain a substantial understanding of the waste gas, wastewater, solid waste, and environmental management efforts of the enterprise. These interactions also enable the company to better understand the demands of the general public. Oriental Petrochemical





(Shanghai) has therefore organized Open Factory Day on an annual basis. On April 25, 2014, Oriental Petrochemical (Shanghai) organized another Open Factory Day with support and assistance from the Fengxian District Environmental Protection Bureau and the Spark Development Zone Management Committee. Contrary to past events, the company not only invited around 50 local community representatives but also grievant representatives from the University city, the Haima Road residential area, and the nearest army base (grievances about odors had been filed from these areas). In addition, the first part of the 2014 Open Factory Day consisted of detailed inspection of the production sites in addition to the clarification of misunderstandings (e.g. water vapor emissions). This was followed by exchanges, discussions, and communication in the conference room. Representatives of the regional environmental protection bureau and development zone leaders participated in the discussions and questions of concern to the general public were answered. The interactions were more intense, the level of participation was higher, and the results were more evident.

The level of understanding and trust between the general public and Oriental Petrochemical (Shanghai) was strengthened through this activity and a direct communication channel was established with the goal of transforming grievances into feedback on actual conditions and of assisting local residents in the solution of problems in a timely manner. This activity gave government agencies a better understanding of the reasons for popular distrust. While at the same time making the managers of Oriental Petrochemical (Shanghai) realize that environmental protection not only requires compliance with emission standards but also the need to satisfy demands of local citizens.

Generation of Employee Passion

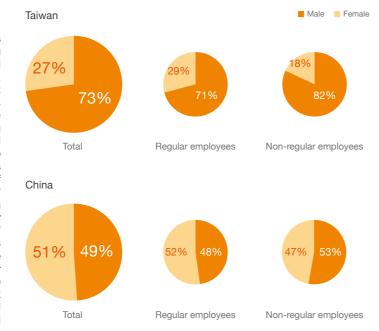
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Employment Situation

Human Resource Structures

Far Eastern New Century is fully aware that its employees serve as one of the key factors in attaining corporate success since strategic targets are achieved through teamwork and execution. To achieve our goals, placing the right talent at the right position in a way that could allow the full realization of their talents represents the main employment principle of FENC. Employees are able to maximize their skills and exercise their potentials in a reasonable and fair personnel system within our sound internal organization. We keenly monitor amendments to manpower and employment related laws and regulations such as those set forth in the "Labor Standards Act," "Act of Gender Equality in Employment," "Employment Service Act," "Occupational Safety and Health Act," "Personal Information Protection Act," "Employment Insurance Act," "Labor Insurance Act," "Regulations of Leave-Taking of Workers," and "Employee Welfare Fund Act" through the national laws and regulations retrieving system on a regular basis to ensure compliance with current legal standards. In addition, in order to achieve synergy between employee training and corporate strength, FENC is also committed to creating a friendly work environment compounded with a comprehensive educational training system as we promote personal growth and strengthening of employee professional skills.

2014 Gender Ratio of Employees



Item				Taiwan			China					
	item			2011	2012	2013	2014	2010	2011	2012	2013	2014
Gender	Male		70%	70%	71%	72%	73%	41%	46%	46%	48%	49%
	Fema	le	30%	30%	29%	28%	27%	59%	54%	54%	52%	51%
	Tota	l	5,044	5,337	5,402	5,395	5,634	9,870	8,998	8,415	8,268	7,984
		Male	67%	68%	68%	70%	71%	39%	44%	45%	46%	48%
	Regular employees	Female	33%	32%	32%	30%	29%	61%	56%	55%	54%	52%
Contract		Total	4,253	4,481	4,533	4,483	4,563	8,559	7,588	7,091	6,800	6,623
types	Non-regular employees (foreign or dispatched workers)	Male	84%	82%	84%	82%	82%	48%	52%	49%	55%	53%
		Female	16%	18%	16%	18%	18%	52%	48%	51%	45%	47%
		Total	791	856	869	912	1,071	1,311	1,410	1,324	1,468	1,361
	Foreign		789	855	869	913	1,073	133	128	116	116	105
	Philippines		715	791	792	793	857	-	-	-	-	-
	Vietna	ım	74	64	76	118	213	-	-	-	-	-
Diversity indicators	Taiwan (applicable to companies in China)		-	-	-	-	-	133	128	116	116	105
	Othe	er	-	-	1	2	3	-	-	-	-	-
	Minorit	ties	49	49	49	48	49	47	36	47	47	38
	Workers with or mental dis		62	64	65	63	67	6	13	11	26	35

Note: The term "non-regular employees" refers to foreign workers in Taiwan and dispatched or contract workers in China

8.6% 10.3% 11 7% 12.2% 13.3% 42.2% 44.4% 46.4% 47.0% 48.6% 45.3% 41 9% 40.8% 38.1% 49.2% 14,125 13,480 12,949 12,752 12,548

Below 30 30-50 Over 50

2013

2014

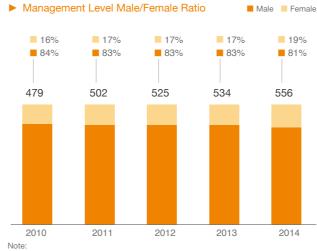
Age Distribution of Employees

Note: The above statistics do not include foreign laborers in Taiwan

2012

2011

2010



1. Management level is defined as manager/deputy manager and above.

2. The above statistics do not include foreign laborers in Taiwan.

FENC is committed to provide friendly work environment for its female employees. We provide facilities such as breastfeeding rooms in accordance with the principle of the "Act of Gender Equality in Employment" to safeguard the rights and interests of our female employees. We also provide relevant educational training in accordance with the "Sexual Harassment Prevention Act" and hold sexual harassment prevention training for managers and employees to better prevent such incidents.

As far as the hiring and care for indigenous employees is concerned, we are firmly committed to guarantee the rights and interests of indigenous peoples as set forth in the "International Covenant on Civil and Political Rights," "International Covenant on Economic, Social, and Cultural Rights," "Indigenous and Tribal Peoples Convention," and the "Human Rights Norms for Business." We ensure to safeguard the right to work and economic situation of our indigenous employees by treating them in an equal and non-discriminatory manner, while respecting their cultures and traditions and promoting the survival and development of indigenous tribes. No violations of indigenous rights and interests were reported during the report period.



Labor and Employer Relations



The FENC hiring process starts with the employing unit to fill out an online request of the vacant positions. Upon approval, the Human Resources Department will recruit online, on campuses, through manpower dispatch companies, or by hunting high-level managers. We regard all our employees as equals and abide by relevant regulations and laws for the Company headquarters and all our subsidiaries as well. For instance, Far Eastern Fibertech fully complies with all applicable laws and regulations on hiring, abides by the corporate code of conduct and values, and treats all employees with dignity, respect, honesty, and sympathy. The employee recruitment and selection process is not affected by considerations of race, social status, language, beliefs, religion, political party affiliation, native or birth place, gender, sexual orientation, age, marital status, appearance, facial features, mental and physical disabilities, or past trade union membership of the candidate. Instead, it is based on the professional skills, expertise, and experience required by the position. Our subsidiaries in China have also established relevant standards. For example, the "Far Eastern Industries (Suzhou) Recruitment Management Guidelines" clearly prescribe that recruitment must not be affected by gender, race, skin color, age, native place, or disabilities, and diseases of candidates. No cases of employee discrimination have occurred during the report period.

Number and Percentage of New Employees

		2010		2	011	20	012	20	013	2014	
Category	Gender	Number	Percentage								
					Tai	wan					
	Male	161	3.2%	175	3.3%	115	2.1%	201	3.7%	201	3.6%
Below 30	Female	60	1.2%	67	1.3%	53	1.0%	65	1.2%	73	1.3%
	Total	221	4.4%	242	4.5%	168	3.1%	266	4.9%	274	4.9%
	Male	93	1.8%	154	2.9%	73	1.4%	85	1.6%	146	2.6%
30-50	Female	39	0.8%	40	0.7%	42	0.8%	41	0.8%	47	0.8%
	Total	132	2.6%	194	3.6%	115	2.1%	126	2.3%	193	3.4%
	Male	14	0.3%	10	0.2%	11	0.2%	5	0.1%	8	0.1%
Above 50	Female	2	0.0%	2	0.0%	-	0.0%	1	0.0%	2	0.0%
	Total	16	0.3%	12	0.2%	11	0.2%	6	0.1%	10	0.2%
					Cł	nina					
	Male	3,066	31.1%	3,081	34.2%	2,739	32.5%	2,527	30.6%	2,338	29.3%
Below 30	Female	4,070	41.2%	3,241	36.0%	2,759	32.8%	2,279	27.6%	2,039	25.5%
	Total	7,036	71.3%	6,322	70.3%	5,498	65.3%	4,806	58.1%	4,377	54.8%
	Male	418	4.2%	419	4.7%	417	5.0%	448	5.4%	556	7.0%
30-50	Female	946	9.6%	714	7.9%	786	9.3%	711	8.6%	743	9.3%
	Total	1,364	13.8%	1,135	12.6%	1,203	14.3%	1,159	14.0%	1,299	16.3%
	Male	16	0.2%	12	0.1%	14	0.2%	19	0.2%	17	0.2%
Above 50	Female	3	0.0%	2	0.0%	1	0.0%	3	0.0%	-	0.0%
	Total	19	0.2%	14	0.2%	15	0.2%	22	0.3%	17	0.2%

Note: Total number of employees over the whole year hired by the Company for the first time.

Industry-Academia Internship and Talent Training Program

Yuan Ze University, Oriental Institute of Technology, and affiliated enterprises of the Far Eastern Group have been jointly organizing the Industry-Academia Internship and Talent Training Program since 2012 to provide practical experience for outstanding students and cultivate talents required by the Far Eastern Group. At the same time, we aim to increase the willingness of outstanding students to apply for admission to Yuan Ze University and Oriental Institute of Technology. FENC also participates in this program to recruit juniors and first-year graduate students from Yuan Ze University and the Oriental Institute of Technology as interns who later are awarded credits and certificates. The Company also searches for potential employees among these interns to whom we provide scholarships and training. Upon evaluation, identified talents are offered employment in FENC.

As of 2014, this Training Program had been organized three times. The ratio of number of applicants to job vacancies in 2013 and 2014 was 1.3 and 1.7, respectively. The ratio of number of accepted interns to job vacancies was 52% and 57%. The Industry-Academia Internship and Talent Training Program is a win-win-win project for students, universities, and enterprises and will therefore be continued in 2015.



Turnover Numbers and Percentages

		2010		2011		20	012	20	013	2014	
Category	Gender	Number	Percentage								
	Taiwan										
	Male	45	0.9%	77	1.4%	49	0.9%	72	1.3%	82	1.5%
Below 30	Female	29	0.6%	39	0.7%	35	0.6%	31	0.6%	36	0.6%
	Total	74	1.5%	116	2.2%	84	1.6%	103	1.9%	118	2.1%
	Male	68	1.3%	83	1.6%	75	1.4%	118	2.2%	133	2.4%
30-50	Female	41	0.8%	34	0.6%	38	0.7%	117	2.2%	49	0.9%
	Total	109	2.2%	117	2.2%	113	2.1%	235	4.4%	182	3.2%
	Male	33	0.7%	42	0.8%	52	1.0%	101	1.9%	68	1.2%
Above 50	Female	6	0.1%	15	0.3%	4	0.1%	53	1.0%	16	0.3%
	Total	39	0.8%	57	1.1%	56	1.0%	154	2.9%	84	1.5%
					С	hina					
	Male	2,604	26.4%	3,203	35.6%	3,241	38.5%	2,626	31.8%	2,588	32.4%
Below 30	Female	4,065	41.2%	4,073	45.3%	3,189	37.9%	2,521	30.5%	2,339	29.3%
	Total	6,669	67.6%	7,276	80.9%	6,430	76.4%	5,126	62.0%	4,927	61.7%
	Male	472	4.8%	523	5.8%	647	7.7%	589	7.1%	623	7.8%
30-50	Female	996	10.1%	1,067	11.9%	1,024	12.2%	930	11.2%	867	10.9%
	Total	1,468	14.9%	1,590	17.7%	1,671	19.9%	1,519	18.4%	1,490	18.7%
	Male	17	0.2%	21	0.2%	27	0.3%	25	0.3%	19	0.2%
Above 50	Female	4	0.0%	3	0.0%	2	0.0%	6	0.1%	7	0.1%
	Total	21	0.2%	23	0.3%	29	0.3%	31	0.4%	26	0.3%

Note: The total number of employees who left the Company during the specified year.

As for child labor issue, which is generally believed to be more serious in Chinese production sites, FENC abides by conventions No. 138 (Minimum Age Convention, 1973) and No. 182 (Worst Forms of Child Labour Convention, 1999) of the International Labour Organization, the "International Covenant on Economic, Social, and Cultural Rights" and "Convention on the Rights of the Child" adopted by the United Nations, the child labor regulations set forth in Chapter 5 of Taiwan's "Labor Standards Act," and relevant laws and regulations in China such as the "Labor Law," "Law on Protection of Minors," and the "Provisions on the Prohibition of Child Labor." The Company refrains from hiring children under the age of 15 or child labor between the age of 15 and 16. FENC is a member of the Better Cotton Initiative (BCI). The prohibition of child labor through strict hiring procedures using an ID inquiry mechanism. We likewise ensure that suppliers refrain from hiring child labor through declarations and on-site visits.



Compensation

Stable and excellent human resources are essential for the sustainable development of an enterprise. To maintain our industry leadership position, we not only recruit outstanding professionals but also maintain a firm grasp of labor market information. We also adjust salaries and benefits in a timely manner to attract and retain outstanding employees.

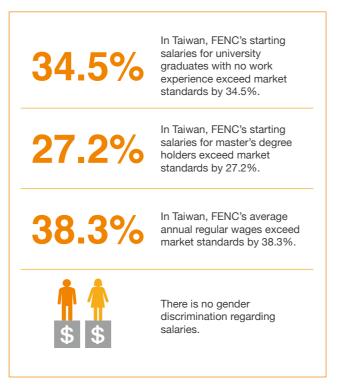
FENC places great emphasis on employee compensation and guarantees basic incomes for all colleagues through a fixed salary system. Moreover, an incentive and performancebased remuneration system is also in place, coupled with yearend bonuses calculated based on annual performance. Stockbased compensation is not provided; deferred stock or vested share policies are not in place. We did not set special regulations regarding signing or hiring bonuses for top management level The same severance pay regulations in accordance with local laws apply to both top executives and all employees with no relevant compensation claim mechanisms in place. The same retirement and welfare plans apply to all employees within the Company, whether top executives or ordinary employees.

Regarding the remuneration standard for new employees, FENC will consider market price level, areas of expertise for the job applicants, relevance of work content, and levels of difficulty of work characteristics to conduct comprehensive evaluation. If new employees have previous related work experience, or have certificates related to the positions they apply for, their salaries will be adjusted accordingly. Operation sites in Taiwan regularly participate in internationally renowned salary surveys organized by the US-based company Towers Watson to gain a firm grasp of salary dynamics and conduct regular reviews of employee salary standards with the ultimate goal of talent retention. Each company formulates "Compensation and Year-end Bonus Management Guidelines" and these guidelines are implemented upon approval by the Committee of HR Policy.

FENC ensures there is no differential treatment based on gender or sexual orientation in terms of the assignment, deployment, evaluation, promotion, compensation, retirement, layoff, resignation, dismissal, educational training, and welfare measures of employees. We have also established a performance evaluation system in which personal performance is determined based on work targets and personal contribution on an annual basis. These evaluations also serve as a basis for salary adjustments. Employees with outstanding performance are also eligible for special adjustments and promotion channels. Regarding promotion, we choose the right people and reasonably promote them. We strive to establish trust, love, and support among our employees. We emphasize the spirit of team work for the overall operational development of the Company.







Note: Data on market salary standards were derived from the 2013 employee salary and the 2014 manufacturing industry regular wage data released by the Directorate General of Budget, Accounting, and Statistics.

Salary Standards



Note:No average salary data based on employee gender is currently available for China.

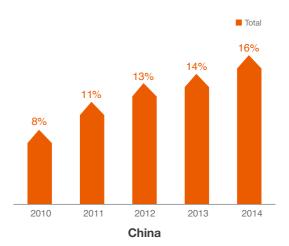
► FENC standard salaries of junior-level staff exceed minimum salaries by (%)

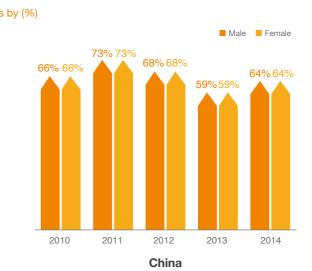


In the future, we will disclose compensation profiles for male and female employees based on positions to be able to better present male-female compensation ratios.









► Highest and Average Salaries and Salary Adjustment Ratio

Item	Taiwan	China
Total annual income ratio Highest:median	Approximately 4:1	Approximately 5:1
Total annual income increase rate ratio Highest:median	Approximately 1:1	Approximately 1:1

Employee Care

Human Rights Protection

Our employees are the foundation of our business development, for which human rights issues, especially in our production sites, are of major concern to our stakeholders. To safeguard the human rights of FENC employees, we fully implement well-formulated policies and procedures that conform to relevant laws and regulations. The Company has a comprehensive and effective management system in place to achieve this. Our human rights protection management system covers all employees. Moreover, we also require that all suppliers meet all relevant legal requirements (please refer to the <u>Supplier</u> <u>Management</u> section in the chapter titled "<u>Joint Creation of Supply</u> <u>Chain Value</u>").

Everest Textile, a subsidiary of Far Eastern Group, was the first company in the Taiwanese textile industry to adopt the SA8000 social accountability management system. This clearly reflects the Group's commitment to comply with international standards as far as the labor conditions of employees of its operation sites and suppliers are concerned, in addition to respect for human rights and conformity to requirements stipulated in national labor related laws. FENC and its suppliers refrain from using any form of forced or compulsory labor in line with the adoption of SA8000 social accountability management system and the safeguarding and emphasis on legal compliance and basic human rights. FENC fully complies with the regulations set forth in convention No. 29 (Forced Labour Convention, 1930) of the International Labour Organization and Article 5 of the Taiwan Labor Standards Act which states that "No employer shall, by force, coercion, detention, or other illegal means, compel a worker to perform work," as well as relevant regulations of the Labor Law of the People's Republic of China. Relevant pledges and declarations are as follows:

- Management rights do not impair the basic human rights of employees;
- The use of any form of forced labor is prohibited and not supported;
- Employees are not required to pay a deposit and their ID cards are not retained when they are hired
- Employees are not subjected to any form of corporal punishment, mental or physical coercion, and verbal abuse.
- · No instances of forced labor occurred during the report period.

During orientation training, new employees are not only introduced to the employee code of conducts of FENC and its subsidiaries, they also receive at least 4 hours of educational training on human rights and labor related laws and regulations. Repeated training courses on employee code of conducts and corporate values are schedule on a regular basis. At FENC. we constantly monitor human rights management in all our operation sites. For instance, we review overtime and work hour reports of all operation sites on a monthly basis. In case of irregularities, investigations are initiated by the Company headquarter. In addition, full compliance with all human rights related laws and regulations is ensured through quarterly legal compliance assessments in all sites. Investigations and tracking of improvements are implemented in case of violations. The FENC Internal Legal Compliance Review System was established in 2014, and has been implemented in all the production sites in Taiwan. The system will be extended to the Company's overseas subsidiaries in the future. Due to the fact that labor rights related laws in China are more stringent and more detailed than those in Taiwan, the overall assessment of human rights compliance by FENC will be significantly improved. Please refer to the section entitled <u>Legal Compliance</u> in this report for more details about the Legal Compliance Review System.

FENC takes account of human rights standards, provisions, and laws to include in relevant documents in an appropriate manner. For instance, the Articles of Incorporation of all China subsidiaries include a special chapter on employee hiring, labor conditions, insurance, welfare, safeguards, incentives, and union membership. If said subsidiary is a joint venture, relevant provisions are included in contracts signed with joint venture partners. When applying for investment licenses issued by competent authorities, explanations regarding the safeguarding of national labor related rights and interests are provided (e.g., payment of labor and health insurance fees, retirement reserve funds, pension contributions, and worker dismissal).

Employee Welfare and Care



FENC is fully aware of the importance of employees' cohesiveness. We not only aim to maintain a pleasant mood in our offices but also implement employee retirement planning. Retirement related matters are handled in accordance with local laws and regulations. In Taiwan, we have established the Supervisory Committee of Workers' Retirement Fund in accordance with relevant laws. In addition, we have contracted with professional consulting firms to conduct pension fund calculations at the end of every year with the goal of reviewing and monitoring the utilization of pension funds. We pay monthly contributions to individual pension accounts. The contribution ratio ranges between 2% and 6% to better safeguard the rights and interests of retired employees. For employees who choose the Labor Pension Fund (New Scheme), we allocate the retirement fund to each retirement account on a monthly basis and provide labor and health insurance coverage for our employees according to the "Labor Pension Act".

► Taiwan Retirement Fund System Ratios

Company	Percentage of Workers with Old Pension Scheme	Percentage of Workers with New Pension Scheme
FENC	35%	65%
Oriental Petrochemical (Taiwan)	54%	46%
Far Eastern Fibertech	18%	82%
Total	35%	65%

Note: New scheme percentages include workers who have transferred to the new scheme and were employed before July 2005. Local laws and regulations governing social insurance in China such as the "Social Insurance Law," "Provisions on the Administration of Declaration and Payment of Social Insurance Premiums," "Provisional Regulations on Collection and Payment of Social Insurance Premiums," and "Provisional Guidelines on Registration and Management of Social Insurance" regulate endowment, medical, unemployment, work-related injury, and maternity insurance for employees. Social insurance types and premium ratios of subsidiaries in China conform to the requirements set forth in current laws, regulations, and normative documents. All subsidiaries pay insurance premiums in full in a timely manner. In addition, all subsidiaries in China pay housing provident funds in accordance with relevant laws and regulations.

In Taiwan, we provide parental leaves in accordance with the regulations set forth in the "Labor Standards Act". In 2013 and 2014, the percentages of employees who resumed work after applying for unpaid parental leaves had a high ratio (with male employees exceeding female employees). All employees served for at least one year after resuming their duties with high retention rates. In China, the current law does not prescribe an unpaid parental leave system, and thus relevant data are unavailable.

11	Orandan	Taiwan						
Item	Gender	2010	2011	2012	2013	2014		
· · · · ·	Male	76	112	121	160	185		
Employees qualified for parental leave	Female	38	64	82	107	118		
	Total	114	176	203	267	303		
	Male	0	2	1	2	1		
Actual applicants	Female	5	4	10	9	13		
-	Total	5	6	11	11	14		
	Male	0	1	1	1	1		
Employees who actually resumed work	Female	4	5	6	6	7		
-	Total	4	6	7	7	8		
Employees who served for	Male	0	0	1	1	1		
one year after resumption	Female	1	3	2	6	6		
of work	Total	1	3	3	7	7		
	Male	-	50%	100%	100%	100%		
Work resumption rate ^{*1}	Female	80%	100%	75%	86%	88%		
-	Total	80%	86%	78%	88%	89%		
	Male	-	-	100%	100%	100%		
Retention rate ²	Female	50%	75%	40%	100%	100%		
-	Total	50%	75%	50%	100%	100%		

Note:

*1 Work resumption rate = Actual number of employees who resumed their work /Number of employees who were due to resume work *2 Retention rate = Number of employees with at least one year of service after resumption of work /Number of employees who resumed work in the previous year



A large number of employees in FENC plants in China come from other cities and live in dorms away from their families and children. In consideration of employee needs, Oriental Industries (Suzhou) allows family visits and reunions every winter and summer vacation to strengthen family bonds. Employees who live in dorm rooms designated for couples may submit applications for reunions with their children in the dorm. While the parents are at work during the daytime, dorm management personnel take care of the children and organize group recreational activities.



FENC has also established an Employee Welfare Committee and all benefits in Taiwan are paid in accordance with statutory contribution rates. 0.5% of salaries, 0.05% of total revenues, and 20% of the revenue from the sale of waste are allocated for the organization of various welfare activities for all employees. In general, workers' unions and employees determine expenditure allocations for sub-committees of the Employee Welfare Committees in all plants. This includes regular organized travel, hiking, and club activities as well as health checks, scholarships, monetary gifts, and insurance. In addition, we provide group life insurance, medical insurance, and disability insurance coverage equivalent to 24 months of salary for all employees at the Company's expense. As for the employee bonuses at the end of each year, according to our Articles of Incorporation, FENC also allocates 4% of the corporate net income as a bonus expense for employees.

In China, benefits are paid by unions. Additional benefits include subsidies and monetary gifts (birthday, wedding, childbirth, hospital visits, funerals), holiday benefits (red envelopes and gift coupons), medical benefits (health checks, gynecological examinations, and medical services for single children), and transportation, food, accommodation, and travel discounts. Actual benefits and specifications slightly differ between individual subsidiaries.



Motivation and cultivation

- Recognition of model workers
- Dorm cleaning contest
- Fire prevention sports meet
- Shift leader outdoor development camp
- Speech contest on safety
- Chinese-language education for foreign workers

Fun

- · One-day trip for foreign workers
- Carnival game
- Watermelon eating contest
- Martens Beer Drinking Contest
- Annual trip
- Dumpling wrapping activity
- "Fragrant Rice" agriculture team

Health

- Pedometer competition
- Spring Festival Long-Distance Race
- Hsinchu County Annual Labor-Management Sports Meet
- Body-building contest
- FENC Cup Marathon Race
- Basketball tournament
- Soccer events
- Billiard tournament

Badminton tournament of Far Eastern
 affiliated enterprises

2014 Employee

- "Passionate Summer" cycling contest
- Tug-of-war tournament
- Relay race
- Fun sports meet
- Slow-pitch softball tournament
- Fishing tournament
- Table tennis tournament

Interest

- Handicraft Competition
- "I am a Karaoke Star"
- tournament
- "Happy 80-point" card game
- Gobang tournament

Culture and celebrations

- Christmas dance activity/ Christmas evening mass
- Birthday parties
- Year-end dinner in plant areasYear-end banquet scheduled
- performances
- Women's Day (March 8) activities
- Moon Festival BBQ

Family

- · Family Day activity
- · Family friendship activity
- · Family hiking activity

FENC currently employs over 1,000 foreign workers whose base salaries conform to relevant laws and regulations. We organize a large number of activities and non-periodic communication meetings for our foreign employees to provide them leisure and comfort while working in a foreign land. The Neili Texturizing Plant was honored as an "Outstanding Employer of Foreign Workers" in 2014.



Care for Foreign Employees

Activity	
Kitchen facility maintenance operations	The kitchen facilities in plant zones allow foreign wo were outdated and simple. They were therefore renor also been equipped with fume exhausts, overcurren safety. Upon renovation of said facilities, the usage food without leaving the dorm areas.
Christmas mass and banquet	Christmas and New Year are the main annual festiva foreign workers that the plant views them as part of colleagues.
Prayer room activity	A priest is invited to the dorm every month to give s serve as the church chairman in charge of schedule
Basketball competition	Basketball is very popular in Philippines and is view to their dorms after work, they can exercise to main an annual basis. The winners are honored and prese
Group recreational activities	Foreign workers mostly stay in their dorms on non-v employees a deeper insight into Taiwanese culture, foreign workers during off-work periods. We also or well as group trips to Leofoo Village Theme Park, W
Chinese language learning	We organize Chinese language courses. These regu colleagues. The teaching materials focus on actual e administered. The communication skills of our foreig able to use simple daily conversation patterns at wo and build friendships. This has the additional effect
Health seminars	A total of 10 health seminars were held in 2014 with to liver functions, hepatitis prevention, metabolic syn diseases. Health counseling was also provided.

Because certain production sites are located in remote industrial areas where workers work on shifts, we have to show them greater care and concern. Not only showing concern for employee perceptions at work, we must also take account of their leisure needs after work. We thus aim to enhance work environments and provide more comfort in dorms through improvement of facilities. In addition, we conduct regular annual evaluations of dorms and staff canteens to gain a better understanding of employee needs and to implement corresponding improvements.





Content

orkers to cook their own culinary delicacies. However, the kitchen facilities novated to increase their usage rate and safety. The kitchen facilities have ant protection devices, and electricity leakage breakers to guarantee electrical e rate increased considerably, enabling foreign workers to cook their native

vals for foreign workers. A special evening banquet was organized to show of the family. It was a chance to get together and build friendships with

sermons and hold Bible study sessions. A foreign worker is designated to e arrangement.

wed as the national sport by Filipino colleagues. After foreign workers return ntain excellent health. We also organize 4-month basketball tournaments on sented with trophies and monetary rewards at the annual Christmas banquet.

-working days, and their lives tend to be dull and monotonous. To give foreign , customs, and the lives of the locals, we arrange trips to scenic areas for rganize cultural, artistic, and dance performance appreciation activities as Vindow on China Theme Park, and Green World Ecological Farm.

ular weekly sessions enable foreign workers to communicate with their I examples from daily life and work. At the end of every term an oral exam is ign workers greatly improved due to this educational training. They are now vork and are therefore able to intensify their interactions with local employees t of boosting cultural exchanges.

h topics ranging from hearing protection and noise damage prevention yndromes, cancer, hyperlipidemia, as well as cerebral and cardiovascular

Dorm evaluation

FENC has formulated Dorm Evaluation Guidelines to ensure more effective management of dorm areas in all plants, to provide employees with high-quality accommodations, and to achieve the effect of mutual learning and progress. Evaluation targets consist of the dorms in all plant areas in Taiwan and China. The director of the Secretarial Department of the parent company serves as the convener and forms an evaluation team composed of personnel in charge of operations of the parent company, dorm management supervisors and personnel in charge of operations at the plants. On-site inspections of facilities are conducted and scores are awarded on an annual basis. The results from the inspections and employee satisfaction surveys are compiled in reports to promote positive competition.

Hardware items	Software items	Employee life satisfaction surveys
 Data on available dorm space per person Basic dorm facilities (environmental sanitation, air conditioning, dorm rooms, recreation, safety and fire prevention monitoring, and kitchen facilities) 	 Safety management for dorm personnel (such as availability of suggestion boxes and handling of suggestions) Meal management (such as convening of regular meetings, evaluation of food quality) Environmental beautification and safety (such as organization of regular dorm cleaning contests) Club activities 	 Management services Environmental cleanup Dorm room facilities Bathroom facilities Meal quality Recreational activities Safety equipment



Improvement of hardware facilities at Far Eastern Industries (Wuxi)

Far Eastern Industries (Wuxi) renovated its dorms in 2013 to enhance the living environment of employees and provide them with better rest and sleep quality. A new central canteen was established in 2014 to improve the dining environment. In addition, Far Eastern Industries (Wuxi) constructed a brand-new recreational center that houses a restaurant, cafeteria, cinema, fitness room, Internet café, and sports facilities (completed in 2013). This center provides recreation and leisure for employees, enriches their off-duty lives, cultivates and refines their minds, and strengthens their team spirit. Our goal was to create a work climate characterized by solidarity and harmony.



Implementation of health-promoting activities from the Headquarter

The Health Promotion Administration of the Ministry of Health and Welfare has implemented the Health Workplace Accreditation Program to encourage enterprises to provide employees with a healthy work environment and thereby fulfill their social responsibility. The Healthy Workplace Accreditation Program is divided into three certifications. FENC acquired the Health Initiation Label in 2013 and the Health Promotion Label, which represents the highest recognition, in 2014.

We implemented the following health promotion activities in 2013 and 2014: Encouragement of employees to use the stairs instead of the elevator, health weight management contests/seminars and smoking cessation seminars, and healthy swimming activities in the hope of lengthening the lives and improving the health of our employees.

Our subsidiaries in China utilize the information system and app of Far Eastern New Mobile Enterprise Network "Ateam +" to provide comprehensive care for employees and enhance their overall work efficiency and work quality. The Far Eastern New Mobile Enterprise Network was developed and set up by Shanghai Yuanzi Information Technology Limited, an affiliate of FENC. It is an innovative corporate information platform that combines employee concerns and needs with mobile communication technologies. In December 2014, FENC was the only Taiwanese-owned company to be honored with the 10th Annual ITGM Award-Organization and Leader at the Future-S China IT Governance and Management Conference jointly organized by the Shanghai Information Center and Shanghai Information Training Center Training Leader.







lame	Content
	 Notification of restaurant seating conditions by smartphone before meals.
n	 Real-time positive feedback for different dishes. Automatic statistics generated by the system help chefs gain insights into how popular the different dishes are. This helps them design menus that better suit the palates of their colleagues.
	 Prevention is better than cure. Computer health checks are conducted with a focus on safety loopholes and user privileges to increase employee satisfaction levels.
em	 Department executives monitor the overall status of computers based on provided health check data.
ent	 Provides easy access to information on personnel movement, resource utilization (dorm beds, supporting facilities), costs and expenditures (bathrooms, electricity, meals), as well as security and safety (entry/exit controls).
	 Integrated access control, dining, water control, and manpower resource system provides real-time information.
	Users are able to check public vehicle schedules to catch a ride.
icle	 After online application, vehicles are dispatched and users are provided with vehicle number and driver information.
ent	Mileage and fee statistics analysis.
	Satisfaction feedback to improve service quality.
g" ning	 Provision of online courses to allow employees to attend educational training and take exams anytime combined with a cloud platform for data sharing.
	 This 5S (sort, set in order, shine, standardize, sustain) management system originated in Japan and mainly focuses on an effective management of key production factors including personnel, machines, materials, and methodology.
	 Constant operational improvements and a pleasant and safe work environment are promoted through the adoption of PDCA concepts.
	 Manages internal authorizations, reduces authorization risks, and allows timely identification of suspicious activities.
tform	Enhances the effectiveness of external audits.
ews	 Industry-related news are received on a round-the-clock basis, relevant news may be defined independently, and statistics are generated automatically for hot news topics.
	 This system, compatible with smartphones, tablets, and computers, greatly enhances user convenience.
ation	 Available features include real-time communication, mobile PUSH messages, offline reception, historical data inquiry, and group communication.
ation n	This system, compatible with smartphones, tablets, and computers, greatly enhances user convenience.

Labor-Management Communication

FENC abides by regulations set forth in conventions No. 87 (Freedom of Association and Protection of the Right to Organise Convention, 1948) and No. 98 (The Right to Organise and Collective Bargaining Convention, 1949) of the International Labour Organization and Taiwan's "Labor Union Act" and "Collective Agreement Act." All employees enjoy the freedom to form associations or join labor unions. These organizations may conduct collective bargaining in accordance with relevant laws and regulations. The Company does not in any form intervene in the establishment, operations, or management of organizations or collective negotiation systems. No violations of the right of freedom of association and collective bargaining occurred during the report period.



Corporate unions have been established in every FENC plant to enable employees to exercise their rights to freedom of association and collective bargaining. A collective agreement has been signed with union organizations. The bargaining channels between the plants and unions are transparent and open. We firmly believe that unions represent the views of our employees on labor-management issues. Mutual relations can be effectively enhanced through labor-management communication initiated by unions, which in turn allows the creation of a work environment that meets workers' expectations. Unit managers also attend regular union meetings to listen to feedback of workers. They convey and process this information in an appropriate manner. During regularly organized labor-management meetings, employees are encouraged to express opinions and provide suggestions to labor representatives who initiate negotiations with management in labor-management meetings. Although Far Eastern Fibertech has not established a union, labor-management relations are harmonious. Regular labor-management meetings are convened on a quarterly basis and meeting minutes are made public.

► Current State of FENC Union Organizations

				2013		2014		
Location	Co	ompany/Plant	Years of Establishment	Number of Members	Employee Ratio	Years of Establishment	Number of Members	Employee Ratio
		Hsinpu Chemical Fiber Plant/ Kuanyin Chemical Fiber Plant	37	2,117	97%	38	2,204	94%
.	FENC	Kuanyin Dyeing & Finishing Plant	54	134	84%	55	152	87%
Taiwan		Neili Texturizing Plant	37	257	94%	38	261	97%
		Hukou Mill	24	478	97%	25	469	97%
	Oriental Petrochemical (Taiwan)		15	228	78%	16	231	75%
		astern Industries (Shanghai)	6	1,355	98%	7	1,457	99%
		n Far Eastern New Material Ltd.	6	175	100%	7	171	100%
	Oriental	Industries (Suzhou)	6	1,140	100%	7	1,172	100%
China	Far Eastern Industries (Suzhou)		7	176	93%	8	171	97%
Giilia	Far East	ern Industries (Wuxi)	6	247	100%	7	267	100%
		Eastern Dyeing & ishing (Suzhou)	5	841	100%	6	899	100%
	Far	Eastern Apparel (Suzhou)	9	3,005	99%	10	2,593	99%
		tal Petrochemical (Shanghai)	3	247	100%	4	241	100%

Note: No union has been established at Far Eastern Fibertech.

We highly value and carefully pay attention to the voice of our employees while we promote labor-management communication through various mechanisms. In addition to regular labor-management meetings in all plants, we also utilize performance management meetings to explain and discuss the state of Company operations and relevant targets to employees and employee representatives. In case of major operational changes, employees and employee representatives are informed of major resolutions of regular board meetings, the operational review committee, performance review meetings, and the HR Policy Committee in regular plant meetings. Prior to implementation of major operational changes that have a potential impact on employee rights, we issue appropriate notifications in accordance with relevant laws and regulations. No major operational changes seriously affecting employee rights occurred during the report period.

Location	Regulations on Adv
Taiwan	Pursuant to the regulations set forth in the "Labor Standards Ac notice period prior to the termination of labor contracts is detern than three months but less than one year, the notice shall be give than one year but less than three years, the notice shall be giver three years, the notice shall be given 30 days in advance. Releva FENC "Employee Layoff Guidelines" and Far Eastern Fibertech's
China	Pursuant to the regulations set forth in China's "Labor Law," em regulations have already been incorporated into internal manage of Oriental Industries (Suzhou), Far Eastern Apparel (Suzhou), Fa Dyeing & Finishing (Suzhou). This clearly indicates that the Com approval by the union to safeguard the rights and interests of wo

We have established multidimensional communication channels to enable employees to voice their opinions and grievances about human rights and labor practices in a prompt and smooth manner. We utilize different methods to inform employees about the operating mechanisms of these channels such as orientation training for new employees and through the formulation and announcement of internal guidelines and procedures. For instance, Far Eastern Apparel (Suzhou) educates new employees on grievance management guidelines during orientation training and explains grievance mechanisms in case of dissatisfaction with administrators in the areas of environment, compensation, and diets or harassment and abuse at work or in their daily lives.

Departments in Charge of Processing	Communication Channels
 Executives at all levels Human Resources Department Audit Department Production Department Plant Directors Industrial unions Competent units (e.g., Occupational Safety and Health Center, Occupational Safety and Health Administration, and Bureau of Labor Insurance) 	 Worker suggestion boxes Confidential hotlines Hotlines Dedicated e-mail accounts (such as mailbox of the President or Department) Workers'Congress Oral grievances Written grievances

FENC conducts investigations for each grievance after which it informs grievants of the results after review by all levels in a prompt manner. Grievance and investigation records are properly filed. In general, grievances are filed orally to employee representatives or immediate supervisors. However, employees may file written grievances to higher management levels if they are not satisfied with the handling procedures or the grievance to even higher executives. Grievances may also submit to HR or other relevant units by phone hotline, e-mail, or letter. Subsidiaries in China frequently install physical mailboxes in plants and publicly respond to voiced grievances on a regular basis. If employees wish to file grievances regarding cases of non-compliance with behavior or moral standards, confidential hotlines are available at certain subsidiaries, thus providing grievant employees with full protection against any form of reprisal.



Ivance Notice Periods for Layoffs

ct" and the "Act for Worker Protection of Mass Redundancy," the minimum rmined by service times: Where a worker has continuously worked for more iven 10 days in advance. Where a worker has continuously worked for more en 20 days in advance. Where a worker has continuously worked for more than vant regulations are listed in internal management documents such as the n's "Work Regulations".

nployees must be notified in writing 30 days prior to being laid off. Relevant gement documents of subsidiaries such as Article 9 of the Employee Handbook Far Eastern Industries (Wuxi), Far Eastern Industries (Suzhou), and Far Eastern mpany must notify employees 30 days prior to such termination and obtain workers.



In addition to general grievances, we also place great emphasis on gender equality in employment. We have formulated measures as well as grievance and disciplinary rules for the prevention of sexual harassment at the workplace. Relevant procedures are also in place. Grievant employees can submit their complaints to Department executives, HR units of plants or Human Resources Department in oral or written form. Grievances may also be filed by phone prior to written submission within 3 days if deemed necessary. Processing units must create records and form investigatory teams within 3-5 days for the initiation of investigation. Investigation teams are composed of Human Resources Department personnel and three male or female staff members of the Audit Department, the Legal Department, and other non-involved units. Female members should account for at least 50% of the team members. When votes are held, there must be a guorum of at least 2/3 of all team members in attendance and resolutions require the approval of a majority of attending members. Investigations must be concluded within two months after receipt of the grievance.

A total of 20 labor-related grievances were filed during the report period. All of these grievances have been fully resolved. No human rights related grievances were filed during the report period.

Career Development

Educational Training

We firmly believe that our employees are our most important assets. Through the training of outstanding employees we will enhance our competitiveness. We are therefore fully committed to talent cultivation and the strengthening of skills required at the workplace. Prior to the enactment of the Occupational Training Act in 1973, FENC had already established an Occupational Training Center (hereinafter referred to as "Training Center"), which was officially renamed as the Human Resource Development Center in February of 2008.

The establishment of the Human Resources Development Center demonstrates our dedication to talent cultivation. Initially, we provided business and factory administration related management skills training for our co-workers. In response to the rapid expansion of the petrochemical, polyester, and textile business, we actively organized professional technology courses to train professionals in all required fields. In the face of a turbulent global economy, the Human Resources Development Center has always been committed to establishing a learning organization with the goal of creating a win-win scenario of simultaneous growth for both the enterprise and its employees.

The Human Resources Development Center participates in the operations review meetings and industrial strategy meetings of the Company to ensure that training plans conform to corporate strategy requirements. In addition to reports on annual training and development results, meetings also provide a chance to better understand the operating conditions of all business units. This serves as a main reference for the planning of future training and development. The competitive advantage of employees is enhanced and a comprehensive training system is established in accordance with the corporate mission, all in line with the overall operational strategy.



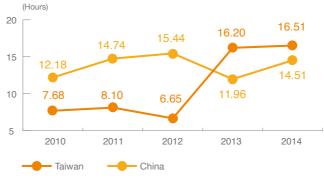
Orientation training, multi-competency training, and external training can be divided into the following three categories based on the nature of the course:

Type of Course		Description		
Organized by the	Basic course	Basic courses for employees (such as orientation training) and courses organized in accordance with corporate strategy requirements.		
HR Development Center	Commissioned and public training	Each department submits applications to request the HR Development Center to organize courses. Upon identification of needs on an annual basis, the HR Development Center organizes and offers public courses which may also be attended by employees of affiliated enterprises.		
Self-organized training	Courses organized by plants and units in accordance with their own needs with a focus on technology, operation, and factory management oriented courses.			
External training	External training focuses on facilitation of communication and is organized by subsidiaries on a regular basis.			

The HR Development Center keeps employees' training records. These archives are used for future queries on training records, which also appear in performance evaluation charts as an important reference for performance appraisals by supervisors. We place great emphasis on training results, and have designated personnel to monitor every session so as to ensure the quality of training. Course satisfaction surveys are administered after courses to get an understanding of trainees' response. Trainees are also further required to fill out action plan forms in some courses to ensure that employees utilize what they have learned in the practice. Personal development or performance appraisal guidance plans are currently implemented at the manager and deputy manager level or above for a better insight into the competency performance and future development of employees. These plans are jointly formulated by supervisors and subordinates and serve as a reference for the arrangement of training courses for employees by the HR Development Center.

The Human Resources Development Center mainly focuses on course planning to meet the training demands of FENC itself. Subsidiaries such as Far Eastern Fibertech and Oriental Petrochemical (Taiwan) plan their own training courses. Subsidiaries also have the option to participate in relevant courses through the public training course mechanism. An electronic system of educational training data is currently being discussed to facilitate the circulation of training materials among subsidiaries. In the future, statistics on the average number of training hours will be broken down by gender and disclosed accordingly.

Employee Training Hours

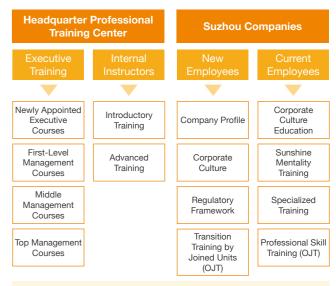


Employee Training Hours

										Unit: Hours
Item -	Taiwan				China					
item	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Employee average training hours	7.68	8.10	6.65	16.20	16.51	12.18	14.74	15.44	11.96	14.51
	Average Training Hours for Different Employee Categories									
Executive vice president and above	5.77	4.52	1.46	4.81	11.77	12.80	12.62	12.62	12.62	19.08
Senior vice president	9.39	8.11	11.90	8.11	33.81	13.46	14.00	12.00	11.69	17.54
Manager/Deputy manager	16.20	6.89	4.78	12.13	24.23	13.68	16.32	13.24	15.13	19.00
Regular employees	7.14	8.20	6.85	16.62	15.84	12.15	14.71	15.49	11.89	14.39



► Far Eastern (Suzhou) Operational Headquarter Training System

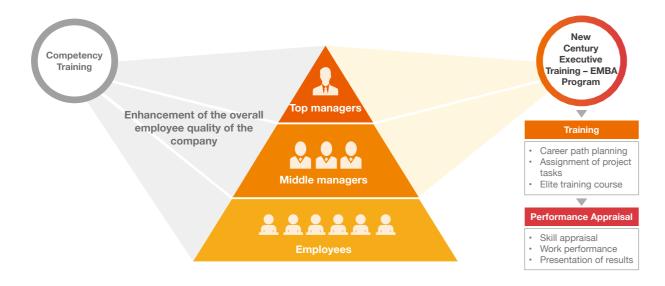


Guided Learning System: Public Courses + Training Resources + Books + Newspapers & Magazines

Unit: Hours

Generation of Employee Passion

► FENC Talent Development Programs





In response to the readjustment and revision of the FENC performance appraisal system in 2013, a total of 13 competencies required for each level have been formulated. The Human Resources Development Center and Yuan Ze University have jointly developed competency training courses to establish consistent ways of thinking on the part of employees. By the end of 2013, 12 management-level courses had been designed; managers/deputy managers and section chiefs were successively assigned to attend these courses. By December 2014, a total of 16 and 14 courses had been offered for managers/deputy managers and section chiefs, respectively. Managers/deputy managers and section chiefs attended an average of 1.5 and 1.4 courses per person, respectively. In extend of the competency training plans in 2013, another 11 competency courses were designed for non-management levels in 2014. The planning of the 23 courses for the 13 identified competencies has already been completed. In 2015, relevant courses will be offered successively. The competency training for manpower at all levels of the Company is expected to be completed (gradually) within the next three years.



New Century Executive Training – EMBA program FENC also places great emphasis on the cultivation of potential employees and aims to ensure rapid development of employees showing great potential and exceptional performance through comprehensive educational training, which consists of theoretical instruction, passing on of experience, and analysis of practical examples. We strive to transform these employees into outstanding leaders in the different business units to help bringing FENC to new heights. Our talent cultivation program mainly relies on Far Eastern Corporate University and the New Century Executive Training – EMBA program.

Far Eastern Corporate University integrates various educational resources and practical case studies originating from the Far Eastern Group and Yuan Ze University to design comprehensive lifelong learning programs that are in line with corporate demands and employee career planning. The EMBA degree and credit programs were officially launched in 1999 and a series of management skill programs is offered on an annual basis. This is done while taking into consideration the needs of managers at different levels in improving relevant skills and cultivating management talents at each level. We see this as an answer to the expanded manpower needs of up- mid- and downstream segments of the Company. We aspire for a perfect alignment of talent management and corporate strategy development to enhance corporate management and overall competitiveness. Between 2005 and 2012, we successively launched the Far Eastern Group Top Executive AMP Program, the Mini MBA Program, and the Corporate Case Study Seminar Series for personnel at different levels with a view to strengthen understanding of the organization and the environment on the part of executives and enhance core professional abilities that are required for management positions. In addition, we also provide project-oriented training for different departments in line with organizational needs. For instance, we have adopted KPI and goal management training courses to facilitate the achievement of FENC strategic goals. We also support the improvement of performance management systems and timely training of cross-disciplinary professionals and increase multi-skill training courses and systems to ensure operational goal achievement.

In 2013 and 2014, we carefully selected various courses from the entire curriculum for an elite program taking place in the Taiwan, Suzhou and Shanghai production sites to strengthen strategic positioning and management competencies of executives at the level of deputy managers or higher. To build an evolving talent pool to cultivate team leaders over the next five to ten years, head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments of candidates for their mode of thinking, ability to work with others, and resilience potential. A list of candidates is then presented to Far Eastern Talent Selection Committee for review, after which the committee then submits the list to the Vice Chairman or Chairman for approval.

The New Century Executive Training – EMBA program consists of 16 training courses. Each course lasts around two months, with the total program lasting about two and a half years. This training process serves to provide the training and the experience required to cope with the demands of a "Senior Vice President" position. To cover both theoretical and practical applications, the course uses the case-study method. The Center retains well-known university professors to teach theoretical issues and applications, and invites industry experts to share their insightful practical experiences. The objectives are to cultivate supervisors' decision-making, problem-resolution, and thinking abilities, build a company talent echelon, and establish a talent pool to better respond to developmental needs in the future. A condensed version of the program is also available to give supervisors of training participants a clear understanding of the training program contents. In addition, the effectiveness of the program was assessed with the Kirkpatrick four-level training evaluation model.

Course satisfact course contents not course contents
 The results of th adjustment.
Learning assessm and application co results by each un
Through the design strategy deployment
Through the assig strategy formulation



Contents

tion surveys are conducted to determine satisfaction levels of trainees with regard to s, instruction methods, teaching materials and facilities as well as assess whether or tents meet intended objectives.

he analysis of satisfaction questionnaires also serve as a reference for future course

nent are designed for observations and evaluations of the level of effort and analysis conditions of every participant, which in turn facilitates the determination of learning nit after the course.

ign of action plans for courses, the course contents are transformed into corporate ent and are implemented in daily operations.

gnment of operations, physical reports (such as production and marketing analysis, ions etc.) are created to allow a review of learning results and application effects.

Performance Evaluation

The categories of employee evaluation at FENC include: probation evaluation, normal evaluation, project evaluation, and annual performance evaluation. Employees who have been in the Company for at least one year must attend. Annual performance evaluations assess attendance records, level of participation in educational training, leadership, self improvement, work abilities and performance in a comprehensive manner. This is followed by salary adjustment and promotion assessment. Major contributions and mistakes may be reported to the President for approval at all times, and employees with exceptional performance are eligible for special salary adjustments during the year.

Generally speaking, performance evaluations are conducted on an annual basis. Employees are requested to self-assess their work performance before the actual performance is determined following an interview with their supervisors. Work performance and annual performance bonuses are linked to past salary adjustment ratios while performance evaluations also serve as a main reference for promotion or dismissal.

FENC Annual Performance Evaluation System

Evaluation Item	Proportion	Content
Work performance	70%	Employees self-assess their performance which is then evaluated by their supervisors based on the five indicators of "amount of accomplished work," "work quality requirements," "work efficiency," "work results," and "reaction speed".
Competency	30%	Non-management and management-level competency items are clearly distinguished and the level of day-to-day competency of employees is determined by their supervisors (this item is assessed by their direct supervisors).
Personal development or performance coaching plan	-	Supervisors assist employees in the development of learning and training plans for the enhancement of their personal work ability or improvement of their work performance through in-depth interviews. This item is jointly completed by the evaluator and the evaluatee.

The contents of annual performance evaluation of FENC and its subsidiaries are based on the same spirit and framework. However, minor differences exist in assessment items and the corresponding proportions. For instance, behavioral indicators account for 30% of annual performance evaluations at Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai), while work goals set at the beginning of the year make up 70%. The subsidiaries in Suzhou and Wuxi have formulated their own Employee Performance Evaluation Management Guidelines, in which evaluations are conducted on a biannual basis. This includes assessment interviews and communication between supervisors and employees about work assessment conditions, goal development plans, and training and development demands.

In Taiwan, all employees with at least one year of service are required to undergo annual performance evaluations except for internship and foreign workers. In China, annual performance evaluations are conducted for regular employees, while monthly performance is reflected in bonuses for the current month awarded to onsite operators. Annual performance evaluations were completed for all employees required to undergo such evaluations in Taiwan and China during the report period except for employees who have resigned or are on maternity leave.

Realization of Co-Prosperity with Society



Highlights of Corporate Engagement 101

Highlights of Foundation Events 102

Realization of Co-Prosperity with Society



Since its inception, Far Eastern New Century has participated in social activities in two ways. Firstly, companies and production sites give back to their local communities and contribute to society by utilizing their core corporate capabilities or resources. Secondly, the Company has established non-profit organizations through its own funds and donations such as the Far Eastern Memorial Foundation (Far Eastern Memorial Foundation) and the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation (the Y. Z. Hsu Memorial Foundation). More far-reaching and comprehensive contributions are made in the fields of environmental protection, technology, sports, education, and culture through our cash donations. A large number of activities are organized for the general public on an annual basis to promote diverse social development, show concern and provide resources to groups in need.

List of Cash Donations

	Unit: NT\$
Donation Beneficiary	2013
Far Eastern Memorial Foundation, Y. Z. Hsu Memorial Foundation, and Yuan Ze University	128,694,755
New Frontier Foundation	1,000,000
Zephyr Foundation	10,000,000
National Chiang Kai-shek Cultural Center	400,000
Others (sponsorship of New Life Association, Association for the Blind, and Fire Prevention Friendship Association in Hsinchu County)	335,000
Chinese Foundation for the Prevention of STD and AIDS (charity donation by Coca-Cola China)	386,320
"True Compassion" home for the disabled in Mudu, Wuzhong District, Suzhou, China	144,870
Communities and religious groups	106,172
Total	141,067,117

		Unit: NT\$
Community Engagement Funds	2013	2014
Social concern (disadvantaged groups)	1,967,600	60,595
Neighborly relations with communities and local contributions	376,758	464,950
Sports activities	10,000	10,000
Emergency and disaster relief	2,000	2,000
Others	223,160	1,062,990
Cash donations	141,067,117	103,403,186

	Unit: NT
Donation Beneficiary	2014
Far Eastern Memorial Foundation, Y. Z. Hsu Memorial Foundation, and Yuan Ze University	98,407,430
Government agencies (Cultural Affairs Bureau of the Hsinchu County Government and Social Affairs Bureau of the Kaohsiung City Government)	4,000,000
Others (sponsorship of New Life Association, Association for the Blind, and Fire Prevention Friendship Association in Hsinchu County)	688,000
"True Compassion" home for the disabled in Mudu, Wuzhong District, Suzhou, China	122,975
Communities and religion groups	184,781
Total	103,403,186

Highlights of Corporate Engagement

Region	Company/Production Site	
	FENC	Past-season kids wear samples were donat a total value of NT\$ 120,000 were donated b
Taoyuan City, Taiwan	 FENC Kuanyin Chemical Fiber Plant and Kuanyin Dyeing & Finishing Plant Far Eastern Fibertech 	Participation and donation of NT\$ 120,000 f
/uan	EENC Kuopyin Dyoing 8	· Continued assistance in the maintenance
Suzhou, China Hsinchu City, Taiwan	FENC Kuanyin Dyeing & Finishing Plant	Assistance in the maintenance of traffic sa
		In-kind donations to the Cao Lei Fire Briga
, Taiwan	FENC Hsinpu Chemical Fiber Plant	 Establishment of a devoted service team of a devoted service team of a devoted service team of a devoted service administration of Jianshi Township. In November 2013, the team participate Hengshan Precinct. (donated food was of the Preurary 2014, 30 colleagues participate Hsinpu Return of the Dragon King" and maintenance tasks. The team received a service of the previous service team received a service team of the team received a service team of te
		 by the Hsinpu town mayor. » In June 2014, 57 colleagues provided st
Hsinch		 In August 2014, 18 colleagues provided at Appreciation Plaque from the County Co
		Organization of the 5th and 6th Far Easter through road running activities. A total of 5
		Social relief donations of NT\$ 36,000 in 20
	FENC Hukou Mill	 Engagement in road adoption since 2011 environment, visually appealing facilities, a
uzhou, China	 Oriental Industries (Suzhou) Far Eastern Dyeing & Finishing (Suzhou) Far Eastern Apparel (Suzhou) 	 Organization of Sports Day to share the jo Total donations of 55,000 RMB to the Hor In 2014, Oriental Industries (Suzhou) and I Charity Foundation to donate 20,000 RME District. These funds subsidized the educi: Eastern Dyeing & Finishing (Suzhou) recei Oriental Industries (Suzhou) has been sele safety, management, and services in coop university officially established an Employ
S	Far Eastern Industries (Suzhou)	 Annual blood donation activities In 2013, the "Charity donation and enviror Elementary School. Employees were enco purchase stationery, books, and sports su books were donated. Guided visits of gree day of the donations.
Wuzi City, China	Far Eastern Industries (Wuxi)	 Reconstruction work in areas affected by Morakot in Taiwan, and the Qinghai Yushu employees participated via the Red Cross The union provides subsidies to financially 18,000 RMB was provided in 2013 by the
	Oriental Petrochemical	 Donations of 40,000 RMB and 20,000 RM Brigade. In June 2014, the Company joined the Tair
Shanghai, China Wuzi City, Chir	(Shanghai)	responsibility of employees and the enterp promote sustainable development of the e and September 2014, the Company partic organization of the third conference in Chi
	Far Eastern Industries (Shanghai)	The Information Department (Shanghai Yuar Information System for School Children (e-C Government for the Children's Fund medica the age of 0 and 18 is applicable to over 2 m 400 hospitals in the 17 county-level adminis every month. E-Care enables service units t transparent account settlement and reimbur and timeliness of the Children's Fund. E-Car an important part of the e-government affair medical insurance system. A crystal trophy



Contents

tted to poor, disadvantaged children and children's homes. A total of 1,300 items of between 2013 and 2014.

for the Taoyuan Marine Music Festival in 2013

- e of the environment surrounding the plant area safety around the plant during peak hours
- gade of Kuanyin Township and related activities
- which participates in and provides assistance to community activities: icipated in the "Love and compassion" activity organizes by the tribal police
- ed in a winter charity activity titled "Warmth in the Bitter Cold" organized by a distributed by the Precinct)
- ipated in a street parade titled "Lantern Celebration of the Sky Mending Day in d provided assistance in traffic management, environmental hygiene, and safety a letter of appreciation from the Hsinchu County Commissioner and was awarded
- street-sweeping services in the Wenshan Community in Hsinpu. red and participated in the Hsinpu Hakka Yimin Culture Festival and received an Commissioner.
- ern New Cup Marathon in 2013 and 2014 to promote exercise and physical activity 5,601 and 4,197 persons participated in 2013 and 2014 respectively.
- 2014
- 1 with an annual expenditures of NT\$ 40,000 to ensure cleanliness of the and improved traffic safety through equipment maintenance and upgrade.

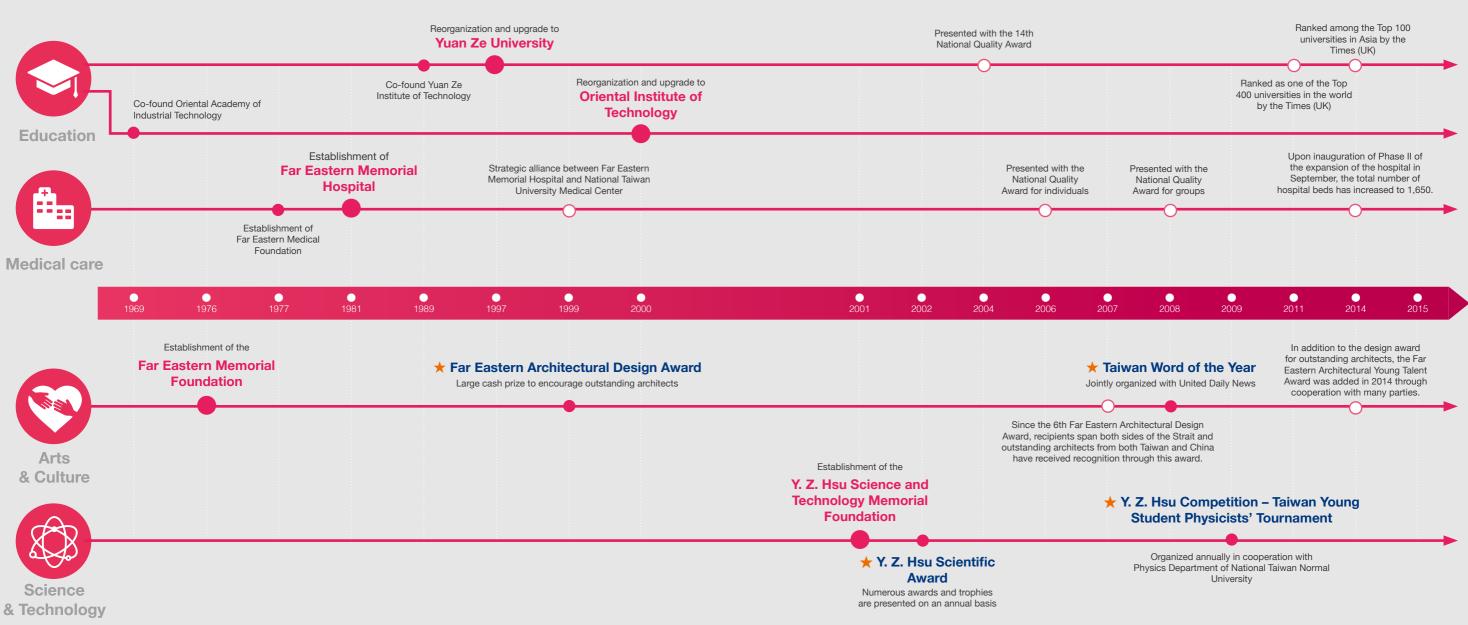
joy with the community

- ome for the Disabled in Mudu, Wuzhong District in 2013 and 2014
- d Far Eastern Dyeing & Finishing (Suzhou) jointly commissioned the Suzhou Wuzhong //B to the Yinhu "Dream Realization" Charity Fund on Guo Xiang Street in Wuzhong (cation of financially disadvantaged children. Oriental Industries (Suzhou) and Far eived a compassionate enterprise medal for these educational subsidies in 2014. electing outstanding graduates for internships in the field of production, environmental operation with Suzhou University of Science and Technology since 2010. In 2013, the syment and Entrepreneurial Base at Oriental Industries (Suzhou).
- conmental protection" activity was organized for children enrolled at Suzhou Rainbow couraged to donate items for a charity sale and the funds raised were used to supplies for the children. A total of 61 stationery items and sports supplies and 190 een production processes were also arranged for the teachers and children on the
- y major natural disasters such as the Sichuan Wenchuan Earthquake, Typhoon hu Earthquake was supported through multiple fundraising activities in which all plant ss Society of the Republic of China.
- lly deprived employees, with the Company matching the subsidy amount. A total of e Company.
- MB in 2013 and 2014, respectively, for the establishment of the Fengxian District Fire
- aiwan Responsible Care Association (TRCA) to increase the sense of social rprise, enhance organizational efficiency, improve community relations, and enterprise through regular activities organized by the association. Between July icipated in TRCA conferences for three months in a row and assisted TRCA in the hina in September to promote exchanges, learning, and understanding.
- anzi Information Technology Co.) participated in the design of the Medical Security -Care). E-Care is an online accounting and reimbursement system of Shanghai City cal subsidies. The Children's Fund medical subsidies for infants and children between million children who live and study in Shanghai. The subsidies are accepted in over istrative areas of the city and approximately 7,000 to 8,000 data entries are handled to enhance their efficiency and reduce costs while ensuring more unified and ursement procedures by hospitals. This also increases the fairness, transparency, are has maintained stable operations over a period of 10 years and has turned into airs of Shanghai City. It also forms an indispensable part of the Shanghai Municipal y was presented to the Company by the office in charge as a token of appreciation.

Highlights of Foundation Events

Since the foundation of FENC, we have always upheld the concept of "giving back to society." We continue to be involved in and support social participation and charity. Our promise and strategy of social participation is founded on the corporate spirit of "Sincerity, Diligence, Thrift, Prudence, and Innovation," and we use innovative ideas to promote charity events. Our commitment to giving back to society is based on two main pillars. Firstly, since FENC was founded over 65 years ago, we have been involved in charity for over 45 years, and social participation has already been internalized as an indispensable part of our corporate culture. Secondly, charity events are promoted through foundations, academic institutions, and medical institutions by which our social influences are put into use through concrete action and investment of resources. For instance, the Y. Z. Hsu Memorial Foundation was established through donations from 16 companies, of which FENC was the main sponsor with a contribution amounting to 28% of the initial funding. Since the inception of the Company, we have been firmly committed to allocating funds for donation to numerous foundations and NPOs and take advantage of their professionalism and resources to give back to society in diverse ways with greater effect.

FENC aims to cultivate outstanding young talents, establish a sound hospital system to serve local communities, provide platforms to bring Taiwanese public in sync with international trends, and broaden their international outlook and enhance their competitiveness through the investment of resources in education, medical care, arts & culture, and technology.







Realization of Co-Prosperity with Society



FENC has established Yu Chang Technical & Commercial Vocational Senior High School, Oriental Institute of Technology, and Yuan Ze University for the training of the young generation and make contributions in education. In addition, we also provide internship opportunities for outstanding students through an integration of the resources of universities and enterprises under Far Eastern Group. Yuan Ze University, which fosters countless industrial technology talents, was listed among the Top 100 universities in Asia by the Times (UK) in 2014.



Medical Care

Education

In view of the fact that large-scale modern hospitals in the Banqiao and Tucheng areas of Taipei County were incapable of providing emergency care in the 1970s and 1980s, the late founder of FENC, Mr. Hsu, co-founded the Far Eastern Medical Foundation with goals to establish hospitals, provide emergency service, offer free medical services for the financially challenged, and to stimulate medical research. Far Eastern Memorial Hospital was established in Bangiao in 1981. In 1999, Far Eastern Memorial Hospital and National Taiwan University Medical Center formed a strategic alliance. The hospital was honored with the National Quality Awards for individuals and groups in 2006 and 2008, respectively. Upon inauguration of the phase II expansion of the hospital in September 2014, there were over 1,650 hospital beds in total, and the hospital continued to aim toward the goal of becoming an international medical center.



Arts & Culture



Far Eastern Architectural Design Award

The Far Eastern Memorial Foundation created the Far Eastern Architectural Design Award in 1999 with themes of breakthrough and innovation. Since the 6th Far Eastern Architectural Design Award in 2007, outstanding architectural designers from China have become eligible to receive the award, and a team of international judges is invited for on-site investigation to assist in the judging process. This is the architectural award with the largest cash prize in Taiwan and has attracted the attention of architectural circles on both China and Taiwan.

2014 marks the eighth Far Eastern Architectural Design Award. All the submitted works from both China and Taiwan were among the best in the field. The initial review committee selected 5 works each from Taiwan and Shanghai in late 2013. On-site assessments and examinations were carried out in April 2014, and the final review committee praised the submitted works from both Taiwan and China. After long deliberation and exchange of opinions, an Excellence Award and a Merit Award were conferred upon two selected works with monetary prizes of NT\$ 1 million and NT\$ 500 thousand respectively. Michael Speaks from the United States and Kojima Kazuhiro from Japan were specially invited to serve as judges. They opened the Far Eastern International Architecture Lectures with keynote lectures on "The Shape and Speed of Architecture Innovation" and "21st Century Architecture" during the Far Eastern Architectural Design Award Ceremony and a panel discussion of international masters.



The 8th Far Eastern Architectural Design Award Ceremony was unique for the following reasons:

First, In view of the fact that the younger generation of architects is entering the mature stage, the initial selection and review lineup featuring judges from different generations. The goal is to turn the Far Eastern Architectural Design Award into a platform for exchanges and interactions between architectural designers from both China and Taiwan through the participation of judges and architects from different generations.

Second, all nominated Shanghai architects for the final selection process were invited to attend the award ceremony in Taiwan. A symposium was held before the award ceremony to allow in-depth exchanges among the nominated architects from Shanghai and Taiwan.

Third, The Participants' Choice Award and Online Popularity Award were given out to the nominated works. Over 40 observers from both China and Taiwan served as "amateur" judges for the Participants' Choice Award. These judges participated in the onsite evaluation of 10 nominated works from China and Taiwan together with the final review committee. Under the supervision of a lawyer, the amateur judges and committee members cast their votes at the conclusion of the on-site evaluation. Internet users were given the chance to voice their support for their favorite architectural design or architect via Facebook or Weibo through the online voting process for the Online Popularity Award. The goal of these people's choice awards is to better insight on architecture, concern for their living environment, and cultural consciousness for the general public on both China and Taiwan.

Far Eastern Architectural Young Talent Award

In 2014, Far Eastern Memorial Foundation participated in the Shinjinsen, Asian Architecture Rookie Awards in cooperation with Norihiko Dan and Associates, a group of renowned Japanese architects, and Youngil Lee, an architecture scholar. The Far Eastern Architectural Young Talent Award, which also serves as a preliminary selection contest for the Shinjinsen, Asian Architecture Rookie Awards in Taiwan, was added to the Far Eastern Architectural Design Awards. The ultimate goal is to encourage young architects from Taiwan to introduce their outstanding, locally inspired design concepts to the Asian audience.







The Far Eastern Architectural Young Talent Award is an award with an educational purpose. We aim to give exceptional architecture students an opportunity for personal development through this public evaluation, inquiry, and commenting process. In-depth discussions between judges and participating students serve as the main focus of this award. This international award fosters a direct dialogue between Taiwanese architecture students and counterparts enrolled in architecture schools all over Asia. The award builds a joint platform for educational exchanges related to Asian architecture.

Outstanding freshmen, sophomores, and juniors (including overseas Chinese students from China, Malaysia, and Macao) enrolled in architecture departments of major Taiwanese Universities submitted a total of 80 works for the Far Eastern Architectural Young Talent Award and the preliminary selection process in Taiwan for Shinjinsen, Asian Architecture Rookie Awards. The large variety of works reflects the multidimensional characteristic of architecture education in Taiwan. The judges praised the remarkable quality of the submitted works, and their potential at the final competition for the Shinjinsen, Asian Architecture Rookie Awards. After two rounds of evaluation process, Jia-Yu Chen from Shih Chien University and Yun-Ting Cai from National Cheng Kung University were presented with the Far Eastern Architectural Young Talent Award. Both represented Taiwan at the final competition for the Shinjinsen, Asian Architecture for the Shinjinsen, Asian Architectural Young Talent Award. Both represented Taiwan at the final competition for the Shinjinsen, Asian Architecture Rookie Awards and Architecture Rookie Awards held in Dalian, China. Yi-Zhen Shi from Tamkang University, Zi-Rong Huang from Feng Chia University, and Bo-Xian Zhong from Tunghai University were ranked 3rd to 5th and were invited to exhibit their works in Japan (by the Japanese organizer).

Although the two Taiwanese representatives were not ranked among the Top 5 in the 3rd Shinjinsen, Asian Architecture Rookie Awards Competition, they not only acquired academic knowledge but also benefited from mutual cultural exchanges during interactions with fellow participants from other Countries and with the international panel of judges during the evaluation meeting.

Taiwan Word of the Year

Starting in 2008, the Far Eastern Memorial Foundation organized "Taiwan Word of the Year" in cooperation with United Daily News, generating an enthusiastic response from the general public and wide media attention. From "Chaos" in 2008, "Anticipation" in 2009, "Light" in 2010, "Awesome" in 2011, "Worry" in 2012, to "Fake" in 2013, an increasing number of people select a word at the end of the year to calm their minds, reflect on the past year, and express hopes for the future. The words of the year selected by the general public reflect the perceptions of Taiwanese citizens, inspiring them to contemplate on events of the past year and to set their expectations for the future.

A total of 62,607 calls were received from citizens participating in the 22-day word selection activity in 2014, and with 12,489 votes, "unethical" was announced as the word most representative of the year 2014. The words ranked 2nd to 12th were, "gutter," "oil," "rage," "food," "fake," "phony," "impure," "grudge," "collapse," "sincere," and "make."



Science and Technology

Y. Z. Hsu Scientific Award



The founding objectives of the Y. Z. Hsu Memorial Foundation are technology and innovation. FENC is one of the main founding members of the foundation, which was the first non-governmental organization of its kind to be approved by the Ministry of Science and Technology. In 2002, the foundation created the Y. Z. Hsu Scientific Award, which is presented on an annual basis to encourage outstanding members of the academic community in Taiwan to engage in scientific R&D and innovation. The Y. Z. Hsu Scientific Award recognizes achievements in the following five categories: "Nano Science & Technology," "Communication Technology," "Optoelectronics Technology," "Bio-medical Technology," and "Green Technology." This event includes various activities and corresponding awards.

Y. Z. Hsu Scientific Award Categories

Award Category	
Selections are made in	the fields of "Nano Science & Technology," "Communica and "Green Te
Scientific Chair Professor	The award is to give commendation to those who have recruits fulltime teaching full professors at universities a selected with a trophy and prize of one million NT dollar
Scientific Paper Award	This award is to encourage academic researches publis with prize of NT\$ 200,000 each.
Technology Invention Award	This award, which is held every other year, is to encoura technology applications. This award is targeted at teach centers and research institutions in Taiwan. For those w winners will be given a trophy and prize money of NT\$ 2
Yuan-Ze Chair Professor	This award is to improve and gain competitiveness of Yu professor with outstanding academic performance. Thre \$600,000 each.
	Selection categories: "Science, Technology
Outstanding Professor	The award is to further the knowledge and medical tech

Outstanding Professor Award The award is to further the knowledge and medical technology, and to praise professors or associate professors who teaching at Yuan Ze University founded by Y. Z. Hsu or Oriental Institute of Technology or Far Eastern Memorial Hospital or National Taiwan University Hospital with outstanding achievements. Six winners will be selected with a trophy and a prize of NT\$ 400,000 each.

Submissions for the 12th Y. Z. Hsu Scientific Awards were accepted from November to December 2013. The works of around 200 experts and scholars underwent peer review between January and April 2014. A total of 25 awardees were honored during a ceremony held in August and received cash prizes amounting to a total of NT\$ 10.6 million. Since its inception in 2002, the Y. Z. Hsu Scientific Award has been granted to nearly 200 outstanding scientists of the national academic community. Granted cash prizes have exceeded a total of NT\$ 95 million, making it one of the main science and technology awards given out in Taiwan.



Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament

The Y. Z. Hsu Memorial Foundation began to organize the Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament in cooperation with the Physics Department of National Taiwan Normal University in 2009. This is the first physics-related English debate contest and the science competition with the highest cash prizes for high school students in Taiwan. The goal is to create a solid foundation for science education in Taiwan and cultivate the abilities of students in Taiwan in making presentations in English and logical thinking.

Outstanding high school students are selected in national contests on an annual basis and receive training provided by more than 10 university and college professors. A team of students is formed to represent Taiwan at the International Young Physicists' Tournament (IYPT) with the goal of enhancing the international competitiveness of Taiwanese students. One team selected in the domestic contest is awarded

a gold medal and a prize money of NT\$ 300,000; two teams are presented with a silver medal and NT\$ 150,000; and 6 teams receive a bronze medal and NT\$ 60,000. Ten select students are presented with individual awards and monetary prizes of NT\$ 4,000 each. Granted cash prizes amount to a total of NT\$ 1 million.

Twenty-five teams from schools located in northern, central, and southern parts of Taiwan participated in the 2014 Y. Z. Hsu Competition – Taiwan Young Student Physicists' Tournament, which lasted four days. All gold, silver, and bronze medals went to teams from high schools in Kaohsiung. The team representing Taiwan at the International Young Physicists' Tournament (IYPT) held in London in July 2014 earned a silver medal (a really outstanding achievement).





Content

cation Technology," "Optoelectronics Technology," "Bio-medical Technology,' Technology"

e extraordinary contribution in new scientific area. The foundation continuously around Taiwan to be Y. Z. Hsu Chair Professor. Five Chair Professors will be ars (NT\$ 1,000,000).

ished and to raise the technological level. Ten award winners will be rewarded

rage communications between academia and industrial circles for further chers and researchers at all domestic universities, polytechnics, incubation who cohere with specific criteria and has gained invention patent, Five award 200,000.

Yuan Ze University founded by Y. Z. Hsu. The award will be given to full aree winners will be selected for this award with a trophy and prize of NT

y & Humanity" and "Medical Technology"



Assurance Statement

SGS

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN NEW CENTURY CORPORATION'S CORPORATE SOCIAL RESPONSIBILITY REPORT OF 2013-2014

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

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 Corporate Social Responsible Report (hereinafter referred to as CSR Report) of 2013-2014. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the FENC's CSR Report of 2013-2014 and its presentation are the responsibility of the superintendents, CSR committee and the management of FENC. SGS has not been involved in the preparation of any of the material included in the FENC's CSR Report of 2013-2014.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all FENC's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny for FENC and moderate level of scrutiny for subsidiaries, joint ventures, and applicable aspect boundaries outside of the organization covered by this report;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, CSR committee members and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF 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 affirms our independence from FENC, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, EICC, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within FENC's CSR Report of 2013-2014 verified is accurate, reliable and provides a fair and balanced representation of FENC sustainability activities in 01/01/2013 to 12/31/2014.

The assurance team is of the opinion that the report can be used by FENC's stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the second to be assured by an independent assurance team and FENC has taken a bold step by offering the report to evaluation against both GRI G4 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G4 Comprehensive Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCULSIONS, FINDINGS AND RECOMMENDATIONS Inclusivity

FENC is committed to being accountable to its stakeholders and to integrating inclusivity into its strategic and management approach. A variety of engagement efforts such as survey and communication to employees, customers, investors, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FENC may proactively consider having more direct involvement of stakeholders during future engagement. **Materiality**

FENC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders. It is recommended that the process and criteria applied to assess materiality to be formalized and documented to ensure better consistent result in future reporting.

Responsiveness

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCULSIONS, FINDINGS AND RECOMMENDATIONS

The report, FENC's CSR Report of 2013-2014, is adequately in line with the GRI G4 Comprehensive Option. The material aspects and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material aspects and boundaries, and stakeholder engagement, G4-17 to G4-27, are correctly located in content index and report. More disclosure on Disclosure on Management Approach within the organization entities, supply chain management and material aspects having boundaries outside of the organization are encouraged in future reporting.

Signed: For and on behalf of SGS Taiwan Ltd.



Dennis Yang, Chief Operating Officer Taipei, Taiwan 18 May, 2015 WWW.SGS.COM

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GRI G4 Index

This report has passed third-party Type I Moderate verification for the GRI G4 Comprehensive Index. A few indicators are only partially disclosed as explicitly stated in the corresponding chapters.

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