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

INVENTING · NEW CENTURY

2015 Corporate Social Responsibility Report

ABOUT THIS REPORT

This report is the Corporate Social Responsibility Report published by Far Eastern New Century Corporation, hereinafter referred to as " FENC " or " the Company " , which describes FENC's CSR implementation and performance from January 1 to December 31 in 2015. In the future, the CSR report will continue to be released as an annual publication.

Publication Information

First issue date：July 2013

Last issue date：June 2015

Current issue date：June 2016

Next issue date：June 2017

Reporting Guidelines

This report was prepared in accordance with AA1000 standards and the comprehensive option of the Global Reporting Initiative (GRI) G4 guidelines and was assured by the third party SGS at a Type 1, Moderate level of scrutiny. Data of our financial performance herein have been audited and validated by Deloitte & Touche. In compliance with the GRI G4 requirements, we have identified the material aspects that reflect the Company's significant economic, environmental and social impacts and disclosed our management policies and implementation results.

The Topic's Significance to FENC

The Company was built upon sincerity, diligence, thrift, prudence and innovation. These core values guide every area of our business such as management, manufacturing, environmental protection and social engagement. Every member of the Company is expected to perform their duty thoroughly, make timely improvement when required, always pursue excellence, and not to practice deceit or cover up wrongdoing. Among the five values, innovation is cornerstone of our sustainable development. This year, we use the same topic " Inventing New Century " as last year for our CSR report to emphasize our resolve to fulfill corporate social responsibilities by pursuing constant innovation. While driving business growth for the long term, we aspire to achieve environmental sustainability by offering people green options to protect the earth.

Scope and Boundaries

FENC has transformed into an industrial holding company spanning various sectors. In addition to our Production Business, the Company has engaged in land and property development and invested in a vast array of businesses. Given the materiality principle, we decided to only cover the subsidiaries of the Production Business with an annual turnover of above NT$2 billion in 2013 (see note). To ensure completeness of disclosure, the subsidiary of the Company's Land Development Business, Far Eastern Resources Development Co., Ltd, is included this report. In addition, the companies we invest in are primarily listed companies of Far Eastern Group that publish their respective CSR reports. The businesses that have disclosed their CSR practices account for more than 90% of our consolidated revenue in 2015.

Note：・To ensure consistency in our reporting, a subsidiary once included, will always remain in our CSR report, even if its annual turnover drops below NT$2 billion.
・Explanations will be provided if there is any deviation from the aforementioned scope and boundaries.

▶ Companies Covered in 2015 FENC's CSR Report

Company	Sites
Far Eastern New Century Corporation	Headquarters
	Far Eastern Group R&D Center
	Hsinpu Chemical Fiber Plant
	Kuanyin Chemical Fiber Plant
	Kuanyin Dyeing and Finishing Plant
	Neili Texturizing Plant
	Hukou Mill
Oriental Petrochemical (Taiwan) Co., Ltd.	
Far Eastern Fibertech Co., Ltd.	
Oriental Petrochemical (Shanghai) Corp.	
Far Eastern Industries (Shanghai) Ltd.	
Wuhan Far Eastern New Material Ltd.	
Oriental Industries (Suzhou) Ltd.	
Far Eastern Industries (Suzhou) Ltd.	
Far Eastern Industries (Wuxi) Ltd.	
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	
Far Eastern Apparel (Suzhou) Co., Ltd.	
Far Eastern Resources Development Co., Ltd. ★	

★ A new addition within the boundaries.

▶ CSR Websites of the Companies under Far Eastern Group

Far Eastern New Century Corporation

Asia Cement Corporation

Far Eastern Department Store Co., Ltd.

(Chinese Version)

U-Ming Marine Transport Corp.

(Chinese Version)

Oriental Union Chemical Corporation

Pacific SOGO Department Store. Co., Ltd.

(Chinese Version)

Everest Textile Co., Ltd.

Far Eastern International Bank

(Chinese Version)

Far EasTone Telecommunication Co., Ltd.

Note：・The companies are listed in a chronological order of their establishment.
・The link to each company's CSR website may change. Please use the link provided by the company's official website.

Suggestions to Our Readers

In this report, Creating Diversified Values, Nourishing Sustainable Environment and Creating Employee Passion are chapters related to our Production Business. Starting Futuristic Parks describes the development of our Land Development Business. Other chapters cover both businesses. We suggest you proceed to the chapters that are most relevant to you.

- If you are an employee, please begin with Creating Employee Passion and Establishing Strong Governance.
- If you are with the government or the competent authority, please begin with Establishing Strong Governance, Nurturing Sustainable Environment and Creating Employee Passion.
- If you are a shareholder or an investor, please begin with Establishing Strong Governance.
- If you are a customer or a partner, please being with Creating Diversified Values and Establishing Strong Governance.
- If you are local residents in the vicinity of plant areas, please begin with Nurturing Sustainable Environment, Building Altruistic Society and Starting Futuristic Parks.

The Company prepared this report in a detailed and thoughtful manner. In order to improve data quality, we have improved our scope and process of data collection. There are some discrepancies in historical data between this year's and last year's reports for the reasons below.

In the Chapter Nourishing Sustainable Environment：

- Differences in the scope of data collection-While last year's report covers the Company's headquarters, research institutes and 15 production sites, this report only focuses on the 15 production sites.
- Updated reference coefficient-In order to assess environmental impact accurately, we have adopted different yet updated heating value coefficients for Taiwan and China.
- Re-categorization for statistics-This report has divided general business waste into manufacturing process waste and domestic waste, so the historical data in this and the previous report are different.
- Errors from last report corrected.

In the chapter Creating Diversified Values：

- In our last report, part of Taiwan's data concerning the percentage of local procurement amount and the number of selected suppliers are from Far Eastern Group. This report only focuses on FENC's suppliers.

In the chapter Creating Employee Passion：

- Errors from last report about number of employees, the percentage of new employees and those who left the Company are corrected.

Contact information

For comments or questions regarding this report, please contact：
Mr. Allen Sha or Ms. Julia Chao

Corporate Staff Office

Far Eastern New Century Corporation

E-mail：csr@fenc.com

Tel：+886-2-2733-8000 Ext：8417, 8419

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

Website：http://csr.fenc.com/?lang=en

CONTENT

CHAIRMAN'S MESSAGE

Douglas Tong Hsu

Chairman
Far Eastern New Century Corporation

Although the world economy was beset by a lack of momentum throughout last year, Far East New Century Corporation (FENC) managed to tackle various challenges head on and strived to make steady progress and continue to thrive in the face of adversity.

FENC was founded on five founding mottos, which are sincerity, diligence, thrift, prudence and innovation. After 60 years of growth and expansion, the Company has not only continued to develop our industry-leading petrochemical, polyester and textile businesses, but monetized our high-value land assets and invested in a diversified portfolio of businesses.

In September 2015, the United Nations adopted 17 Sustainable Development Goals. As a responsible member of the world, the Company has incorporated the goals into our long-term policies and pledged to achieve low-carbon production, innovate green products, ensure responsible procurement, promote equality in our work environment, invest in our employee's potential and take care of their health and well-being. We are driven to create new corporate values based on sustainability and benefit our society by developing the Company in the right direction.

Over the years, the Company has endeavored to fulfill our social responsibilities based on our core strength to achieve sustainable development. On the governance front, the CSR Committee launched various social and environmental campaigns in 2015, including assessing the risks of climate change, formulating adaptation action plans, extending the GHG inventory to all our production sites, evaluating the use of renewable energy and refining stakeholder questionnaires. All these efforts were made to meet the international standards of sustainable development. In addition, we have taken an active role in engaging with our internal and external stakeholders to understand their concerns and expectations. In 2015, FENC won a Gold Award in the " Corporate Sustainability Report Awards " for our last CSR report, ranking first in the Manufacturing Industry category, and also achieved remarkable results in the Corporate Governance Evaluation, the CDP and many international sustainability evaluations.

Research, development and innovation are the key to enhancing FENC's competitiveness for the long term, and also a critical aspect of our strategy to achieve sustainable development. Many of our innovative products have received international recognition. For example, DynaFeed, a revolutionary smart garment system that can accurately measure heart rate and motion data in a cost-efficient manner, was awarded the ISPO Asian Gold Winner at the globally prestigious Textrends Exhibition in Munich in 2016. In addition, we partnered with Coca-Cola to develop the world's first Bio-PET bottle, which made its first appearance at Expo Milan 2015. This was a successful first step to commercialize our innovation.

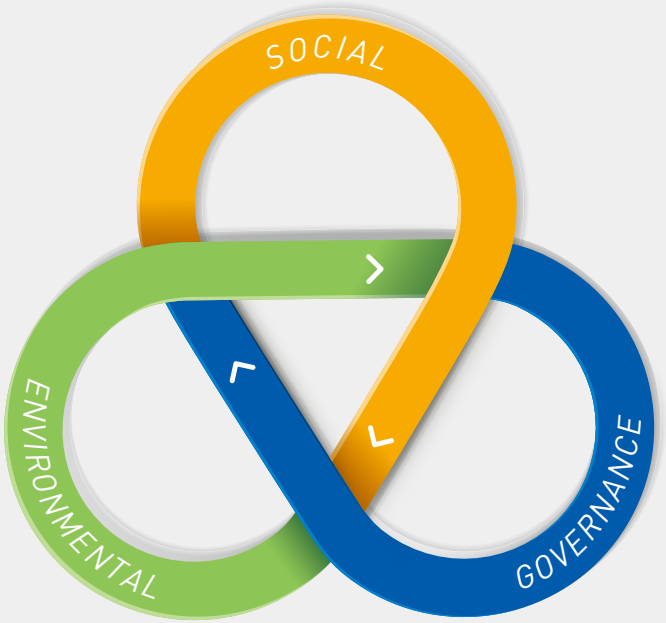
To achieve another round of growth, the Company officially launched Vietnam Investment Project in 2015, with an aim of developing the country as our third production base for vertical integration, following our operations in Taiwan and China. Increasing our scale of production will further consolidate our position as the industry leader. In addition, the Company regards our human resources as valuable assets and thus has collaborated with a top university to develop comprehensive training programs for staff at different levels, from rank and file employees to high-level managers. Every member of the Company will benefit from this lifelong learning system and in turn enhance our competitive advantage for the long term.

Since the Paris Agreement was finalized in COP21, governments around world has set targets and introduced policies to reduce carbon emissions, and urged companies to take their share of responsibility. FENC has long been building a green supply chain for the petrochemical industry. Our achievement in developing eco-friendly products has been recognized worldwide. In the future, we will incorporate clean production and renewable energy into our Production Business. To promote environmental protection in the industry, we will lead by example and minimize carbon emissions in all our land development projects.

As Mother Company of the Group, FENC has been devoted to advancing public interest since its inception by making use of its business expertise and participating in activities promoting social wellbeing. We benefit from the society, so we should give back, that's our corporate principle. For instance, the Company sponsored an exhibition entitled " Taiwan Water, Fountain of Life " in 2015 to raise awareness of the impact of extreme weather caused by climate change and received a lot of positive feedback. In addition, we have been promoting recycling throughout Taiwan for many years. By adding exhibits to the education center of Beitou Refuse Incineration Plant, we hope to inspire people to join us in protecting the earth in every aspect of our life.

Lastly, I'd like to express my heartfelt gratitude to everyone at FENC for their dedication over the last year. The Company will build on past success and continue to pursue excellence with innovative thinking, superior technology and excellent managerial skills. We will also strive to fulfill our social responsibilities to bring happiness and prosperity into our community.

PERFORMANCE HIGHLIGHTS IN 2015



151 Members

The CSR committee consists of 151 members under the supervision of the Board of Directors.

18 Operation sites
Over 90% of our consolidated revenue

With one additional subsidiary included, we have disclosed the performance of 18 operation sites which account for over 90% of our consolidated revenue.

1ST

We are the first company that has formulated the climate change risk identification and adaptation plan in the industry.

100% Bio-PET Bottle 2015 EXPO

We have developed the world's first Bio-PET bottle which made its first appearance at 2015 Milan Expo.

DynaFeed
ISPO Munich 2016/17
Gold Winner

DynaFeed was awarded the ISPO Asian Gold Winner at Textrends Exhibition in Munich.

4 Subsidiaries

FENC has extended regulatory compliance system to 4 subsidiaries.

LEED Campus Project
EEWH Green Building Certification

In 2015, Tpark registered for LEED Campus Project.
In 2015, TPKA building was certified as green by EEWH.

91%

In 2015, as high as 91% of the manufacturing process wastes were recycled or reused.

In 2015, our employees' salary is higher than the market average by 44% in Taiwan and 11% in China.

Taiwan > 44%

China > 11%

We developed the " Supplier CSR Commitment Statement. "

Supplier CSR Commitment Statement

11 of our production sites have met the requirements of Occupational Health and Safety Management Systems.

11 Production sites

Our water-themed exhibition " Taiwan Water, Fountain of Life " had attracted 207,339 visitors as of April 17, 2016.

207,339 Visitors

In 2015, we invested a total of NT$116,813,000 in cash in activities that benefit our society, an increase of 13.3% from 2014.

↑13.3%

The average number of employee training hours has increased for three consecutive years.

Employee training hours has increased for 3 consecutive years

In 2015, our green products accounted for approximately 25% of our total revenue.

25%

We promoted the use of renewable energy by purchasing green electricity in Taiwan and establishing solar power stations in China.

Renewable energy

In 2015, water withdrawal at our production sites was down by 2.8% from 2014. Our use of recycled water increased 5.1% from 2014. The ratio of our recycled water to non-recycled water is 31:100.

Water withdrawal ↓2.8%

Use of recycled water ↑5.1%

Recycled water ratio 31%

In 2015, we ran a total of 144 campaigns to conserve energy and cut carbon emissions and prevented the emission of 74,022 tons of CO_2e, roughly 3.7% of our total emissions.

Campaigns 144

Prevented 3.7% of our total CO_2 emissions

In 2015, the air pollution created by our production sites was down by 2.6% from 2014.

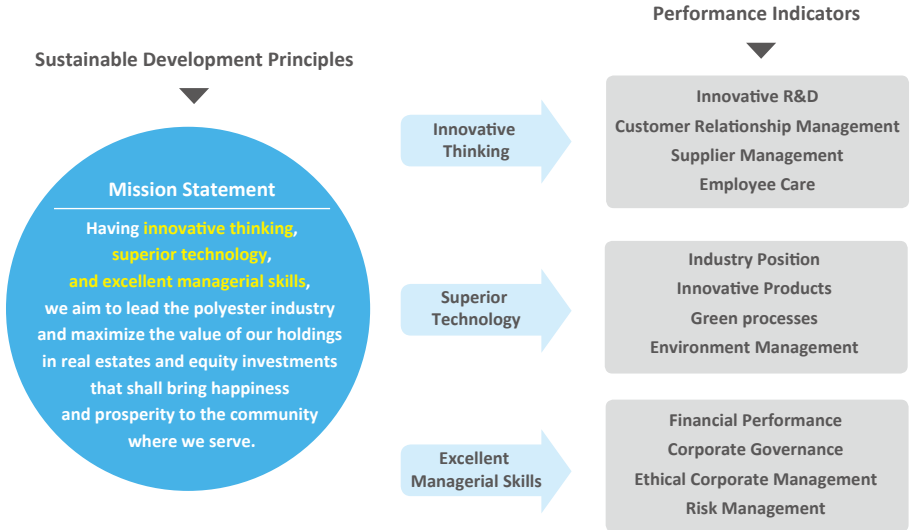
Air pollution ↓2.6%

We conducted GHG emissions inventory and verification at all our production sites.

GHG

FENC'S SUSTAINABLE DEVELOPMENT

Overall Structure



Principles

- Top-down approach-The management and the Board of Directors set goals and formulate policies and strategies. Each department develops action plans to meet the goals.
- Clear division of work-We clearly define each staff member's role and responsibilities.
- Thorough execution-We track the progress of our plans periodically and make adjustments using Rolling Wave Planning.

Short-term, Mid-term and Long-term Goals

Goal Setting

Aspect	Short-term Goals (1 - 2 years)	Mid-term and Long-term Goals (More than 3 years)
Environmental	・Set targets for reducing energy consumption ・Purchase green electricity for production sites in Taiwan ・Establish 4 solar power stations for production sites in China ・Continue to run campaigns to conserve energy ・Strengthen energy and resources management to minimize waste ・Ensure periodic external verification of our GHG emissions ・Conduct an life cycle assessment for our products ・Introduce a smart energy data analysis system ・Ensure the projects of our Land Development Business meet the EEWH silver level's requirements	・Increase the percentage of green products ・Increase the production capacity for rPET to around 20% of the total polyester capacity. ・Promote the use of renewable energy ・Establish cogeneration power plants ・Set targets for reducing greenhouse gas emissions ・Reduce electricity consumption at productions sites in Taiwan by an average of 1% every year
Social	・Implement the " Supplier CSR Commitment Statement " program ・Expand the scope of our survey to cover more external stakeholders ・Continue to provide New Century Executive Training Program and Competency Program ・Continue to collaborate with universities to offer internships and training programs ・Continue to sponsor various activities that advance public interest ・Carry out Social Return on Investment (SROI) analyses	・Optimize the supplier performance evaluation and audit system ・Optimize the management of stakeholder complaints ・Establish a corporate volunteer system
Governance	・Publish CSR report every year to communicate with stakeholders ・Strengthen corporate governance to remain among the top 20% ranking in the TWSE's corporate governance evaluation ・Set out guidelines to evaluate the performance of the Board of Directors ・Continue to implement the regulatory compliance program and increase its scope of application ・Implement a risk alert system	・Establish an environmental managerial accounting system ・Refine our plant management system based on international standards ・Implement the climate change risk identification and adaptation programs to all production sites in Taiwan ・Expand production capacity to consolidate our position as the industry leader

Progress of Our Goals

Aspect		Goals	Status and Progress	Chapter
Environmental	Short-term	Expand the scope of the GHG emission inventory to cover all our production sites	Completed In 2015, we increased the number of production sites for GHG emission inventory from 8 to 15.	Nourishing Sustainable Environment
		Set targets for reducing energy consumption	Ongoing A total of 5% of electricity will be saved at the production sites in Taiwan from 2015 to 2019.	
		Promote the use of renewable energy	Ongoing Solar power — In 2015, we completed assessments and planned to build 4 solar power stations for our production sites. Now 2 are under construction. Green electricity — In 2015, we purchased 200,000 kWh of green electricity.	
		Hold a meeting to facilitate technical exchanges between Taiwan and China (organizer：Energy Task Force)	Completed The meetings took place in May and June, 2015.	
		Continue to run energy conservation campaigns to strengthen resources and energy management and to minimize waste	Ongoing We ran 144 campaigns to conserve energy and cut carbon emissions in 2015. The volume of our recycled water was 5,381,000 kiloliters. The ratio of recycled water to non-recycled water is 31：100.	
		Optimize waste management	Ongoing We have divided general business waste into manufacturing process waste and domestic waste.	
	Mid-term and Long-term	Ensure external verification of our greenhouse gas emissions	Ongoing Verification was completed in 10 of our 15 production sites for 2014. The verification for the additional 4 sites are ongoing for 2015.	
Social	Short-term	Amend the supplier code of conduct and the procurement protocol	Ongoing We have developed the " Supplier CSR Commitment Statement " program, which is set to be implemented in 2016.	Creating Diversified Values
		Continue to provide New Century Executive Training Program and Competency Program for our employees	Ongoing In 2015, We offered the New Century Executive Training Program (55 classes) and the Competency Program (29 classes) with 2,061 and 1,200 attendances respectively.	Creating Employee Passion

Aspect		Goals	Status and Progress	Chapter
Social	Short-term	Continue to collaborate with universities to offer internships and training programs	Ongoing In 2015, we offered practical training to 33 outstanding university students.	
		Continue to sponsor various activities that advance public interest	Ongoing In 2015, we invested NT$116,813,000 in activities that benefit our society.	Building Altruistic Society
Governance	Short-term	Publish CSR report every year to communicate with stakeholders	Ongoing	
		Strengthen corporate governance to remain among the top 20% ranking in the TWSE's Corporate Governance Evaluation	Ongoing We ranked among the top 20% in the TWSE's Corporate Governance Evaluation in 2015 and 2016.	Establishing Strong Governance
		Implement the Climate Change Risk Identification and Adaptation Program	Completed We carried out the " Climate Change Risk Identification and Adaptation Program " in Hukou Mill.	
		Extend the Company's regulatory compliance system to our subsidiaries	Completed We expanded our regulatory compliance program to cover 4 of our subsidiaries in 2015.	
		Increase our R&D manpower by 20%	Partially completed In 2015, we increased our R&D manpower by 11%.	Creating Diversified Values
	Mid-term and Long-term	Refine our plant management system based on international standards	Ongoing Hukou Mill, Neili Texturizing Plant and Kuanyin Dyeing and Finishing Plant have met OHSAS 18001：2007 requirements and Taiwan's CNS15506 standards. In March, 2016, Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant and Far Eastern Industries (Shanghai) Ltd. completed SEDEX SMETA.	Creating Employee Passion Creating Diversified Values
		Expand production capacity to consolidate position as the industry leader	Ongoing In 2015, we launched the Vietnam Investment Project.	

ESTABLISHING STRONG GOVERNANCE

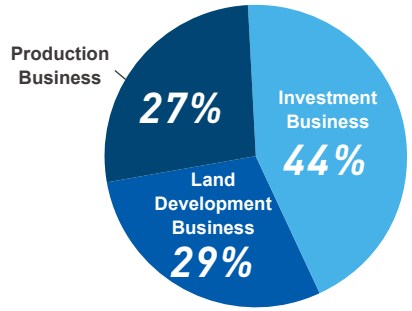
ESTABLISHING STRONG GOVERNANCE

1.1 FENC's Profile

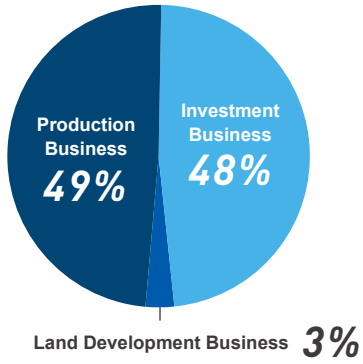
Founded in 1954, Far Eastern New Century Corporation, formerly known as Far Eastern Textile Limited and hereinafter referred to as " FENC " or " the Company " , is an enterprise listed on the Taiwan Stock Exchange. Over the past 60 years, FENC has transformed from a textile business into a holding company spanning petrochemical, polyester, textiles, land development and investment business. Today, the Company has adopted proactive operational strategies to monetize our land assets and invest in a diversified portfolio of businesses to drive profitable growth.

▶ **FENC's Assets and Revenue in 2015**

Assets **NT$ 518.8 billion**

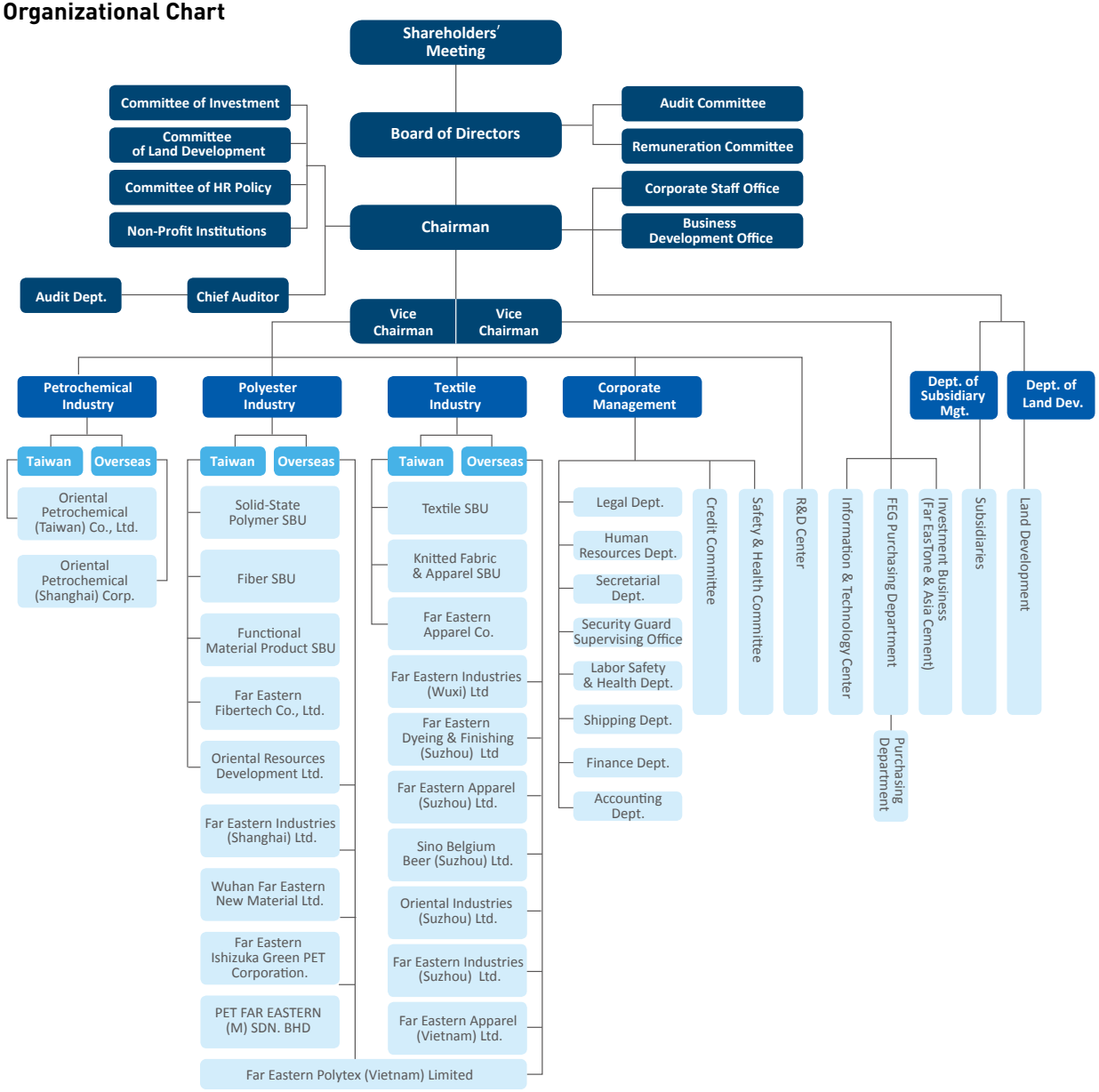


Revenue **NT$ 217.9 billion**



FENC is the first company of Far Eastern Group, and has been the major supplier of polyester and PET bottle chips to the world. At the beginning, the Company focused only on textile-related businesses. When our business became stable, we began dedicating ourselves to the research and development of innovative technologies and ventured steadily into our upstream and downstream businesses, while strengthening our core business at the same time. Over the years, we have continued to create new values for our customers and shareholders and succeeded in many areas such as petrochemical, polymer, polyester, chemical fibers, cotton yarns and spinning, knitted fabrics, dyeing and apparel. Today, we are known for our integrated services from production to sales, which can be provided all at one stop. More importantly, we are a socially responsible company that has achieved remarkable results on the economic, environmental and social fronts.

Organizational Chart



Dept.		Affairs in Charge
Production Business	Petrochemical Industry	Production and sales of PTA
	Polyester Industry	Production and sales of polyester chips, polyester staple fibers, polyester filament, polyester films and functional materials
	Textile Industry	Printing, dyeing and finishing of yarns, fabrics and cloths; production and sales of miscellaneous natural, man-made, synthetic fiber yarns and fabrics, blended yarns and fabrics, and woven finished clothing and knitted finished clothing
Land Development Business		FENC has around 1,900,000 square meters of landholding throughout Taiwan, most of which are located in the prime areas of the north. Of all the landholding, 700,000 square meters are classified as investment properties. We have a number of land development projects in the pipeline, including Tpark and Yilan Spa Resort, which are expected to add value to our assets and generate substantial return
Investment Business		As the parent company of Far Eastern Group (FEG), FENC has invested in a broad range of high-quality businesses. FEG's listed companies are well-managed and prosperous, bringing in stable profits for the Company.

Founding Mottos and Mission

Founding Mottos

The Far Eastern Group's Founder, Mr. Yu-Ziang Hsu, has always upheld " integrity " 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 mottos. FENC Chairman Douglas Tong 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.

誠勤樸慎創新

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 may make up for our inadequacies and overcome hardships.

Thrift

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

Prudence

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

Innovation

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

Mission Statement

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

1.1.1 Financial Information

▶ Financial Summary

Unit ： NT$1,000

Item	2011	2012	2013	2014	2015
Total Assets	329,005,187	339,147,566	386,355,456	496,604,290	518,765,122
Total Liabilities	160,594,963	167,322,469	210,674,797	233,285,536	258,368,119
Total Equity	168,410,224	171,825,097	175,680,659	263,318,754	260,397,003
Operating Revenues	235,561,246	240,417,022	238,840,657	235,506,639	217,948,202
Net Income	17,674,403	14,988,716	14,284,539	17,188,302	14,686,369

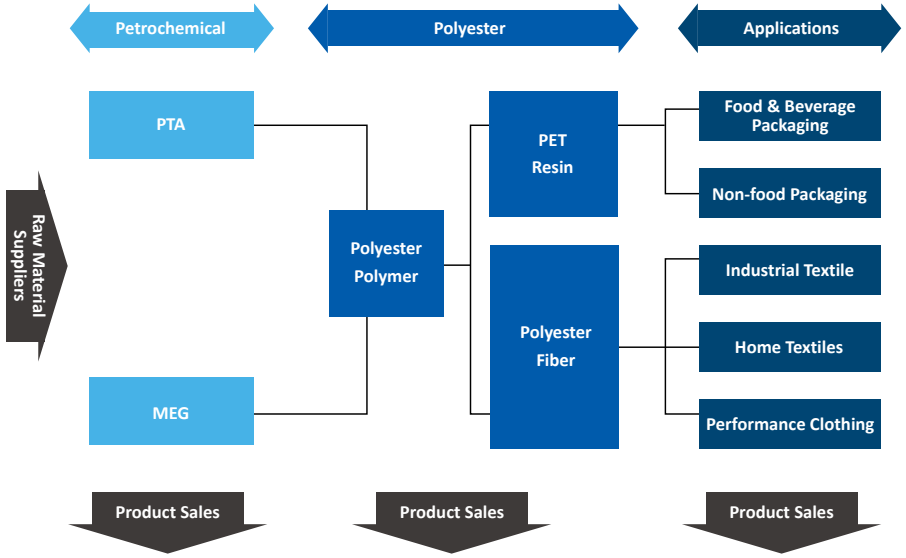
▶ Economic Value Distributed to Stakeholders

Unit ： NT$1,000

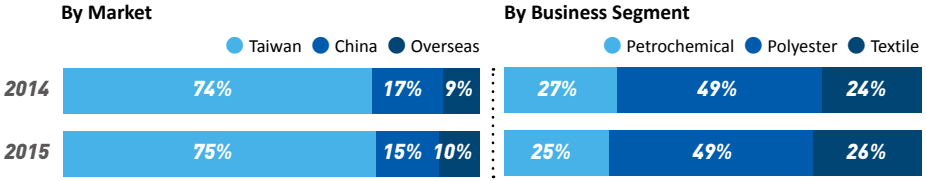
Item	2011	2012	2013	2014	2015
Operating Cost	189,250,196	192,012,536	192,356,740	187,644,142	167,464,920
Employee Wages and Benefits	14,237,011	16,682,204	16,837,191	18,445,983	19,442,680
Payments to Providers of Capital (Interest Expense and Dividens)	17,235,186	16,343,772	15,696,985	16,592,460	16,681,544
Payments to Government (Income Tax)	3,594,952	2,640,678	2,223,481	4,409,757	5,014,304
Community Investments	331,901	109,064	140,430	116,330	123,809

1.1.2 Production Business

▶ Main Products and Value Chain



▶ Sales Breakdown



▶ Global Position Goals

WORLD

Top 1

Recycled PET

Nonwoven PSF

ASIA

Top 1

Polyester Sheet

Nylon 66 Filament for Apparel

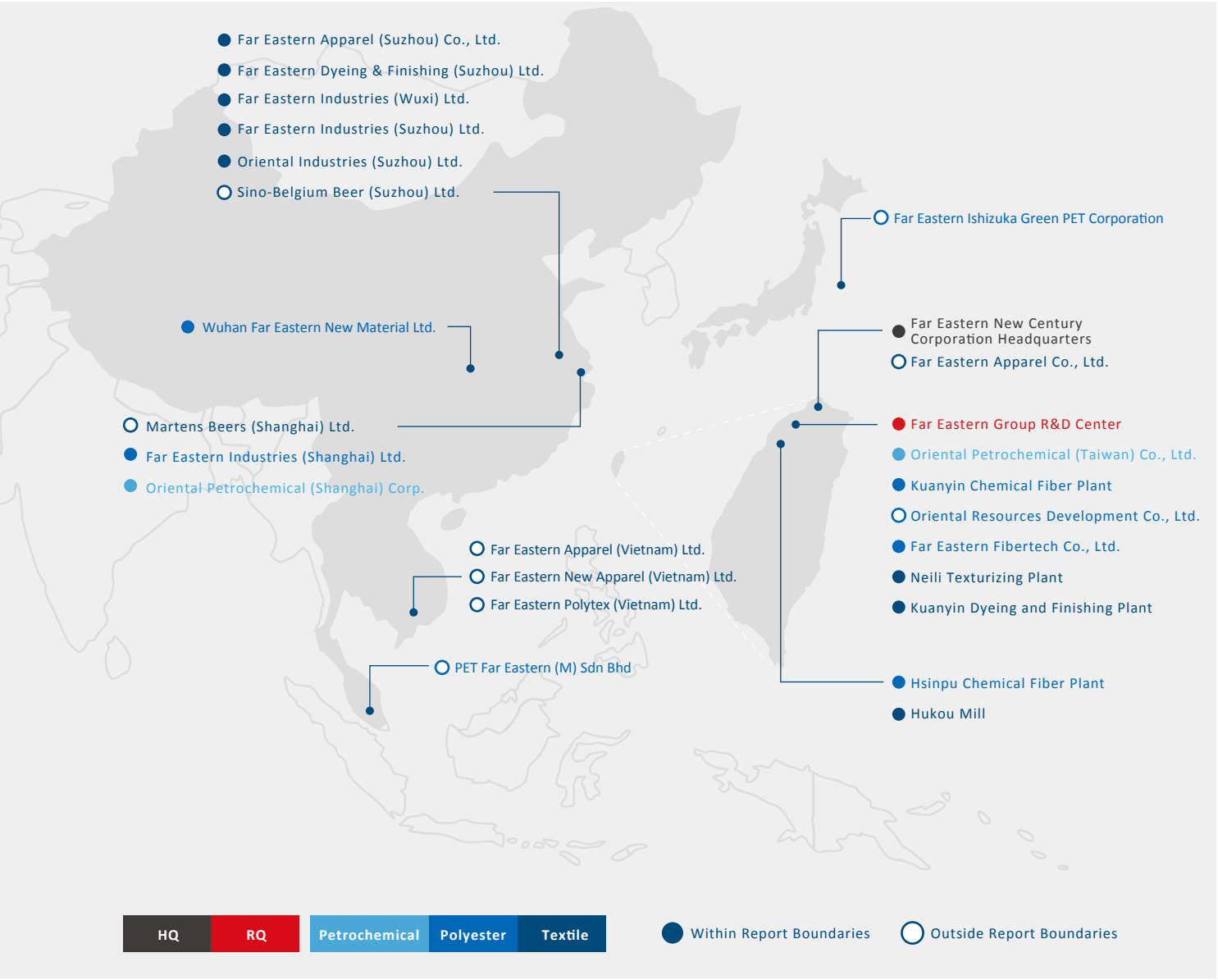
Top 3

PET Resin

▶ Volume and Value of the Production in 2015

Business	Main Products	Unit	Production Capacity	Production Volume	Production Value (NT$ 1,000)
Petrochemical	PTA	MT	1,610,000	1,372,561	29,352,478
Polyester	Polyester Chip	MT	1,984,000	1,527,749	45,169,090
	Solid-State Polymer	MT	1,464,648	1,076,894	32,352,598
	PET Bottle Preform	1,000 pieces	3,540,000	2,298,602	1,869,516
	PET Sheet	MT	113,500	97,181	3,691,449
	Polyester Staple Fiber	MT	489,600	322,116	12,775,819
	PET Film	MT	20,160	6,993	469,691
	Partially Oriented Yarn	MT	135,710	102,486	4,684,471
	Drawn Textured Yarn	MT	45,137	36,869	2,464,537
Textile	Yarn	Bales	513,398	449,182	6,764,388
	Knitting Fabrics	MT	23,460	19,067	5,454,957
	Industrial Fabrics	MT	20,160	19,399	1,671,578
	Industrial Yarn	MT	111,920	79,441	4,030,481
	Apparel	1,000 dozens	4,909	4,040	6,922,507

▶ **Operation Sites**



In 2015, FENC launched the Vietnam Investment Project and added Far Eastern Polytex (Vietnam) Ltd. and Far Eastern Newcentury Apparel (Vietnam) Ltd. as our subsidiaries, but they are not included in this report because these two companies are still under construction. Other than that, during the reporting period, there were no major changes in the size, structure, ownership, or supply chain of the Company.

An Overview of the Market Environment and Industry Conditions in Production Business

The Company's polyester business chain uses the polyester business as the basis to construct and integrate the operating structure for upstream petrochemical raw materials and downstream applications. This structure not only avoids operational risks inherent in raw material fluctuations, but also satisfies the customers' one-stop procurement demands. The objective is to establish competitive differentiation versus peers through low operating risks and high-quality services.

Looking ahead, the world economic growth is expected at 3.2% in 2016, including 1.9% of advanced countries and 4.1% of emerging countries (Source： International Monetary Fund). Benefiting from the gradual recovery from global economy, the polyester industry will fuel up its growth momentum. It is estimated that the polyester utilization rate will recover to 75% and the production will grow up by 5%, indicating a healthy developments for the overall polyester business chain.

In addition to focusing on its existing market, the Company is proactive in taking advantages of various business opportunities, such as proposals presented by China's 13th Five-Year Plan, the lifting of financial sanctions on Iran, and the upcoming Rio 2016 Olympics in Brazil. The Company will continue to focus on differentiation, offer high value-added and green products, strive to make itself the first priority as a partner for global brands and create greater values for the industry.

1.2 Corporate Governance

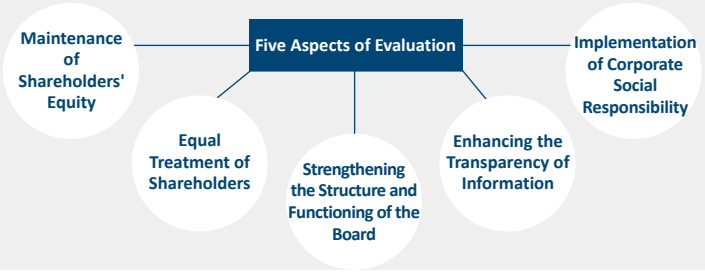
1.2.1 Outstanding Achievements

2015	Award-Winning Units	Awards	Awarding Unit
APR	FENC	Awarded as among the top 20% in the first Corporate Governance Evaluation for listed companies	Securities & Futures Institute
		Received the highest A++ rating in 12th Information Disclosure Evaluation	
JUN	FENC	Selected in Taiwan 100 Corporate Governance Index	Taiwan Stock Exchange
SEP	Far Eastern Industries (Shanghai) Ltd.	27th place of " 50 Strongest Manufacturing Businesses in Shanghai "	Shanghai Enterprise Confederation
		76th place of " 100 Most Powerful Enterprises in Shanghai "	
	Oriental Petrochemical (Shanghai) Corp.	95th place of " 100 Most Powerful Enterprises in Shanghai "	Shanghai Enterprise Confederation

Corporate Governance Evaluation

Taipei Exchange and Taiwan Stock Exchange (TWSE) introduced the " Corporate Governance Evaluation System " in order to accelerate the implementation of corporate governance among Taiwan's listed companies, assist companies with sound development, and boost market confidence. While the Corporate Governance Center of TWSE decided on the evaluation indicators, the Securities and Futures Institute performs the evaluation.

The results of the first and second Corporate Governance Evaluation came through in April 2015 and April 2016. FENC ranked among the top 20% of all the listed companies for both years. For the areas where we failed to meet the standards, the management has appointed a dedicated unit to develop plans to make improvement.



1.2.2 Shareholder Equity

FENC values our shareholders' equity and treats them equally. The shareholders can participate in the Company's decision-making process by exercising their voting rights in the annual general meeting. The proposals pending ratification, matters for deliberation and the election of directors all require voting by poll. An electronic voting system is available as an option and the voting results are disclosed immediately in the meeting. In accordance with Taiwan's Company Act, Securities and Exchange Act and other related regulations, the Company responds immediately to the suggestions and recommendations put forward by the shareholders in the meeting and keep them as a reference for our future development. In order to improve engagement with the shareholders, we have provided contact information to investors and shareholders on our website.

1.2.3 Directors and Their Remuneration

FENC conducted a re-election of directors in June 2015, and the new board consists of 12 directors, including 2 women, with extensive managerial and academic experiences. In addition to professional management competency, the board also has comprehensive and independent supervision mechanism to ensure effective management and avoidance of conflicts of interest. The two independent directors will exercise their powers in accordance to related laws and regulations, Articles of Incorporation of Far Eastern New Century Corporation, and Meeting Rules of Board of Directors (which includes rules on avoidance of conflicts of interest), and will serve a three-year term. Furthermore, FENC established the Audit Committee in 2015 as stipulated by related laws and regulations in the place of the former board of supervisors. Candidate nomination was adopted for the nomination and selection of the directors, where independent directors' opinions were valued. The candidates' academic and professional experiences were also assessed. FENC also complied with " Election Procedures of Director " and " Corporate Governance Principles " to ensure diversity and independence of the board, while also taking into consideration of the stakeholders' opinions.

▶ Board Members

Title	Name	Education Background	Gender	Age
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		
Vice Chairman	Johnny Shih	Columbia University, USA, Master in Computer Science		
	Peter Hsu	Stanford University, USA, Master in Operation Research		
Independent Director	Bing Shen	Harvard University, USA, MBA		
	Johnsee Lee	Illinois Institute of Technology, USA, Ph.D.		
Director	Raymond Hsu	Australian Mining and Metallurgy College, Australia		
	Shaw Y. Wang	National Chung Hsing University, Taiwan, Business Administration Department National Taiwan University, Taiwan, the Executive Program in Business Administration		
	Richard Yang	American Graduate School of International Management		
	Tonia Katherine Hsu	Sarah Lawrence College, New York, USA , BA (History, Humanities, Creative Arts)		
	Kwan-Tao Li	Kellogg-HKUST, MBA		
	Alice Hsu	Sheridan College, Retail Management		
	Champion Lee	Texas A&I University, USA, Master in Business Administration		

● 30-50 years old ● over 50 years old

Note：
- None of the Board members is a member of a minority group.
- Please refer to our annual report for more information on each director's post in another company, cross-ownership and related party disclosures.
- The Board lacks one independent director, which will be elected in the annual general meeting on June 23, 2016.

▶ Directors' Remuneration

Bracket	Name of Directors
Under NT$5,000,000	Bing Shen, Johnsee Lee
NT$5,000,000 ~ NT$14,999,999	Representative of Far Eastern Department Stores Ltd. ： Richard Yang, Tonia Katherine Hsu Representative of U-Ming Marine Transport Corp. ： Alice Hsu, Kwan-Tao Li Representative of Far Eastern Y. Z. Hsu Science & Technology Memorial Foundation ： Champion Lee
NT$15,000,000 ~ NT$49,999,999	Douglas Tong Hsu Representative of Asia Cement Corporation ： Johnny Shih, Raymond Hsu, Peter Hsu, Shaw Y. Wang

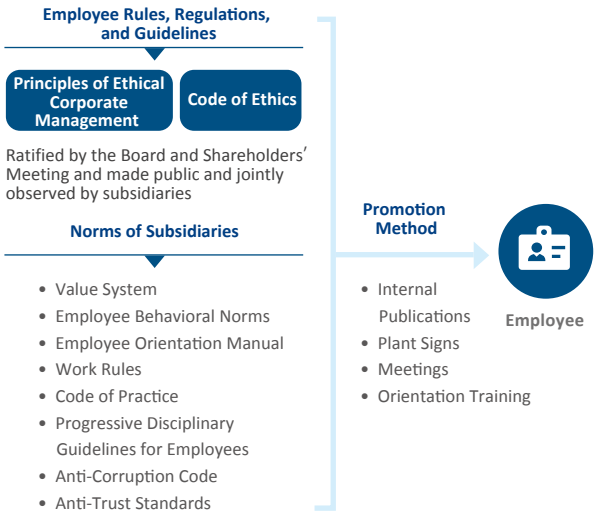
Note：Remuneration includes remuneration paid to Directors(base remuneration, severance pay and pension, Directors' remuneration from distribution of earnings, operating allowances)and relevant compensation received by directors who are also employees(salary, bonuses, allowances, severance pay and pension, employees' compensation from distribution of earnings)

The Company has in place the "Remuneration Committee" whereby an Independent Director serves as the convener to assist the Board in establishing performance evaluation and remuneration-related policies, institutions, standards, and structures for the Directors and Managers. Matters regarding performance evaluations, salaries, bonuses and the remuneration payout methods for the Directors and employees are regularly evaluated by the committee and recommendation thereof are submitted to the Board for deliberation.

The remuneration of the directors is linked to the Company's performance on the economic, social and environmental fronts. Pursuant to the regulations set forth in the Articles of Incorporation, subject to certain business conditions under which the Company may retain a portion of the divisible surplus, the Company may distribute 3% of the remainder as remuneration for the Directors. However, as Taiwan's Company Act was amended in 2015, we proposed to revise the percentage down to the maximum of 2.5% and the proposed amendment has been approved by the Board. The new percentage will take effect, once adopted by the annual general meeting.

1.2.4 Ethical Corporate Management

FENC's founder Mr. Yu-ziang Hsu and current Chairman Mr. Douglas Tong Hsu regard " integrity " as the golden rule for the Company's development. This moral principle guides every aspect of our business, such as internal processes, external procurement, management of employees and sales personnel as well as engagement with customers and stakeholders. Every employee is expected to work by the Company's core values, which are sincerity, diligence, thrift, prudence and innovation and adhere to the " Principles of Ethical Corporate Management " and the " Code of Ethics " . As corruptive practices will tarnish our reputation and compromise our stakeholders' interests, we have implemented a sound remuneration system, adopted various internal control measures and operational guidelines concerning management policies, authorization system and segregation of duties, and performed internal audits to strengthen corruption risk management in all departments and divisions.



When new employees report for duty, we provide them with information on " Principles of Ethical Corporate Management " and " Code of Ethics " as part of our anti-corruption campaign. During the orientation, they are required to attend a three-hour workshop on " Corporate Ethics " to receive training concerning ethical corporate management and anti-corruption. In addition, we have tailored the anti-corruption campaign and training specifically for the procurement units. The " anti-corruption clause " is specified in our procurement contract, prohibiting people from collecting kickbacks, handling fees or other charges. To prevent corruptive practices, our anti-corruption and risk assessment have been designed to target our staff who deals with government officials.

FENC has completed anti-corruption campaigns for all the Board members and the entire staff in Taiwan and China. Around 20% of employees in Taiwan and 80% of employees in China have received the anti-corruption classes. In 2015, there were 8 Directors taking the anti-corruption courses we provided for the Board members.

1.3 Sustainability Vision and Governance

1.3.1 Sustainability Vision

FENC has been advancing public interest since 40 years ago but today, the focus of CSR is not only limited to a company's contribution to the public. With the growing global awareness of sustainability, external stakeholders have become increasingly concerned with a company's governance as well as social and environmental impacts. Consequently, FENC has integrated sustainable development into our core business with the aim of fulfilling social responsibilities. With sustainability incorporated into our business philosophy, we have always considered long-term interests when developing operational strategies and make necessary changes to our corporate values, corporate culture, development roadmap and operational strategies.

We understand that only by involving the high-level decision-makers will we be able to promote sustainability in every aspect of our business. In order to help the Board and high-level management to promote corporate sustainability more effectively, the Company provided two courses, " From Creative Development to Business Innovation " , and " Capital Market and Directors' and Supervisors' Responsibilities： A Perspective from Corporate Governance and Insider Trading " and invited experts to speak to directors and supervisors about sustainability and governance in 2015. The courses were well-received by the directors, supervisors and high-level managers in Far Eastern Group. 8 out of our 12 Directors took the courses.

In addition to deepening the Board's and the management team's understanding of sustainable development, FENC has formulated CSR policies that are applicable to both the Company and its subsidiaries, so as to achieve economic, social and environmental sustainability. Our efforts demonstrate our respect for social ethics, focus on stakeholders' rights and interests as well as resolve to fulfill our social responsibilities. We will strike a balance among protecting the environment, giving back to society and developing corporate governance culture.

▶ Our Key CSR Policies

Focus	Key Tasks	Chapter
Promote Corporate Governance	• The Board urges every department to implement CSR policies, review its CSR performance and continue to make improvement • Create a unit fully or partially dedicated to CSR matters • Develop an effective governance structure and standards of ethics • Create an environment conducive to fair competition by preventing unfair competition and fighting against corruption and bribery	Establishing Strong Governance
Promote Environmental Sustainability	• Comply with environmental laws and regulations • Enhance energy and resource efficiency • Avoid polluting air, water and soil and adopt proper pollution control measures • Focus on water resources management, waste treatment, resource recycling, environmental greenification, and green procurement measures • Pay heed to the operation risks and opportunities generated by climate change and conduct a GHG emission inventory	Nourishing Sustainable Environment

Focus	Key Tasks	Chapter
Advance Public Interest	• Comply with labor laws and regulations to safeguard the employees' rights and interests. Ensure that there is no discrimination based on gender, race, age, marital status or family status in the Company's hiring policies • Create a work environment that is conducive to the employees' health and safety • Create an environment that benefits the employees' career development • Ensure that the quality of our products and services meets the government's regulations and industry standards • Collaborate with our suppliers and partners to improve our CSR performance • Facilitate community building by organizing business activities, making donations, providing corporate volunteer services or other professional services, or participating in community development, public interest groups and activities organized by local governments	Creating Employee Passion Building Altruistic Society Creating Diversified Values
Enhance the Disclosure of CSR Practices	• Provide relevant and reliable CSR information in an open and transparent manner and in compliance with related laws and regulations • Prepare an annual CSR report to disclose our CSR practices	Establishing Strong Governance

1.3.2 Outstanding Achievements

2015	Award-Winning Units	Awards	Awarding Unit
AUG	FENC	Won the " Corporate Citizenship Awards " – 30th place for large company group	CommonWealth Magazine
NOV	FENC	Won a gold medal for the " Taiwan Top 50 Corporate Sustainability Report Awards "	Taiwan Institute for Sustainable Energy
	FENC	Won the " Growth through Innovation Awards " of " Taiwan Corporate Sustainability Awards "	
		Selected as Benchmark Enterprise in 2015 Corporate Social Responsibility Yearbook	Economic Daily News

1.3.3 Sustainability Governance

FENC has instituted a functional CSR committee supervised by the Board of Directors. The committee consists of four units, which mirror Company's four major businesses, with unit members from different departments. The members can be divided into executive committee members and committee members. While there are three dedicated officers from the Corporate Staff Office who plan and promote CSR projects, the executive committee members and committee members execute the projects, report on sustainability performance and communicate with stakeholders. There are a total of 151 CSR committee members, including a cross-unit Energy Task Force. As there are a lot of committee members working at different locations, they communicate with one another by phone or email. Every year, we hold a CSR videoconference, in which all committee members are required to participate. The CSR committee has been established based on the corporate structure, making it easier to incorporate CSR issues into the Company's management processes. The members prepare CSR actions plans and implement related policies from top to down.

The President of each business reports periodically on CSR-related matters to the Board, including safety, hygiene and environment (SHE), market overview, research and development, internal audits, risk management, financial and business statuses. In 2015, we convened 5 Board meetings, in which the 4 Presidents and key department supervisors reported on the topics below：

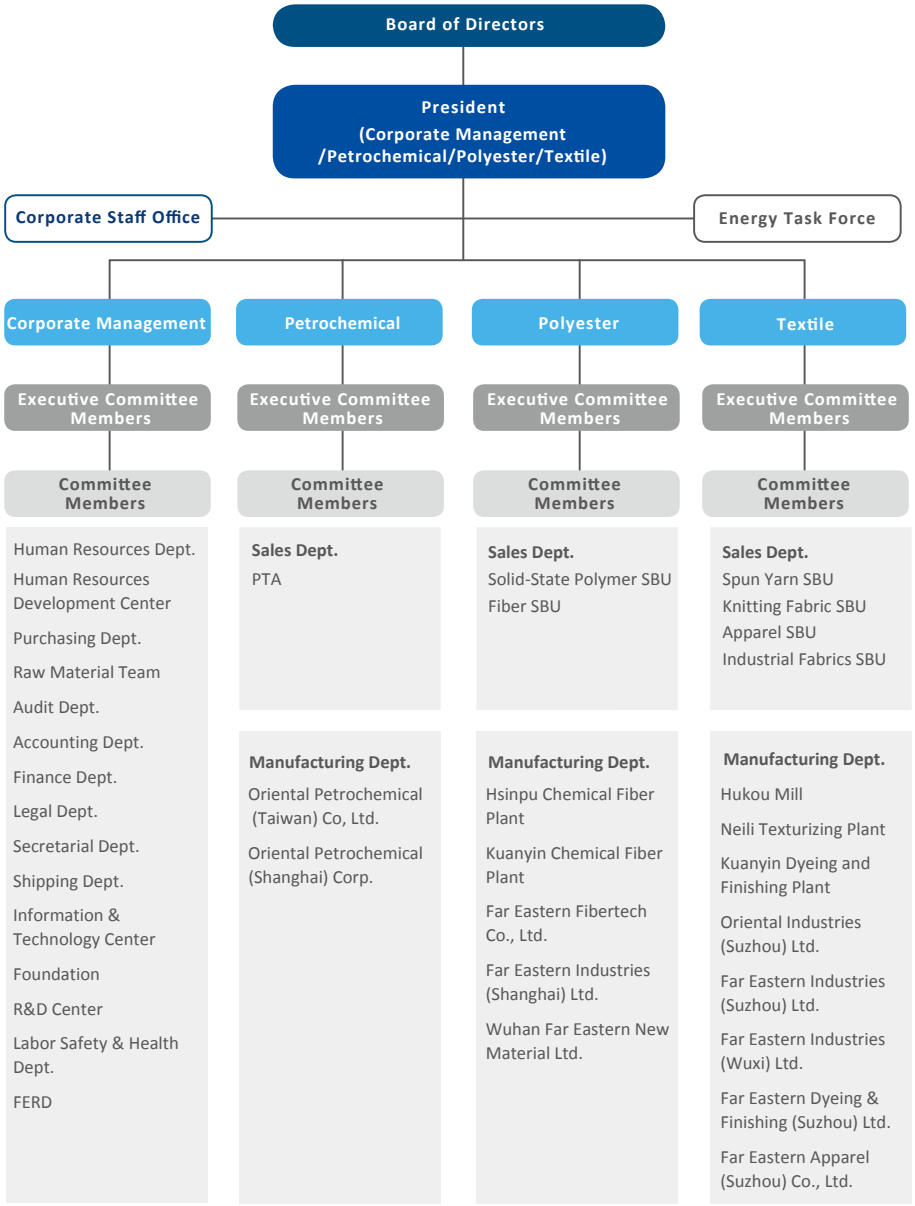
Report Topics

1・Risk management
2・Operational performance and market overview
3・Audit report
4・Major personnel changes
5・Environment, safety and hygiene
6・Donations to the community
7・Financial status
8・Sales overview
9・Regulatory compliance

CSR Actions in 2015

1・Implemented the GHG inventory and verification project
2・Implemented the climate change risk identification and adaptation program
3・Set targets to reduce energy consumption and implemented policies to reach the targets
4・Amended the supplier code of conduct and procurement protocol
5・Conducted a stakeholder survey
6・Conducted a customer satisfaction survey
7・Participated in more activities to advance public interest
8・Adopted mechanisms to implement CSR projects

▶ FENC CSR Committee



In addition, communication channels have been put in place in each department to ensure that the sustainability issues can be managed immediately and comprehensively. We have held periodic meetings, with the attendance of at least 2 or 3 directors each time, to review our performance and discuss the industry and market trends, so that we can respond promptly to various changes and take advantage of the opportunities available to us.

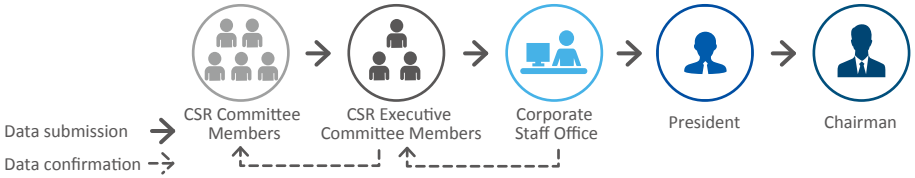
▶ FENC's Periodic Meetings

● Environmental ● Social ● Governance

Aspect	Type of the Meeting	Frequency	Highest-Level Participation
●	Special reporting	Management reporting	Once a year	Chairman
● ●		HR management and development	Twice a year	
● ●		R&D topics	Twice a year	
●		Strategizing for major businesses	Twice a year	
●		Budget deliberation	Once a year	
●		Energy conservation	Once a year	
●	Regular meeting	Business review meeting	Once a month	
●		Sales meeting	Twice a month	Presidents of the petrochemical, polyester and textile businesses

Every year, the CSR committee holds a meeting to discuss the preparation of the CSR report, including assigning tasks to each member and planning a work schedule. The contents of the report are created by the committee members from each department and organized by the executive committee members before being sent to the Corporate Staff Office for compilation. The dedicated staff in the office audits and verifies the submitted data and requests the CSR committee members to make changes in case of missing or incorrect data to ensure accuracy. The report is then submitted to the Board when it is completed, assured by a third party and approved by the Presidents.

▶ CSR Report Preparation Process



1.4 Risk Management

1.4.1 Regulatory Compliance

In 2014, the regulatory compliance system was implemented at FENC under the supervision of the President of the Corporate Management. At the initial phase, the program was intended for the Production Business and the Corporate Management. We collected self-evaluation reports from different departments and introduced inspection mechanisms, so as to achieve effective management and address operational risks.

The Scope of the Regulatory Compliance System

In order to implement the regulatory compliance system, we have identified and prioritized the areas for inspection, including those concerning the legal liabilities of the directors, supervisors and managers, issues that can damage our corporate image or interests, as well as the activities to which important civil and administration laws and regulations are applicable. In addition, the system lists our shortcomings in the past as the focus of compliance inspection.

▶ The Focus of Compliance Inspection in 2015

- Trademark Act
- Labor laws and regulations
- Occupational Safety and Health Act
- Copyright Act
- Personal Information Protection Act
- Environmental laws and regulations

The Implementation and Promotion of the Regulatory Compliance System

▶ Approaches To Promoting Regulatory Compliance

At FENC, we have developed various approaches to promoting regulatory compliance such as keeping track of changes in applicable laws and regulations, offering legal consultation, providing legal training and conducting on-site compliance inspections. There are different channels to report violations, such as the emails of the regulatory compliance system, the Audit Committee and the Audit Department. Standards of procedure have also been established to address violations. The Legal Department provides guidance to all other departments for completing their self-evaluation on compliance, assists the Audit Department to conduct on-site inspections and compiles a report to the Board. If there are any shortcomings, the Legal Department will provide advice on improvement and keep track of the follow-up actions.

In order to enhance knowledge of compliance, the Legal Department organized 9 legal training workshops for factory workers, new employees and sales staff in 2015. The workshops covered various topics, such as Taiwan's Trade Secrets Act, Intellectual Property Act, labor laws and regulations, credit risk management, negotiable instruments, anti-corruption and personal information protection. We also invited professional lawyers to give keynote speeches to the Legal Department and high-level management.

Regulatory Compliance Performance in 2015

1 · Expanded the culture of regulatory compliance

In order to strengthen corporate governance, refine the regulatory compliance system and enhance the staff's understanding of laws concerning the environment and consumer protection, FENC has expanded the scope of the system to cover the subsidiaries that have factories or engage directly with consumers, such as Oriental Petrochemical (Taiwan) Co., Ltd, Far Eastern Fibertech Co., Ltd, Oriental Resources Development Co., Ltd, and Far Eastern Apparel Co., Ltd.

2 · Built an online platform for self-evaluation on compliance

With the online platform, the self-evaluation survey can be completed by each department and reviewed by the department supervisor on the internet. Similarly, the compliance staff can send their feedback to the department supervisor for acknowledgement without wasting any paper. The platform enables immediate review of each department's performance and makes it easier to track improvement on compliance for each quarter.

▶ Major Violations in 2015

Company / Business Unit	Shortcoming	Fine in NTD / Other Disciplinary Actions	Improvement Plan
Social Aspect (issues related to corruption, monopoly, fraud, discrimination, etc)			
None			
Product and Service Aspect (issues related to marketing communications and labeling)			
None			
Environmental Aspect			
Kuanyin Dyeing and Finishing Plant	Air pollution prevention facilities malfunctioned	NT$100,000	・Purchase additional spare parts for the facilities ・Conduct daily inspections and keep exact records
Hsinpu Chemical Fiber Plant	Neighboring communities complained of stench from the wastewater treatment plant	NT$100,000	・Strengthen source management by closely monitoring and inspecting the discharge of wastewater from different units ・Increase the airtightness of each wastewater treatment unit to prevent the emanation of the stench
Oriental Petrochemical (Taiwan) Co., Ltd.	Wastewater control facilities malfunctioned	NT$140,000 and an required attendance of a 2-hour workshop on environmental protection	・Utilize emergency backup facilities ・Conduct daily inspections and keep exact records
Total		NT$340,000	

Note： NT$100,000 worth of fine is the threshold for violation disclosure in this report.

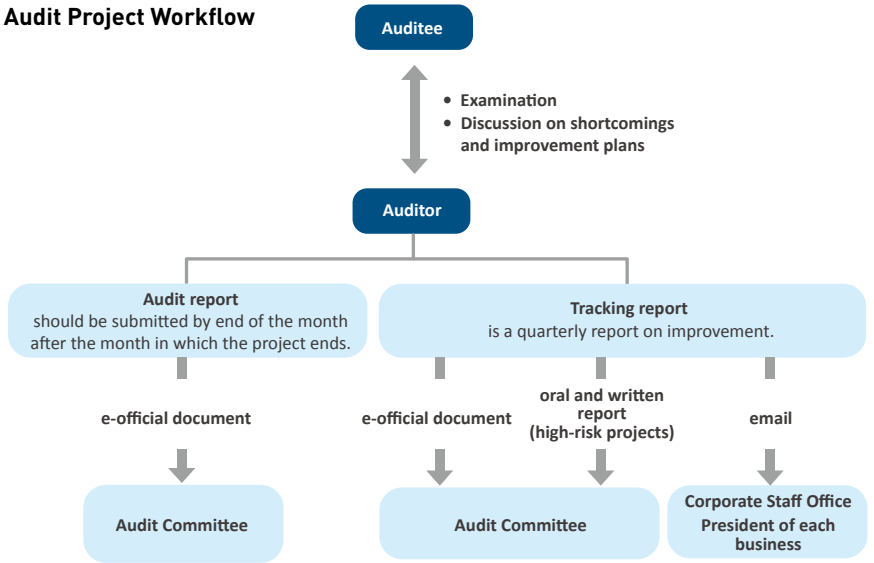
1.4.2 Internal Controls and Audit Management

The Audit Department oversees and evaluates the implementation of internal controls in all departments, assists the Board and the management in examining and re-evaluating their effectiveness and seeks to strengthen the Company's internal control system, in order to minimize errors, prevent corruption and increase operational efficiency. The measures taken by the department are aimed at advancing the Company's overall interests.

▶ Different Sections of the Audit Department

Section	Description
Purchase Auditing Section	The section audits the collection cycle, production cycle, R&D cycle and PP&E cycle and plays a supervisory role in price negotiation, visiting suppliers, reviewing requisition orders, purchase orders and payment orders, conducting incoming quality inspection and ad hoc re-inspections on construction projects.
Operation Audit Section	The section audits the sales and collection cycle, production cycle, R&D cycle and PP&E cycle of the sales teams, the Shipping Department and the Production Business.
Finance Auditing Section	・The section focuses on payroll cycle, financing cycle, investment cycle, derivatives trading, providing loans to others, endorsements and guarantees, related party transactions, rules of procedure of the board and the Remuneration Committee and the Audit Committee and regulatory compliance-related processes. ・The section requires each department and subsidiary to evaluate the effectiveness of its internal control regularly within the fiscal year. ・The section refines the internal control system based on the changes to the regulations or the implementation process.
MIS Auditing Section	The section examines the effectiveness of information and communications security and uses computer audit software as an aid to conduct data analyses.

▶ Audit Project Workflow



Material topics pertaining to internal controls in 2015 are outlined below ：

- Occupational Safety and Health
- Energy Conservation and Carbon Reduction
- Customer Relationship Management
- Production Management
- Supplier Management
- Corporate Governance

In 2015, there were 23 projects related to the material topics covered in this report, such as the management of the Board meetings, the operation of the Remuneration Committee and the waste management of the Production Business. Overall, the Company's internal controls were effectively implemented. There was no indication of any major alarming issues.

Internal Control Performance in 2015

1 · Refined internal control system and self-evaluation guidelines

We revised our internal control implementation rules in accordance with the amended " Procedures for Lending of Capital to Others " , " Procedures for Endorsements and Guarantees " , and " Procedures for Acquisition and Disposition of Assets " , which had been adopted in the Annual General Meeting. We also assisted related departments in refining their respective internal control system and implementation rules.

In addition, we made changes to our internal control evaluation process, related forms and procedures based on the internal control self-evaluation sheet and methods updated by the Taiwan Stock Exchange. We organized a seminar to explain the new self-evaluation process, the new items for evaluation, how to build implementation teams to conduct evaluation, as well as the new forms and submission methods. A total of 21 business units of the Company and 59 companies of Far Eastern Group attended the seminar. Representatives of the companies in Shanghai, Yangzhou and Vietnam also participated in the event via videoconferencing.

2 · Reviewed the internal control mechanisms of the Purchasing Department

FENC's Audit Department and Far Eastern Group's Auditing Department sent representatives to attend the meeting of the risk control team established by the Group's Purchasing Department, in order to discuss the risks arising from various procurements, examine the Department's procurement process and internal control mechanisms, and develop measures for improvement. In addition, new procedures concerning evaluating and selecting suppliers were established to refine our internal control mechanisms and processes.

3 · Issued internal audit guidelines

The Audit Department issued internal audit guidelines each quarter for the reference of each department's supervisor and audit managers. The guidelines included the design and implementation of the internal control system, audit practice and the regulatory compliance risks facing the Company. We used different cases to increase the management's understanding of the risks facing our operations and provide suggestions for improvement.

1.4.3 Financial Risks

At FENC, capital management consists of day-to-day cashier operations and the short-term financing management. While our cashiering operations focus on the daily forecast of the incoming and outgoing funds, collections and disbursements as well as stock-related processes, the short-term financing management deals with the balances in New Taiwan Dollar or foreign currencies every day and take out or repay loans based on the market interest rates and exchange rates

We work with different financial institutes, including local and foreign banks and bills finance companies. Bank loans and commercial papers are the major financing instruments. Time deposits, commercial papers with repurchase agreements, money market fund are utilized when the Company has a surplus in funds.

Given the cost of capital, we apply for bank loans or issue commercial papers for short-term or mid-term financing (less than 3 years) but for mid-term or long-term financing (more than 3 years), we use various corporate bonds as our chief instrument to raise funds.

Cash Flow Management

Cash flow management is closely linked to every aspect of our business. We conduct periodic analyses on our operations, investments and financial management to effectively forecast our future cash flows.

Exchange Rate Management

FENC has foreign exchange export proceeds. If the net foreign exchange positions exist after foreign currency liabilities are deducted, we use spot and forward exchange contracts to hedge against the impact of exchange rate fluctuations on the Company.

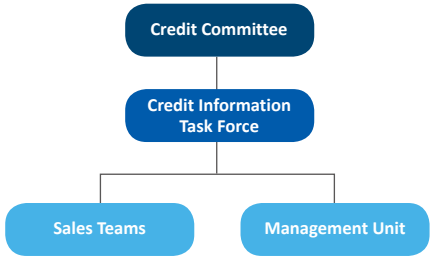
Financing in Capital Markets

In order to increase our responsiveness, diversify our sources of funds and manage the risks associated with interest rate hikes, the Finance Department issues long-term fixed interest bonds, when appropriate, at home or abroad depending on the dynamics of the capital market and capital flows, such as straight bonds, convertible bonds or exchangeable bonds. This approach is aimed at strengthening our financial structure and reserve funds in response to various needs down the road.

1.4.4 Credit Risks

As FENC's sales markets and customers are in every part of the world, open account trading is a common practice for our domestic and export sales. In order to ensure consistent production, operations and quality of transaction, it is essential to manage the risks associated with open account transactions and improve the quality of our corporate assets. Therefore, the Shipping Department, Accounting Department, Audit Department and Legal Department have comprised the Management Unit and established the Credit Information Task Force and the Credit Committee in a joint effort to manage open account trading risks. In order to ensure zero non-payments, we have adopted three management principles at different stages： prevention, inspection and control.

▶ The Structure of Open Account Trading Management



Prevention

- Commission credit information service providers at home and abroad to gain insight into the operations of our customers to which we consider extending credit.
- Sign contracts with multiple accounts receivable insurance companies to diversify open account trading risks.
- Conduct on-site inspections regularly in the areas where our customers are located or commission credit information service providers to run credit checks on our customers, in order to gain first-hand market information and the updates of our customers' operations.
- Issue " National Risk Report " periodically to assist the sales unit in risk assessment beforehand and risk control afterwards when expanding into foreign markets.
- Provide internal training courses on credit risk management regularly to enhance the sales teams' and Corporate Management's understanding of related issues.
- Amend open account trading guidelines and credit rating standards regularly in response to external risks.

Examination

- Convene meetings with the Credit Information Task Force and the Credit Committee regularly and assess customers' credit rating and manage open account trading risks.
- Develop measures to select customers for open account trading to prevent non-performing loans and minimize the cost of recovering losses.

Control

- Create a watch list concerning customers with credit issues and reduce or freeze the credit extended to them, whenever appropriate, to minimize risk exposures.
- Assemble an ad hoc task force across departments to forcefully dun the customers who have severely overdue payments or are likely to default on payment obligation, so as to ensure the Company's money can be collected.
- Implement a three-level risk alert system in response to the unexpected credit risks incurred by the significant political or economic changes in our export markets.

1.4.5 Climate Change and Environmental Pollution Risks

FENC attaches great importance to long-term operational performance. In the face of climate change and environmental pollution, we are driven to turn the associated risks into business opportunities.

Risks

Aspect	Event	Response
Extreme Weather Conditions	・Transportation cost will increase ・Production and shipment will be affected ・As the differences between high and low seasons have become smaller, it has been more difficult for the Company to adjust our production capacity to maximize profits ・The operation of the facilities in the factories will be affected ・Water supply will be unstable ・Power supply will be unstable	・Use early warning mechanisms to prepare essential materials and make transportation arrangements ・Arrange production staff' s transportation, accommodation and meals in advance ・Pay heed to weather changes and keep an adequate supply of products ・Plan production and sales ahead of time to ensure normal supply of raw materials ・Optimize manufacturing processes to minimize environmental impact ・Reduce the damage to the equipment by improving its waterproof and insulation capabilities ・Build additional reservoirs, filtering systems, river water treatment facilities and wastewater recycling systems ・Increase the reutilization rate of water resources to reduce water usage and wastewater discharge ・Secure insurance protection against natural disasters ・Adopt precautionary measures against typhoons
Changes in Policies	・Taiwan adopted the Greenhouse Gas Emission Reduction and Management Act ・Taiwan began to collect water pollution control fees ・China adopted Law on Air Pollution Prevention and Control ・China began to implement clean energy policies and exercise tight control on companies' wastewater discharge and exhaust emissions ・China is likely to impose carbon taxes ・Banks began to adopt equator principles	・Promote the use of renewable energy ・Implement plans to conserve energy and reduce emissions ・Adjust product structure and manufacture eco-friendly products ・Far Eastern Industries (Shanghai) Ltd. introduced " 2015 Air Pollution Prevention and Emergency Measures " to cut emissions ・Oriental Petrochemical (Shanghai) Corp. and Far Eastern Industries (Shanghai) Ltd. began to implement the LDAR management program

Opportunities

- Develop products using recycled materials or bio materials to reduce our reliance on petrochemical materials and reduce GHG emissions
- Develop new functional products to satisfy the needs of garments with warming, cooling or anti-ultraviolet effects
- Develop energy-saving products based on the requirements of customers to reduce energy consumption across our value chain and minimize environmental impact
- Continue the R&D and promotion of eco-friendly products

Climate Change Risks Identification and Adaptation Plan

In order to better respond to the impact of climate change and ensure our proper operations and sustainable development, FENC registered for the " 2015 Adaptation Pilot Program " launched by the Industrial Development Bureau. Hukou Mill was selected as the only factory guided by the bureau.

Under the guidance of Taiwan Green Productivity Foundation, we assembled an adaptation task force for the mill and appointed the head of the mill as the leader of the task force. The first step we took was to take stock of the mill, examine the impact of the weather events on the mill's operations and collect various graphs, charts and maps of the area. The second step was to identify, analyze and sort risks associated with climate change. Lastly, we formulated an adaptation action plan based on the first two steps and conducted an opportunity analysis.

Aspects of Impact Assessment	Climate Risks
・Manufacturing process ・Assets ・Supply chains ・Personnel ・Finances	・Lightning strikes ・Floods ・Rising temperatures ・Gales ・Salt damage and erosion ・Droughts

▶ Climate Change Risks Identification and Adaptation Workflow

- Review the Impact of Climate Change in the Past
- Assess the Impact of Climate Change in the Future

→

- Risk Assessment
  - Risk Identification
  - Risk Analysis
  - Risk Sorting

→

- Action Plan
- Opportunity Assessment

Vulnerability (extent of damage) and criticality (likelihood) are assessed in our risk analysis. Hukou Mill faces two high-level risks. Higher risk level indicates higher probability and greater damage and requires an adaptation plan that considers different aspects such as management, response and strategy to minimize impact.

▶ Hukou Mill Climate Change Risks Identification

Risk Level	Impact
Very High	none
High	Rainstorm – asset – dorm basement Lightning strikes – manufacturing process – transmission lines of Taiwan Power Company
Mid	Rainstorm – manufacturing process – power supply facilities at ultra-high-voltage stations Drought – manufacturing process – air compressor and water chiller cooling system Gale - manufacturing process – power supply facilities at ultra-high-voltage stations
Low	Rainstorm – supply chain – dorm basement Severe salt fog – manufacturing process – cap and pin insulators for power supply equipment at ultra-high-voltage stations High temperature – finance – air compressor and water chiller cooling system Rain storm – supply chain – unloading areas for cotton containers Rainstorm – supply chain – weighbridge system Rainstorm – personnel – three shifts of manpower Lightning strikes – asset – facilities in the mill
Very Low	none

The rainstorm is the first high-level risk. The intensity of the rainstorm has increased in the area where Hukou Mill is located. As some transformer substations are installed in the basement, floods caused by the rainstorm can take a huge toll on the operation of the mill. In order to minimize damage of the potential storms, it is important to establish an SOP, increase flood control and water pumping facilities and move the transformer facilities to areas of higher elevation. The second high-level risk is lightning strikes that can damage the transmission facilities, thereby causing voltage drop or power outage. To address this risk, our action plan includes preparing backup power in case of emergency, maintaining lightning protection and interruptible power supply systems, and requiring the staff to familiarize themselves with the SOP for power outage emergencies.

▶ Adaptation Action Plan

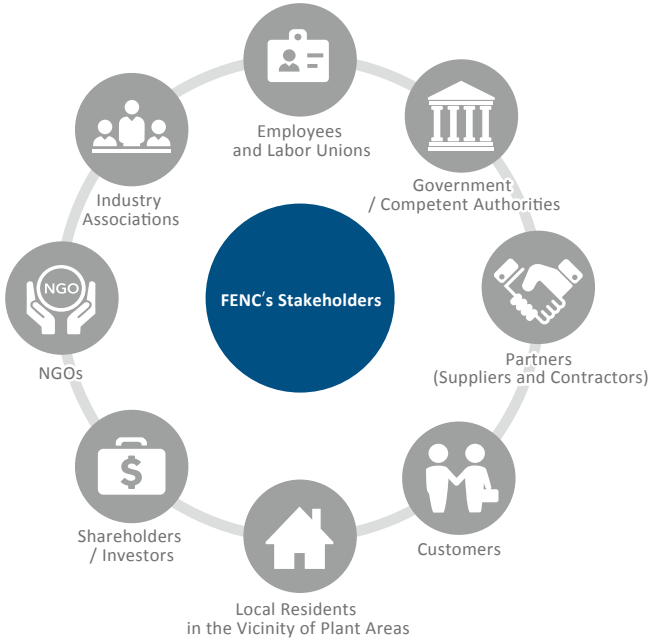
Response	Strategy	Management
・Utilize the equipment for disaster prevention and relief in response to the impact of climate change	・Plan ahead for adding protection facilities and improving the functions of disaster prevention equipment	・Inspect the maintenance of equipment and facilities regularly
・Adjust manufacturing operations and mobilize resources when necessary	・Set up an off-site emergency backup system or insure the mill to diversify the risks	・Reallocate human resources for contingencies ・Establish and review SOPs for emergencies

All the FENC's factories sent representatives to learn from this pilot program. We intend to extend the risk identification and adaptation program to all our production sites and improve the Company's capabilities to manage the risks associated with climate change.

1.5 Stakeholders and Material Topics

1.5.1 Identifying Stakeholders

In 2014, FENC sent out questionnaires to employees at different levels to identify our stakeholders. The questionnaire was designed based on the 5 principles set out in AA1000 Stakeholder Engagement Standard 2011, which are dependency, responsibility, influence, diverse perspectives and tension. Our subjects were employees from Taiwan, Suzhou, Wuxi, Shanghai and Wuhan who are the CSR committee members from different departments of our businesses covered in the scope of the report. A total of 135 questionnaires were filled out and collected.



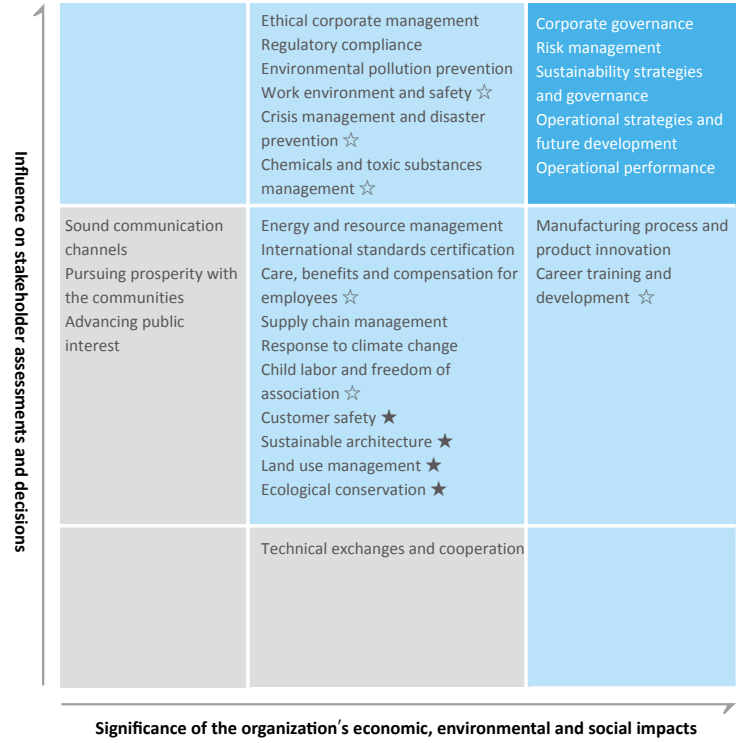
1.5.2 Identifying and Responding to Material Topics

To identify the material topics, FENC not only considered our employees' opinions and the materiality principle of the GRI G4, but took into account the significant sustainability issues in the world, such as the United Nations' 17 Sustainable Development Goals and the Paris Agreement adopted at COP21. We used questionnaires and interviews to assess how the topics affect the Company (financial and non-financial implications, impacts on the integration of our strategies, as well as impacts on opportunities and competitiveness), different groups of stakeholders'assessments and decisions (significance of the impact, the expectation of the Company's response and actions, as well as the expectation of transparency). We asked our subjects to rate on each assessment item for further analysis and the management to share their perspectives in order to determine the 23 material topics in the matrix below.

In this matrix, the up-right block represents the material topics defined in this report, while topics in other blocks have less significant impact or influence.

The differences between the material topics covered in this and last reports are described below：

- In 2015, there were a couple of chemical accidents in the industry, so this year, we have included " chemicals and toxic substances management " as a material topic.
- " Employee training and career development " has been renamed " career training and development " .
- We care about human rights issues and focus on " child labor and freedom of association " , with which our customers and investors are more concerned.
- Last year, we had the topic " response to urbanization " because an increasing number of communities emerged in close proximity to the industrial areas. As " crisis management and disaster prevention " also concerns the communities, the topic " response to urbanization " has been merged into " crisis management and disaster prevention " in this report.
- As the Company's Production Business sells intermediate products to our downstream corporate customers, " customer service " has been incorporated into " manufacturing process and product innovation " and " international standards certification. "



Note：★ indicates that the topic is only applicable to Far Eastern Resources Development Co., Ltd.
☆ indicates that the topic is only applicable to the Production Business

" Work environment and safety " , " crisis management and disaster prevention " , " chemicals and toxic substances management " , " career training and development " , " child labor and freedom of association " , and " care, benefits and compensation for employees " are only applicable to the Production Business. As Far Eastern Resources Development Co., Ltd is included in this report, we have interviewed the management of this subsidiary in particular, to gain an in-depth understanding of the nature of their business and the related issues that our stakeholders are more concerned with. There are four additional material topics that are specific to this company, which are " sustainable architecture " , " land use management " , " ecological conservation " and " customer safety " . As the company has many construction projects, issues pertaining to contractor training and site safety management are incorporated into " supply chain management " .

▶ Material Topics and Their Significance to FENC

Sustainability Topics	Significance to FENC
Corporate governance/Risk management/Sustainability strategies and governance/Operational strategies and future development/Operational performance/Ethical corporate management/Regulatory compliance	Integrity is the golden rule that guides FENC's management and development. We believe it is the key to the long-term success of our corporate governance and operations. Risk management and long-term strategic planning are the cornerstones of sustainable development and are indispensable for the Company to achieve our sustainability goals.
Environmental pollution prevention/Energy and resource management/Response to climate change	The Company complies with the laws and regulations regarding environmental protection not just because we are required to, but because we value the natural environment and the communities in proximity to our production sites. We are determined to manage resources effectively to reduce production costs, enhance operational performance and, more importantly, minimize environmental impact.
Crisis management and disaster prevention	It is our duty to minimize our negative impact on the neighboring communities, manage crises effectively and prevent disasters.
International standards certification /Manufacturing process and product innovation/Supply chain management	We provide high-quality products and services and create additional values to cement our relations with customers and to gain international certifications that ensure the high standards of our internal process and the quality of our products. In addition to our innovative approaches to sustainable development, we use supply chain management to encourage our partners to fulfill their social responsibilities.

Sustainability Topics	Significance to FENC
Work environment and safety/ Child labor and freedom of association Care, benefits and compensation for employees/Career training and development	Employees are valuable assets at FENC. We must ensure their safety and health at the workplace and safeguard their basic human rights. We promote respect for our employees in the Company and help them develop their expertise and advance their career. These efforts are essential to our corporate sustainability.
Chemicals and toxic substances management	As the use of chemicals is critical to the operations and development of the petrochemical industry, the Company must manage chemicals in a systematic way to prevent accidents or disasters caused by the misuse of chemicals and to prevent chemical exposure from jeopardizing our people's health.
Customer safety/Sustainable architecture/Land use management/ Ecological conservation	While increasing its efficiency in using land resources, Far Eastern Resources Development Co., Ltd has focused on developing the blueprint for urban planning and assessing the severity of land contamination, so as to carry out proper restoration work. "Ecological sustainability" and "smart life" are the key to our approaches to land development. We have improved our measures against various accidents and disasters to ensure people's safety.

This report provides detailed accounts of various material topics. Please see the table below for more information on the topics, the significant aspects and boundaries defined by GRI G4, and the corresponding chapters.

Materiality Issue	Relevant G4 Material Aspects	Internal			External			Management Approaches and Relevant Information	
		FENC	Subsidiaries of Production Business	Far Eastern Resources Development Co., Ltd.	Suppliers	Customers	Communities and Environment	Chapter	Page
Corporate governance	General Standard Disclosures ： Governance, Organizational Profile, Strategy and Analysis	★	★	★				1.2	17
Risk management	General Standard Disclosures ： Strategy and Analysis Economic ： Economic Performance	★	★	★	★	★		1.4	22
Sustainable development strategy and governance	General Standard Disclosures ： Governance	★	★	★	★			1.3	19
Operational strategies and future development	General Standard Disclosures ： Strategy and Analysis	★	★	★	★	★		Chairman's Message / 1.3	5 / 19
Operational performance	Economic ： Economic Performance	★	★	★	★	★		1.1	12
Manufacturing process and product innovation	Environmental ： Products and Services	★	★	★				2.1 / 2.2 / 3.5 6.2.1 / 6.2.2	36 / 38 / 62 / 100 / 101

Materiality Issue	Relevant G4 Material Aspects	Internal			External			Management Approaches and Relevant Information	
		FENC	Subsidiaries of Production Business	Far Eastern Resources Development Co., Ltd.	Suppliers	Customers	Communities and Environment	Chapter	Page
Career training and development	Labor Practices and Decent Work ： Training and Education	★	★					4.4.2 / 6.2.1 / 6.2.4	75 / 100 / 107
Ethical corporate management	General Standard Disclosures ： Ethics and Integrity Society ： Anti-corruption, Anti-competitive Behavior	★	★	★	★	★		1.2.4	18
Regulatory compliance	Environmental, Society, and Product Responsibility ： Compliance	★	★	★	★			1.4.1	22
Environmental pollution prevention	Environmental ： Emissions, Effluents and Waste, Supplier Environmental Assessment Society ： Local Communities	★	★	★	★			2.4.1 / 3.4 / 3.6 6.2.2 / 6.2.5	45 / 59 / 64 / 101 / 109
Work environment and safety	Labor Practices and Decent Work ： Occupational Health and Safety	★	★		★			4.5	79
Crisis management and disaster prevention	Society ： Local Communities	★	★				★	3.6 / 6.2.5	64 / 109
Chemicals and toxic substances management	Labor Practices and Decent Work ： Occupational Health and Safety	★	★					4.5.1	79
Energy and resource management	Environmental ： Materials, Energy, Water	★	★	★	★			3.2 / 3.3 / 6.2.2	49 / 58 / 101
International standards certification	Environmental ： DMA of relevant aspects (i.e. Energy, Water, etc.), Products and Services	★	★	★	★			2.2.3 / 3.2.1 / 6.2.2	39 / 49 / 101
Care, benefits and compensation for employees	Labor Practices and Decent Work ： Employment, Labor/ Management Relations	★	★		★			4.1 / 4.2 / 4.3	66 / 70 / 73
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	★	★	★	★			2.4 / 6.1.2	44 / 98
Response to climate change	Environmental ： Energy, Emissions, Products and Services	★	★	★	★	★		1.4.5 / 2.2 / 3.2 / 3.4 / 6.2.2	26 / 38 / 49 / 59 / 101
Child labor and freedom of association	Human Rights ： Freedom of Association and Collective Bargaining, Child Labor	★	★		★			4.2.1 / 4.3.1	70 / 73
Customer safety	Product Responsibility ： Customer Health and Safety			★		★		6.2.3	106
Sustainable architecture	Environmental ： Energy, Water, Biodiversity, Effluents and Waste, Products and Services			★		★		6.2.2	101
Land use management	Environmental ： Land Degradation, Contamination and Remediation			★			★	6.2.4	107
Ecological conservation	Environmental ： Biodiversity			★			★	6.2.4	107

1.5.3 Stakeholder Engagement

FENC engages with our stakeholders on an ongoing basis. The table below shows the channels through which the Company communicates with our stakeholders, our communication frequency and some instances in 2015.

Type of Stakeholder	Area of Focus		Communication Channel		Communication Frequency and Some Instances in 2015
Employees and Labor Union	・Corporate governance ・Ethical corporate management ・Operational performance ・Care, benefit and compensation for employees ・Career training and development	・Child labor and freedom of association ・Work environment and safety ・Crisis management and disaster prevention ・Energy and resource management	・Various work meetings (factory affairs, SHE, production, sales, etc) ・Various employee welfare meetings (accommodation, meals, wages, benefits, employee representatives meeting, etc) ・Labor union meeting ・Annual performance evaluation ・Employee satisfaction survey ・Employee training	・Fire drills ・Safety Promotion Month at Far Eastern Fibertech Co. (electric appliances safety, driving safety, fire safety) ・Production Safety Month at Oriental Petrochemical (Shanghai) Corp. (SHE management) ・Email for SHE issues ・Email for complaints	・Each meeting takes place periodically. ・Employee survey, employee training and fire drills take place many times per year. ・Safety Month promotional activities take place once per month. ・Production Safety Month activities takes place once per year.
Government / Competent Authority	・Crisis management and disaster prevention ・Environmental pollution prevention ・Work environment and safety ・Sustainability strategies and governance	・Chemicals and toxic substances management ・Regulatory compliance ・Risk management ・Care, benefit and compensation for employees	・Community security meeting ・Site inspection meetings ・Examination meetings ・Negotiation meetings ・Forums ・Regulation explanation/ seminars / symposia	・Labor welfare forum ・Visit by the government officials ・Joint fire drill ・Official audit regulations ・Internal audits ・Internal control self-evaluation	・We participate in community security meeting every month. ・Ad hoc meetings such as examination meeting, seminars and forums take place many times per year. ・The labor welfare meeting takes place once per year. ・Government representatives visit on an irregular basis. ・The Joint fire drill takes place once per year. ・Audits are conducted on an irregular basis. ・Internal control self-evaluation takes place once per year.
Partners (Suppliers / Contractors)	・Corporate governance ・Ethical corporate management ・Regulatory compliance ・Risk management ・Supply chain management	・Manufacturing process and product innovation ・Work environment and safety ・Crisis management and disaster prevention ・Chemicals and toxic substances management	・Work meetings ・Tpark maintenance and operation work meetings ・Contractor management meeting ・Transporter safety and quality review meeting ・Internal communication meetings ・Annual price negotiations ・Annual supplier/contractor meeting	・Supplier evaluation ・Visiting suppliers ・Suppliers' visits ・Supplier safety training ・Contractor training ・Phone calls, emails	・Work meetings and transporters safety and quality examination meetings take place on an irregular basis. (In 2015, there were 12 Tpark urban design work meetings and 9 environmental impact assessment meetings) ・Tpark maintenance and operation work meeting and contractor management meeting take place every month ・Supplier evaluation is carried out once per year. ・We visit suppliers and they visit us on an irregular basis. ・Supplier training and contractor training take place many times per year. ・communication via phone call or email on an irregular basis
Customers	・Customer safety ・Regulatory compliance ・Risk management ・Manufacturing process and product innovation	・International standards certifications ・Sustainability strategies and governance ・Sound communication channels ・Technological exchanges and cooperation	・Customer service center, service hotline ・Customer visits/ sales interviews ・Customers' onsite evaluation ・Questionnaires and satisfaction survey	・External certification ・Carbon foot print inventory ・Phone calls and emails	・We visit customers, conduct sales interviews and welcome customers' onsite evaluation many times per year. ・We use questionnaires to conduct a survey many times per year. ・We conduct a customer satisfaction survey once per year. ・We conduct a carbon footprint inventory once per year. ・communication by phone or email on an irregular basis

Type of Stakeholder	Area of Focus		Communication Channel		Communication Frequency and Some Instances in 2015
 Local Residents in the Vicinity of Plant Areas	・Ecological conservation ・Crisis management and disaster prevention ・Work environment and safety ・Environmental pollution prevention ・Chemicals and toxic substances management	・Regulatory compliance ・Sound communication channels ・Pursuing prosperity with communities ・Advancing public interest	・We provide ecological experience and guided tours at Tpark. ・We provide security services at Tpark. ・We provide a hotline for Tpark. ・We organize community activities	・Oriental Petrochemical (Shanghai) Corp. organizes the Open House Day. ・We attend the community meetings. ・We organize crisis reporting training. ・We hold seminars. ・We provide complaints mailbox at our plants.	・We organize community activities many times per year. ・Oriental Petrochemical (Shanghai) Corp. organizes the Open House Day once per year. ・We visit people in the neighborhood and attend the community meetings on an irregular basis. ・We organize crisis reporting training and seminars many times per year.
 Shareholders / Investors	・Corporate governance ・Operational performance ・Ethical corporate management ・Regulatory compliance	・Risk management ・Management strategies and future development ・Sustainability strategies and governance	・Board meetings ・Annual general meeting ・The Company's website	・Investors' visits ・We attend the forums and seminars held by brokerage firms ・Investor Relations Department's email	・Board meetings are held many times per year. ・The annual general meeting is held once a year. ・We are visited by investors many times per year. ・We are invited to the investment forums held by brokerage firms many times per year.
 NGO	・Environmental pollution prevention ・Response to climate change	・Energy and resource management ・Advancing public interest	・Opinion exchange meetings ・Seminars ・Technical exchanges with the Institute for Information Industry and Industrial Technology Research Institute	・Environmental management information on our website ・We offer ecological education at Tpark. ・Phone calls and emails	・The National Information and Communications Initiative Committee convened a meeting on building smart communities and promoting industrial innovation at Tpark. ・We participate in local seminars on an ad hoc basis. ・We update information on environmental management on our website every year, ・We offer ecological education on an irregular basis. ・Phone calls and emails on an irregular basis
 Industry Associations	・Regulatory compliance ・Risk management ・Work environment and safety	・Crisis management and disaster prevention ・Chemicals and toxic substances management ・Technical exchanges and cooperation	・Industry annual convention ・Industry meeting ・Forums held by the industry associations ・Members meeting	・Seminars ・Training ・Guided tours	・We participated in the 2015 China PTA association annual convention. ・We participate the industry meeting once a month. ・We participate in the forums held by industry associations on an irregular basis. ・Member meeting is held once a year. ・Seminars are held many times per year. ・Training takes place many times a year. ・Tpark was selected as the real demo sites in the 2015 smart city exhibition. We provided four guided tours.

Participation In External Organizations

In 2015, FENC participated in a total of 65 external industry associations. In 36 of them, we played an important governance role, took part in their projects or committees, provided large sum of funding or benefited from the associations' substantial and strategic assistance. The organizations that we participated in are described in the table below ：

Type	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 Weaving Industry Association ・Taiwan Textile Printing Dyeing& Fining Industry Association ・Taiwan Textile Federation ・Better Cotton Initiative (BCI)	・International Cotton Association (ICA) ・Guanyin Industrial Park Manufacturers Association ・Industrial Safety and Health Association of the R.O.C. ・Northern Taiwan Association for Promotion of TOSHMS, Occupational Safety and Health Administration, Ministry of Labor ・Petrochemical Industry Association of Taiwan ・Taiwan Knitting Industry Association ・Guanyin Industrial Park Association for Safety & Health ・The Real Estate Development Union of New Taipei City	・NIKE Northern Factory Association for Improving of Corporate Social Responsibility ・NIKE Lean Forum Association in China ・China Dyeing and Printing Association
R&D Association and Society	・Cradle to Cradle Taiwan		・Society for Environmental Sciences, Fengxian District , Shanghai City ・Suzhou Society For Environmental Sciences ・Suzhou Energy Conservation and Emission Reduction Association ・Wuxi Association of Energy Conservation and Resource Comprehensive Utilization
Other Associations	・Chinese Human Resource Management Association ・Association of Industrial Relations, R.O.C. ・Chinese National Association of Industry and Commerce, Taiwan ・Supply Management Institute, Taiwan	・Taiwan Ratings ・The Institute of Internal Auditors, R.O.C. ・Taiwan Responsible Care Association	・Shanghai Association of Enterprises with Foreign Investment ・New Area Taiwanese Businessmen Association ・Council of Shanghai City Work Safety ・Wuxi Taiwanese Businessmen Association ・Wuxi New Area Taiwanese Businessmen Association

Gave a Keynote Speech at 2015 International Forum on Sport and Environment

The Sports Administration, Ministry of Education and Chinese Taipei Olympic Committee held 2015 International Forum on Sport and Environment in September, 2015. As a forerunner in Taiwan's textile industry and a major supplier of jerseys made from recycled plastic bottles for two FIFA World Cups, FENC was invited to give a keynote speech on " The Champion of World Cup： Soccer Jerseys Made out of Plastic Bottles by Taiwan " , to discuss our research and development of eco-friendly PET fibers and our innovative products. Our aim was to promote sports and environmental protection from a different angle and strengthen the partnerships between the textile and sports industries.

Participation in International CSR Activities

Due to the impact of climate change, environmental protection has been a topic of concern around the world. While people have begun to take actions to conserve energy and reduce carbon emissions, investors have focused on selecting their targets for investment based on a company's performance in sustainability and associated its operational performance with sustainable development. There has been an increasing expectation of the business world to disclose their CSR practices. To better inform our external stakeholders of our performance in sustainability and governance, FENC has filled out questionnaires designed by various external organizations. In so doing, the Company can examine the soundness and effectiveness of our CSR policies and formulate concrete plans to make improvement and enhance our corporate sustainability.

In 2015, FENC completed questionnaires of 4 international organizations, MSCI, CDP, Global 100 Ranking and Sustainalytics, and was selected for inclusion in MSCI Global Sustainability Index Series. Our CDP's disclosure score improved from 45 in 2014 to 92 in 2015. Our Sustainalytics score ranks first among the companies of the same scale.

Registering A Complaint

At FENC, various channels are available for stakeholders to file a complaint about corruption, social and environmental impacts, or issues concerning labor welfare and human rights. Independent investigation mechanisms have been in place for us to look into the problems and report the outcome to the higher level.

Aspect	Channel	Procedure	Outcome
Regulatory Compliance and Anti-corruption	• Email of the Audit Committee：auditcommittee@fenc.com • Email of the Audit Department：feaudit@fenc.com	The Audit Department audits the areas to which a complaint is possibly related and submits a report afterwards. If there are shortcomings in internal controls and management issues, the department provides advice on improvement. If there is gross negligence or misconduct, the department proposes disciplinary actions to the management.	There was no complaint about corruption or social impact in 2015.
Environment	• The SHE department of each production site • The security service of each production site • Public Relations Department, Oriental Petrochemical (Taiwan) Co., Ltd.	Upon receiving a complaint, the points of contact will notify the units concerned of the issue, report the issue to the management of the Company and update the person who filed the complaint on our follow-up actions.	There were 12 complaints about the environmental impact during the reporting period. 8 of the complaints were lodged against our production sites. Most of them were related to noise or stench from the sites. We communicated with the people who live close by and addressed the issues. The other 4 complaints concerned Far Eastern Resources Development Co., Ltd, 3 of which were addressed. The other 1 complaint was related to the design of the curbs. In response, we spent almost NT$300,000 to hire an architect to re-design the curbs to improve pedestrian safety.
Labor and Human Rights	• Employee opinion mailbox • Emails (the President's email, the department email, etc.) • Confidential hotline • Employee representatives meeting • Oral complaint • Written complaint	We investigate each complaint and escalate the issue to the higher levels and update the person who filed the complaint on our follow-up actions. The complaints and the investigation records are properly kept in the Company.	During the reporting period, we received 17 complaints concerning labor practices and addressed them all. There were no complaints about human rights issues.

Guidelines for Reporting Ethical Violations and Disciplinary Actions

As our corporate culture is defined by integrity, we have zero tolerance for corruption at FENC. In order to ensure the managers and employees behave ethically and adhere to the principles of ethical corporate management and that preventive, corrective and disciplinary measures are in place, we adopted the Guidelines for Reporting Ethical Violations and Disciplinary Actions in 2015. Anyone can report a suspected misconduct through our reporting channel without fearing that his or her identity will be revealed. We have imposed stringent regulations on the actions of the investigation team. The guidelines set out the remedies available for the breach of the Company's Code of Ethics, as well as the subsequent penalties and internal control measures for the violators. In 2015, there was no complaint concerning ethical violations.

CREATING DIVERSIFIED VALUES

CREATING DIVERSIFIED VALUES

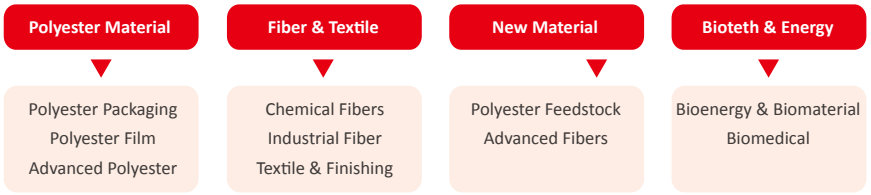
2.1 Innovation Prowess

2.1.1 Far Eastern Group R&D Center

FENC is the leader of Taiwa's PET polyester and textile industry with an ambition to become a world-leading enterprise. In addition to improving and expanding our businesses, the Company has invested heavily in research, development and innovation to increase our competitiveness.

In 2001, we established Far Eastern Group R&D Center to pursue breakthroughs and innovations. The center mobilizes the manpower and resources of the Group to accelerate the development of new high value-added products, strengthen our competitive advantage and create new corporate values, thereby transforming FENC into a high-tech polyester fiber and textile enterprise. (Please proceed to Chapter 2.2 for more details about our innovative products.)

▶ R&D Teams



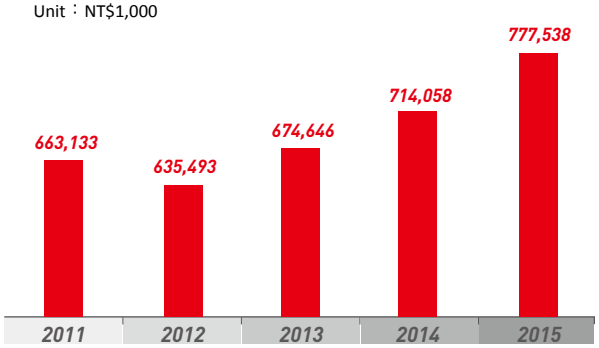
The Center consists of 4 Research Divisions and 10 Development Sections and houses 217 R&D experts. For the short term, we will focus on polyester fibers, environmental protection, energy conservation and carbon reduction. By building upon the PET technologies that we have developed over the years, we will strive to develop PET-based green materials, highly functional materials as well as smart textiles, and continue to extend the application of PET to the high value-added industry. For the mid- and long-terms, we will mobilize our research resources and leverage our core strength to focus our efforts on green energy, biomass and the high-end fiber industry. We will develop green PET materials, energy-saving manufacturing process and new materials and identify the most promising industries in the future in the hope of running our businesses sustainably.

The primary purpose of the Center is to increase the competitiveness of our core products, support our businesses by adding more value to products, lower the cost of production and develop new materials and technologies for strategic purposes, so as to secure a competitive position for the long term and ensure our corporate sustainability. To strengthen our competitiveness, the Company has been collaborating with leading research teams, forming strategic alliances with outstanding suppliers and manufactures and developing strategic products with major brands. We have also applied for patents for our products and technologies and made sure our intellectual property rights are protected.

In the Center, the Innovation Marketing & Partnerships Office has integrated FENC's niche and innovative products from upstream to downstream and established the FE-X platform to provide total solutions and various forms of strategic partnerships for brand owners to consider. The Office is very active in participating in international conferences, exhibitions and competitions to raise the profile of our products.

▶ Funds for R&D and Innovation

Unit：NT$1,000



▶ Results of R&D and Innovation

	2001 (Inception of the Center) - 2015
No. of Patent Applications	359
No. of Approved Applications	194

Training for the R&D Teams

In order to familiarize the R&D teams with global trends, the Center has invited celebrated experts to provide training or discussion on various topics including functional textiles, specialty chemicals, medical equipment and nanotechnologies. We have also encouraged our staff to attend seminars at home and abroad. Our training sessions and conferences have focused not only on technologies, but on sustainability related topics such as the latest trends in the industry and applicable laws and regulations, so as to help the R&D teams to incorporate the concept of sustainability into their work.

Sustainability-related Training and Conferences

- Water Resources Treatment Technologies Conference
- Corporate Water Footprint Inventory Conference
- 2016 Industrial Development Trends Conference – New Opportunities for Green Energy and Environmental Industry
- Biomaterials International 2015
- REACH and RoHS2 Seminar
- New Era Green Chemical Industry Forum
- 2015 Taiwan C2C Strategic Alliance Members' Meeting
- Biomaterial Development and Technologies Conference
- 2015 Annual Meeting and Industrial Seminar of the Association of Bio-based Material Industry

▶ The Center's Training Sessions and Turnout

Type of Training	2013		2014		2015	
	No. of Sessions	No. of Participants	No. of Sessions	No. of Participants	No. of Sessions	No. of Participants
Internal Training	11	385	4	115	17	543
External Training	48	89	47	74	77	169

In 2014, we restructured the Center by hiring more talent and established new divisions. In 2015, many internal training sessions were organized to upgrade the skills of our R&D teams. Our staff were also very active in taking part of external training, with higher attendance figures and more training hours from the year before.

2.1.2 Collaborative Innovation

In the past, OEMs generally developed new products based on a brand owner's requirements. Today, FENC is proactive in introducing our new materials and technologies to our brand customers and forming strategic alliances with them. The Company can help them to develop epoch-making products using new materials, thereby playing a decisive role in their product designs. A number of world-famous beverage and sports brands have selected our new fibers and materials for their innovative products. Our staff always takes the initiative to engage our customers to carve out a competitive and profitable niche for the Company.

In order to be more competitive, the Center not only focuses on the research of polyester fibers and textiles, but invests heavily in developing new materials, energy and biotech. We are driven to apply cutting-edge technologies to develop high value added products, which can both meet the market demand and create more business opportunities. Our partners are not only limited to downstream and brand customers. A number of academic institutes and some companies' research units in Taiwan have commissioned us to conduct research for them or collaborated with us in various development projects.

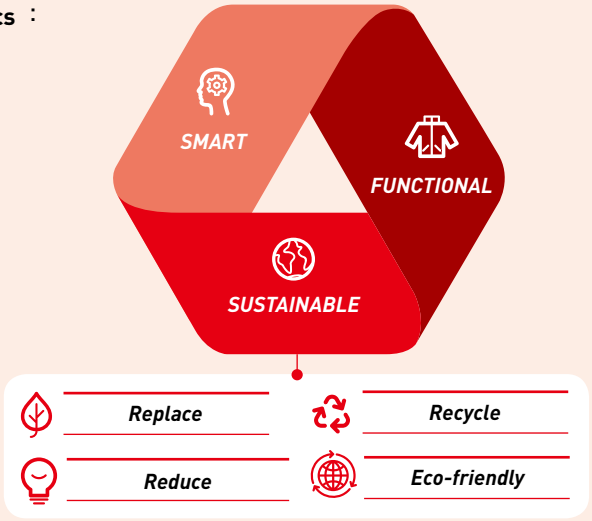
▶ Our Strategic Partners and Key Projects

Partner	Project
Yuanpei University of Medical Technology	Animal model study of injectable bone graft substitutes
National Taiwan University of Science and Technology	Saturation solubility, co-solvent effect and miniaturization of functional finishing agent under $scCO_2$
National Cheng Kung University	Multifunction physiological signal algorithm design
Chang Gung University	Animal model study of collagen bone graft substitute
Yuan Ze University	EL-Panel for furnishing design
Yuan Ze University	2015 TITAS Smart Textile Interactive Section Design
Teh-Tzer Study Group for Human Medical Research Foundation	Clinical study of SavDerm® wound dressing and SavDerm® antimicrobial wound dressing for chronic wound
Taiwan Textile Research Institute	Melt blown nonwoven fabric Evaluation of fiber extrudability
Industrial Technology Research Institute	Chemical conversion technology of HMF to its derivatives
Columbia	Light UTMB clothing
Kangdexin Composite Material Group	Naked Eye 3D Printable PET Sheet
Coca-Cola, Virent	100% Bio-PET

2.2 Innovative Products

FENC boasts cross-disciplinary R&D teams and highly vertically integrated value chains. With our R&D and manufacturing capabilities, we have been able to be a major supplier to various global brands. At FENC, social sustainability is essential to our product development. The Company has strived to innovate products to meet the United Nations' Sustainable Development Goals and to pursue innovation with our core strength. Our ultimate goal is to enable people to live a smart, green and functional life.

Three key topics ：

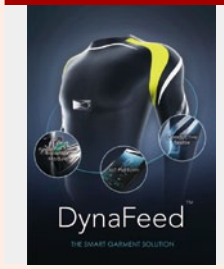


2.2.1 SMART

FERMI™ Smart Garment

FERMI™ is the acronym of Far Eastern R&D Manmade Intelligence, which is an essential technology FENC has used to develop smart products. We have succeeded in developing the advanced conductive polymer matrix for smart fabrics. As the material contains no metal, the garment will not oxidize or discolor, while being hydrophilic, corrosion resistant and washable. FERMI™ can accurately measure physiological data and thus be useful for individual health management and sports training. In the future, we will continue to leverage this technology and the resources from FarEasTone and Far Eastern Memorial Hospital in order to break into home healthcare and telecare markets.

DynaFeed



FENC has combined textile with information technologies by developing the advanced conductive polymer matrix for smart fabrics. DynaFeed, for example, is a smart garment solution that can accurately measure heart rate and motion data and provide comprehensive smart fitness information, which can be used to boost an individual's training efficiency and athletic performance. This innovation was awarded the ISPO Asian Gold Winner at the globally prestigious Textrends Exhibition in Munich in 2016.

TopLumins™ Luminescence Textile

TopLumins ™ , which contains luminescent materials, can fluoresce in low light or dark conditions for up to 90 minutes after absorbing ambient light to charge for 15 minutes. It is rechargeable for repeated use and suitable for nighttime activities, for leisure and for garments with protective purposes.

2.2.2 FUNCTIONAL

Eagelon® Antimicrobial Filament

Eagelon® is an antibacterial fiber, made using a composite antibacterial additive formula, which has passed US FDA, European EFSA and Japanese SIAA tests for skin irritation and allergy. It can effectively stunt the growth of germs, thereby reducing odor. It is washable and can remain 99.99% antibacterial after dyeing.

TOPDRY® Hydrophobic and Quick Dry Fibers

FENC partnered with 3M to develop a polyester filament called TOPDRY®, a durable hydrophobic yarn which does not contain PFOS, PFOA or other fluorine derivatives. The toxin-free filament is water repellent, stain resistant and quick-drying and can reduce sweat stains from clothes.

SUNEX® Anti-static and Thermal Fibers

SUNEX is a heat-generating antistatic filament with superior antistatic function. With its patented powders, the filament's far infrared emissivity is greater than 80% and can thus generate up to 5˚C of heat. This material is highly suitable for textiles used in cold and dry weather conditions.

Multi-functional Staple Yarn

The Company uses Murata Vortex Spun yarns, which shows pilling resistance and low hairiness, to produce high-quality textiles. The fabrics are widely applied in sportswear and leisurewear because they are bright, absorbent, quick drying and not easily deformable. We can mix this type of yarn with natural and functional fibers to create a multi-fiber blend, or a multi-functional staple yarn, which feels like cotton and is thermal, moisture wicking, UV resistant, FIR emitting, antibacterial and eco-friendly. It can be used in fitness, jogging, mountain-climbing or leisure apparel.

Nylon 66 Functional Yarn

Far Eastern Fibertech Co., Ltd. has developed Cooling Hydrophilic Nylon 6,6 fiber by increasing the hydrophilicity of the fibers to achieve a chilling effect. Cottony UV cut Nylon 66 fiber can significantly absorb or reflect light, giving the fabrics a softer luster and a feel similar to cotton.

2.2.3 SUSTAINABLE

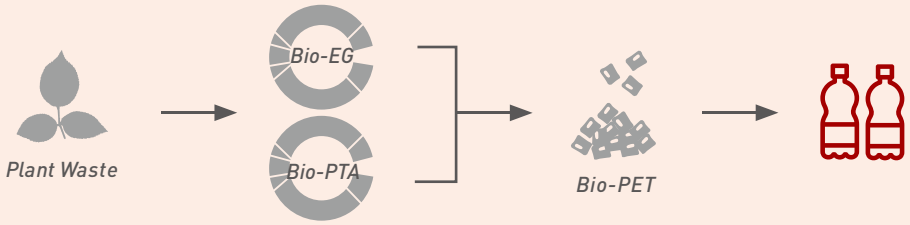
With an increasing number of global brands advocating environmental protection, the Company has begun to pool resources to develop forward-looking green products, offer various green solutions and create new corporate values in an effort to run our businesses sustainably and play a key role in promoting sustainable development.

Replace

100% Bio-PET

Polyester is composed of PTA, or Terephthalic Acid, (70%) and MEG, or Monoethylene Glycol (30%). After years of research and development, our Bio-MEG technologies have advanced greatly to a profit-making level. FENC has been one of the few leading suppliers of 30% Bio-PET in the world. Now, we have overcome the last mile challenge of the remaining 70% and succeeded in developing 100% Bio-PET.

The Company has endeavored to reduce our reliance on petrochemicals by using polyester synthesis technologies that we have built over the past 30 years. We partnered with Coca-Cola to develop the world's first 100% Bio-PET bottles. In the future, our bottles can be made completely from plant sources.

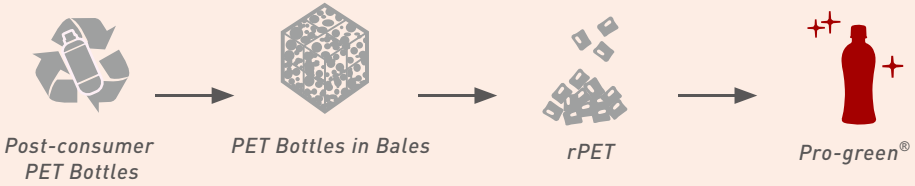


Recycle

Pro-green® Food-Grade rPET Resins

In order to reduce our reliance on petrochemical materials, FENC has utilized high-tech recycling and high-heat melting technologies to turn waste bottles into Pro-green® food-grade rPET resins, the cleanness of which has been accredited by the Food and Drug Administration of the United States and passed the SGS migration test. Our resins have been widely used by many global beverage brands such as Coca-Cola, Pepsi and Danone. In addition, we can halve carbon emissions by producing the Pro-green® food-grade rPET resins instead of the resins produced by using petrochemical materials.

After going through the blow molding process, the food-grade rPET resins become new clean bottles. Without adding any more new materials, using rPET resins not only reduces environmental impact, but helps us achieve Bottle-to-Bottle recycling.



The World's First 100% Bio-PET Bottles Made Their First Appearance at Expo Milan 2015.

In order to fulfill its social responsibilities and promote sustainable development, Coca-Cola picked FENC as a partner out of nearly a thousand suppliers to innovate new materials for bottles. In 2013, we succeeded in creating the first batch of Bio-PET bottles in the lab and in 2014, demonstrated this innovation at American Chemical Society Green Chemistry Conference. In the same year, Coca-Cola worked with us again to develop 100% Bio-PET bottles on a larger scale and more importantly, in full compliance with beverage packaging regulations.

In 2015, which marks the 100th anniversary of the Coca-Cola contour bottle, the beverage company and FENC showcased the world' s first 100% Bio-PET bottles with Coke inside at Expo Milan 2015. The bottles made one of the most important news in the field of biomass materials.

Creating Circular Economy by Recycling

As the largest supplier of rPET, FENC has continued to expand our production capacity to fulfill our commitment to environmental protection and help our brand customers to fulfill theirs. Every year, as high as 100,000 tons of bottles are recycled in Taiwan and there is no room for growth in terms of the materials for rPET. Therefore, the Company established a production base for rPET in Japan. In 2015, we provided a total of 80,000 tons of rPET products and planned to expand our capacity to consolidate our position as the industry leader in the world. By 2019, our capacity is expected to reach 140,000 tons. Our long-term goal is to increase the percentage of rPET to 20% of the total polyester production.

TopGreen® Recycled Polyester Fibers

Recycled bottles are used to replace petrochemicals as materials to produce this type of polyester fiber, which can help reduce our reliance on oil and consumption of energy. More importantly, resources can be recycled and reused effectively. The material was designated by Nike for football jerseys of its sponsored national teams in 2010 and 2014 World Cups.

FEFC® Eco Nylon 66 Recycled Yarn

FEFC® eco, or the Nylon 66 Recycled yarn, is another product that we have developed to meet the sustainability goals and achieve energy conservation and carbon reduction. In 2014, FENC began to work with recycled fibers. We used the waste yarn and waste chips generated from the spinning process as materials and put them through the recycling, melting, filtering and re-granulation process to produce nylon chips. After that, melt spinning is applied to melt the chips into long strands. The manufacturing process does not require polymerization, thereby reducing 70% of energy consumption and CO_2 emission.

TopAgro™ Agro-wast Recycled PET Filament

In order to recycle and reuse materials, FENC use the TopAgro ™ technology to burn rice stalks into inorganic materials and add them into the recycled fibers, which are required for making recycled bottles. The technology enables 100% reuse and recycle and has deodorizing effects.

Reduce

Fast Reheat and Energy-saving PET Resins

During polymerization, FIR absorber is added to produce energy-saving resins, so during the blow molding process, the resins can absorb the FIR heat generated by the quartz sleeves, thereby increasing the efficiency of this process by 20 to 30%. These resins are one of our major products. We plan to develop transparent and colorless fast reheat and energy-saving resins for the Asian market and continue to save energy and cut carbon emissions from our supply chain with our downstream customers.

Lightweight Preforms

The Company has managed to significantly reduce the thickness of bottles without compromising the quality of our products by refining manufacturing process and adjusting raw materials. Not only has our consumption of materials decreased, but the weight of the preforms of various capacities has been reduced by 10% to 20%. These new preforms can help reduce the use of resources and carbon emissions during transportation.

New Dyeable CDPET

In general, CDPET can only be dyed under high pressure and in high heat. The new CDPET that FENC has developed can be dyed under normal pressure. The temperature required is only 98˚C, 22˚C lower than the temperature required for developing regular CDPET, hence much less energy consumed and carbon emissions generated during the manufacturing process. In addition, dyes are easily applied and resistant to fading. We can produce two-tone fabrics by combining this material with heat-sensitive materials such as cotton, wool, rayon and nylon. It can be applied to produce leisure wear or outdoor wear.

Airtight PET Bottles

The Company has applied Nano carbon coating technology to product 100% recyclable airtight PET bottles. The green containers can hold liquids that are sensitive to oxygen or carbon dioxide such as beer, tea, juice or carbonated drinks. The airtight PET bottles are lighter than glass bottles, thereby reducing the energy required for transportation and water required for recycling and cleaning the bottles. Our technology has overcome the challenge that the airtight PET bottles containing nylon cannot be recycled 100%, and thus created greater sustainable value for packaging containers.

Eco-friendly

RF-free PET Tire Cords

To secure cord-to-rubber adhesion, the RF dip solution is frequently used, but RF, or Resorcinol Formaldehyde, is highly toxic. As a result, the United States and European countries have adopted laws to impose more stringent limits on RF exposure. In order to protect human health and the environment, FENC has succeeded in developing the new generation of RF-free PET cords. Its performance is as high as the traditional cords and serves as the best solution for major manufacturers to achieve environmental sustainability.

Non-toxic Catalyst PET Resins

A metal catalyst is required for PET polymerization reaction. In order to ensure our products are toxin-free, FENC has begun to use germanium and titanium as an alternative to antimony, so as to produce PET resins. In Japan, the Company is the major supplier of RET resins produced using germanium and our supply accounts for more than 30% of the market. We have also overcome bottlenecks to produce resins using titanium and begun mass production in the hope that the resins will become the next mainstream product.

Sales and Certifications of Green Products

▶ Revenue Share of Green Products

FENC has received numerous high-standard certifications for our green products, which are listed below. The list is updated regularly to demonstrate that our certifications are up-to-date and our products have met the requirements.

Certification		Products
Global Recycled Standard	Global Recycle Standard, GRS Version 3.0	・100% Recycled Post-consumer Polyester Chips ・100% Recycled Post-consumer Polyester POY, FDY, DTY ・Recycled Post-consumer Polyester Staple Fiber ・Recycled Post-consumer Polyester Fabrics ・Contains Greater Than 20% Recycled Post-consumer Polyester Combed Cotton Yarn
SCScertified	SCS (Recycled Content Certification)	・Post-consumer Recycled PET Content Sheet ・100% Post-Consumer Recycled PET Content POY, DTY ・100% Post-Consumer Recycled PET Content Chips (Will be updated in 2016)
Recycled Material Verified TÜVRheinland CERTIFIED	TÜV Rheinland (Recycled Material Verified)	・Contains Greater Than 90% of Pre-consumer Recycled Nylon Yarn
	Taiwan Green Mark	・100% Recycled Polyester Fiber ・100% Recycled Polyester Filament
bluesign®	bluesign® Standard	・Knits for Outdoor and Sportswear
BCI Better Cotton Initiative	BCI(Better Cotton Initiative) BCI is a not-for-profit association, aims to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future.	・BCI Combed Cotton Yarn
CONFIDENCE IN TEXTILES Tested for harmful substances according to Oeko-Tex® Standard 100 + Oeko-Tex® Standard 1000	OEKO-TEX® Standard 100 Confidence in Textiles (Tested for Harmful Substances)	・Filament Yarn Made of 100% Polyester(POY、DTY、HDI) ・100% Polyester Recycled Filament Yarn (POY、DTY) ・Nylon 66 Yarn ・Polyester Staple Fiber ・Polyolefin Staple Fiber ・Nylon/PET Bi-component Micro Fiber ・Bi-component Bonding Fiber ・PLA Fiber ・100% Tencel/Modal/Viscose Combed Yarn ・100% Polyester/Recycled Polyester Blended Yarn
ORGANIC 100 content standard	Organic Content Standard (OCS) Version 1.0；Organic Content Standard 100 (100% Organic Cotton)	・100% Organic Combed Cotton Yarn
ORGANIC BLENDED content standard	Organic Content Standard (OCS) Version 1.0；Organic Content Standard Blended (Partial Organic Cotton Content)	・Contains 5-95% Organic Combed Cotton Yarn
GLOBAL ORGANIC TEXTILE STANDARD	Global Organic Textile Standard, GOTS-NL Version 4.0	・Contains Greater Than 90% Organic Combed Cotton Yarn

FENC has continued to gain more certifications for our products and manufacturing processes. For example, in 2015, Kuanyin Dyeing and Finishing Plant met the bluesign® standards for its printing and lamination processes. It also implemented the policies concerning Zero Discharge of Hazardous Chemicals, thereby helping our customers such as Nike, Adidas, Puma and Columbia to eliminate hazardous substances from their supply chain by 2020.

In addition, in order to disclose our products' environmental data, we have begun to carry out the life cycle assessment for 9 products in 2016 and analyze our input of resources, the waste that is generated and the potential environmental impact from cradle to gate. It is expected that verification statements from a third party for 6 of these products will be available by the end of 2016.

2.2.4 Accolades

ISPO Gold Winner

We garnered the highest number of awards among Asian manufacturers for our products in 2016/2017 ISPO Munich：

★ DynaFeed- ASIAN PRODUCT GOLD WINNER

★ Wind Guard Base、Aiotex- Textrends TOP 10

★ Normal Pressure Cationic Dyeable Yarn、Bio-TopCool+、Storm Guard、Scorch Guard、Anti-Static and Heat Generation Function- Textrends Selection

The 45th ISPO was held in Munich, Germany in 2016 and attracted more than 80,000 visitors. Around 2500 suppliers from 50 countries around the world participated in this international event. At the ISPO Textrends Forum, the professional judges evaluated innovative products based on 8 categories, which are base layer, second layer, outer layer, membranes, accessories, trims, soft equipment and insulation materials as well as 7 criteria, which are performance, best hand, creativity, innovation, eco/sustainability, best multi-function and health. Every year, ISPO reveals the trends about sporting goods and presents awards such as Selection, TOP 10 and GOLD WINNER. The prestige of the event is widely recognized by the sporting goods industry.

2015 Cradle-to-Cradle Design Contest - Merit Award

Our " Pro-green® 100% rPET " won the Merit Award in a cradle-to-cradle design contest held by the Environmental Protection Administration in 2015. The evaluation criteria included the C2C concept, innovative design and marketability.

2015 Taiwan Corporate Sustainability Awards - Growth through Innovation Award

We applied for 2015 Taiwan Corporate Sustainability Awards organized by Taiwan Institute for Sustainable Energy and were granted the Growth through Innovation Award for our development of 100% Bio-PET.

In order to provide high-quality products, FENC has developed internal management and implementation processes to ensure quality. We have also offered related training to our employees and used reward and punishment mechanisms to ensure our customers get high-quality, high value-added, innovative, safe and healthy products. We do not manufacture or sell anything that can provoke controversies. During the reporting period, there was no violation of laws and regulations related to product health, safety and labeling.

2.3 Customer Relationship Management

The wide array of products that we have developed over the years has drawn customers to us from all over the world. In order to satisfy their demand and create value for them, FENC has leveraged our strength in research and development and shared information about our product development with our brand customers. Our highly integrated production process from upstream to downstream can create additional values, making it an incentive for customers to collaborate with us. In order to improve our services, we have introduced one-stop shopping and shortened the time required for production, thereby providing better products and services in a more efficient manner.

The Company values the feedback of our customers. We conduct customer satisfaction survey periodically to examine if our products and services have met their expectations, and convene review meetings to discuss various plans to make improvement. The survey is developed and carried out by each business. Every year, we send out questionnaires to customers a couple of times or engage them by phone or email to maintain a close rapport with them.

FENC has been a major supplier to various global brands for years, many of which are leading CSR companies that expect us to fulfill our share of social responsibilities. We are held to a standard higher than legal requirements and industry-wide conventions, when it comes to labor conditions, human rights, occupational safety and health, environment, product innovation, training, supplier management and audits. Our long-term efforts in these areas have been widely recognized by our brand customers, which have given us high scores in different assessments and supplier evaluations.

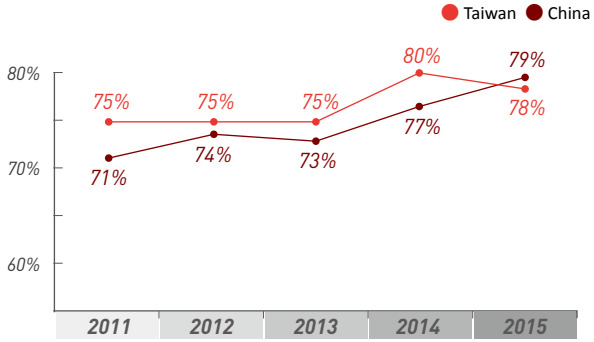
Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant and Far Eastern Industries (Shanghai) Ltd. are SEDEX members that have passed SMETA, or SEDEX Members Ethical Trade Audits. The SMETA assessment covers labor standards, health and safety, environment and business ethics. The measurement criteria include management systems, working hours, disciplinary actions, wages and benefits, discrimination, freedom of association/collective bargaining, health and safety, forced or bonded labor and child labor. Our customers such as Coca-Cola, PepsiCo, Danone and Nestle can inquire our audit results from SEDEX to check if we have met certain criteria.

2.4 Supplier Management

At FENC, there are five major procurement units which are FEG Purchasing Department, the Purchasing Department of Oriental Petrochemical (Taiwan) Co., Shanghai Purchasing Unit, Suzhou Purchasing Unit and Raw Material Team. The Raw Material Team conducts market analyses of key materials such as cotton, PTA and MEG, formulates strategic plans and purchases materials. Other purchases such as machinery and equipment, or contract awarding are handled by the other four procurement units.

The Company always first considers local suppliers because we want to help boost local economy and obtain immediate and comprehensive after-sale services.

▶ The Percentage of Purchases from Local Suppliers



Note：
- While the local suppliers to our Taiwan's businesses are located in Taiwan, the local suppliers to our businesses in China refer to those located in the province where our business is located.
- The procurement of PX is not included.

2.4.1 Supplier Selection Principles and Evaluation

When selecting suppliers, the procurement units carry out assessments on related aspects of various suppliers. In addition to asking them to sign the agreements, the units add clauses in the contract to ensure the suppliers meet the quality requirements. For instance, the suppliers need to prepare ISO documents. If there is major impact found during our assessment, we ask the suppliers to make improvement. If they fail to comply, our collaboration will be terminated. To protect the environment, we ask the suppliers of chemicals and industrial gases to conduct an environmental impact assessment and have established assessment criteria and rating mechanisms. In addition, our labor practice assessment focuses on project contracting and equipment suppliers.

The supplier selection and management principles of each procurement unit are described below：

Procurement Unit	Management Principles
FEG Purchasing Department and Raw Material Team	The Department and the Division demand in unison that suppliers sign the statement regarding avoiding conflicts of interest and conducting cost analyses, and oblige them to comply with Taiwan's Labor Standards Act, related regulations and occupational ethics. To meet the demand of our customers, the Raw Material Team works with international suppliers to introduce organic cotton, BCI cotton and Bio-MEG and visits our suppliers regularly every year.
Purchasing Department of Oriental Petrochemical (Taiwan) Co., Ltd.	The Department requires our suppliers to sign the Environmental Protection Commitment Statement to affirm their promise to protect the environment, and carries out the Supplier Environmental Performance Assessment to examine if the suppliers have an environmental management system in place and how their major products and business activities impact the environment.
Suzhou Purchasing Unit	The Unit always first considers the suppliers that have ISO14001 and OHSAS 18001 to work with, based on its procurement management program, and has established annual evaluation mechanisms. The KPI of the Unit includes the number of visits to the suppliers and their annual evaluation scores. The target is to visit at least 50 suppliers and 85% of the suppliers should score higher than 85 points in evaluation.
Shanghai Purchasing Unit	The Unit has issued the Suppliers Assessment Guidelines, according to which the new qualified suppliers can be divided into level A, B or C based on their evaluation scores. If a supplier fails the evaluation, it will not qualify as a supplier to the Company. As for our old suppliers, we carry out an annual re-assessment to ensure there are qualified. Both the new and old suppliers are expected to sign the CSR Commitment Statement to affirm their obligation to fulfill their social responsibilities.

The table below describes the fours aspects of supplier assessment, which are environmental impact, labor practice, human rights and society, in 2015.

Assessment Aspect	Environmental Impact	Labor Practice	Human Rights	Society
Total number of selected suppliers	1,745	1,819	1,735	1,735
No. of suppliers that have or may have negative impact	0	0	0	0
No. of suppliers that have made improvement	0	0	0	0
No. of suppliers that we have stopped working with	0	0	0	0

Note ：・Environmental impact assessment criteria include pollution prevention, waste disposal and energy consumption. Labor practice assessment takes into account occupational safety and equality as well as employee training. Human rights assessment deals with child labor, forced labor and rights of the indigenous people. Society assessment covers corruption, monopoly and fraud.

・FEG Purchasing Department and Raw Material Team as well as Shanghai Procurement Unit carry out assessments on local suppliers. Oriental Petrochemical (Taiwan) Co. conducts an environmental impact assessment on suppliers of chemicals and industrial gases and a labor practice assessment on engineering equipment suppliers.

Assessing new suppliers is important to our businesses. In 2015, Shanghai Purchasing Unit conducted an assessment on all new suppliers. FEG Purchasing Department and Raw Material Team assessed all new suppliers in the country. Oriental Petrochemical (Taiwan) Co. did not have any new suppliers. Suzhou Purchasing Unit did not have specific requirements regarding assessing new suppliers. Last year, we had a total of 719 new suppliers, 497 of which were assessed, accounting for 69% of the total. The areas for assessment include environmental impact, labor practice, human rights and society. In 2016, we are requiring our suppliers to sign the Supplier CSR Commitment Statement and strengthening the management of new suppliers. The percentage of the assessed new suppliers is expected to increase considerably this year.

Supplier CSR Commitement Statement

In order to better select and manage suppliers, the CSR committee began to work on the Supplier CSR Commitment Statement Program in 2015, which focuses on the key CSR topics such as labor and human rights, health and safety, environment and ethics. The statement is provided in both Chinese and English. In the future, our suppliers at home and abroad will be expected to sign this statement, in addition to the procurement contract, and fulfill our requirements. The program is still being developed by the CSR Committee and the procurement units and is set to be implemented in 2016.

2.4.2 Haulage Contractor Selection Principles and Management

FENC's exports and imports rely heavily on land and sea transportation. In order to effectively reduce our energy consumption and environmental impact and ensure proper supplier chain management, we require our contracted transportation companies to take actions to minimize environmental pollution, conserve energy and cut carbon emissions.

The destinations of our export span five continents around the world, with more than 200 ports receiving our shipment. When selecting shipping companies, we regard energy conservation during transportation as an important criterion for assessment. Moreover, we demand the shipping companies to comply with environmental regulations concerning calling at port, exhaust emission, fuel consumption and waste oil disposal.

To transport our products in Taiwan, we have signed a contract with established trailer companies and required them to comply with our quality policies.

- All vehicles are required to meet the government's phase 5 emission control standards. Now the limit of NOx has been revised down from 3.5g/kWh to 2.0g/kWh and the limit of soot emissions allowed has been reduced from 25% to 15%.
- All vehicles are required to be equipped with an on-board diagnostics system.
- All haulers are expected to maintain vehicles regularly and reduce emissions from the source in order to minimize pollution.

For all our haulage contractors in Taiwan, we carry out an on-site inspection at least every half year and require them to remedy shortcomings. The focus of the inspection includes empty containers, container handling facilities, container yards, pollution management and worksite safety compliance. In 2014, we began to advocate idling stop when the vehicles pull into the yard. In 2015, all our haulers complied with our requirements. In the future, our haulers will be required to install GPS in their vehicles for monitoring purposes. They will also be expected to build a big data database to improve their operations, increase efficiency and minimize environmental impact.

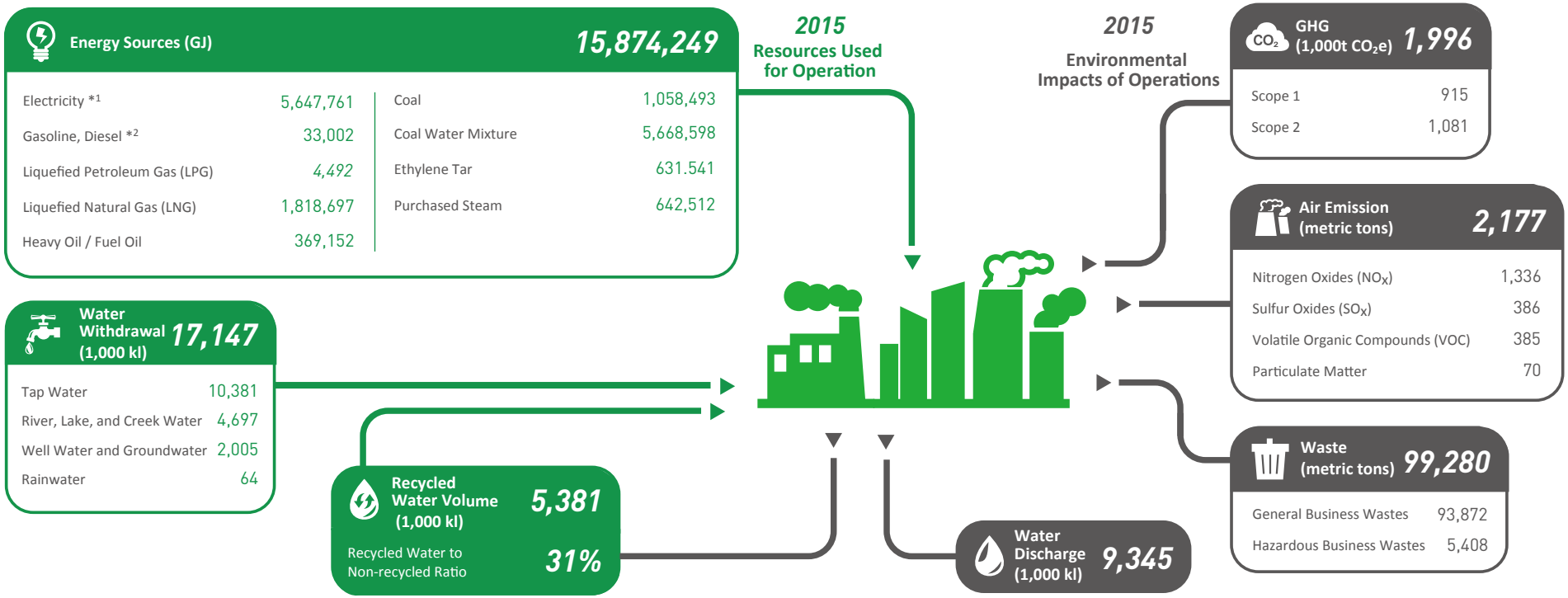
As for our transportation in China, various measures have been adopted to ensure compliance of our haulers. For example, in order to ensure safety, Far Eastern Industries (Shanghai) Ltd. has monitored the drivers' behaviors inside and outside a plant when transporting goods, checked the vehicle conditions regularly and established reward and punishment mechanisms, based on the Transportation Management Manual. Every month, a hauler meeting is held to review the transportation practices and discuss plans to make improvement. In 2015, in order to reduce unpurified exhaust gas, Far Eastern Industries (Wuxi) Ltd. signed a contract with their haulers to require them to use more green-label vehicles, which meet China's phase 5 vehicle emission standards, and eliminate yellow-label ones, which only meet the phase 3 standards. Oriental Petrochemical (Taiwan) Co., Ltd. and Oriental Petrochemical (Shanghai) Corp have attached great importance to the safety of transporting dangerous chemicals such as PX and AA, which are primary and secondary materials to the companies. If an accident happens during the transportation of these two chemicals, a severe environmental impact may be caused. Therefore, the companies require qualified haulers to carry these dangerous chemicals and conduct periodic inspections to ensure safety practices. Today, two thirds of the haulers of Oriental Petrochemical (Taiwan) Co., Ltd. have introduced the Road Safety & Quality Assessment System. In the future, we will continue to assist our haulers in enhancing safety and improving transportation performance.

In order to reduce the potential impact of transportation, we have communicated our demands to the haulers through related departments and conducted periodic review on fuel consumption by transportation within a plant area. In 2015, there were no environmental pollution incidents caused by our transportation.

NOURISHING SUSTAINABLEENVIRONMEMT

NOURISHING SUSTAINABLE ENVIRONMEMT

3.1 An Overview of Key Data



Note : *1 Including purchased power, purchased green power and diesel power generation.

*2 Including bio-diesel.

3.2 Energy and Resources Management

3.2.1 Energy Management

Global warming has led to extreme weather events and climate and environmental changes have resulted in losses in human life and properties, triggering higher concerns for climate related issues from the public. FENC regards the management of energy and greenhouse gasses as major daily operational objectives, and continues to promote measures for energy conservation and carbon reduction to improve efficiency of energy consumption. Through energy and greenhouse gasses management, the Company aims to mitigate climate change and lower the risks brought by fluctuation of energy price and supply. Also, we conform to the energy policies of local governments. For example, Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant managed to reduce power consumption by 2.1% and 1.8% in 2015 respectively. This progress was ahead of the government's power conservation goal of 5% in five years. In 2015, Hsinpu Chemical Fiber Plant helped the Bureau of Energy, MOEA, to investigate unit energy consumption of polyester filament and polyester textured yarn products. The findings of the investigation are used by the government for analysis and promotion of energy conservation of textile industry. We have also formulated internal energy management policies in accordance to local regulations for plants in China and devised energy conservation and carbon reduction procedures and plans. Meetings are held monthly to follow up on the plans and related projects and methods have been submitted and reported to competent authorities.

Energy Management Methods at Production Sites：

- Designate a unit responsible for energy management and hold meetings at regular intervals for follow up and review.
- Establish energy management related systems and set energy conservation goals.
- Follow up on energy conservation project results and include performance as criteria for reward and compensation.
- Enhance promotion of energy conservation awareness through means such as circulation of energy conservation publications and sharing of case studies.
- Promote energy management related certification.

▶ The Production Sites That Have Passed Environmental Management Certification

Certification Standards	Production Sites That Passed Certification
ISO14001 Environmental Management Systems	Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Kuanyin Dyeing and Finishing Plant, Oriental Petrochemical (Shanghai) Corp., Far Eastern Industries (Shanghai) Ltd., Wuhan Far Eastern New Material Ltd., Oriental Industries (Suzhou) Ltd., Far Eastern Dyeing & Finishing (Suzhou) Ltd.
ISO 50001 Energy Management Systems	Hukou Mill, Far Eastern Industries (Wuxi) Ltd.

Energy Task Force

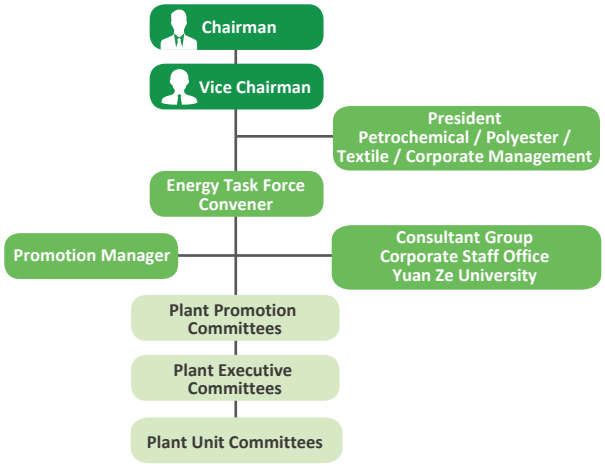
FENC established the intercompany and interdepartmental " Energy Task Force " in 2010, which convenes periodically to review and examine energy consumption status and formulate energy conservation implementation plans to track the results of energy conservation projects. Furthermore, the Energy Task Force also organizes technical exchange meetings to explore energy conservation opportunities and introduce energy-saving technology in order to achieve energy conservation objectives. At each production site, FENC formulates related guidelines and regulations in accordance to the polices devised by the Task Force to ensure execution and provide related detailed information for the Task Force to conduct assessment on related projects.

Energy Conservation Execution Directions ：

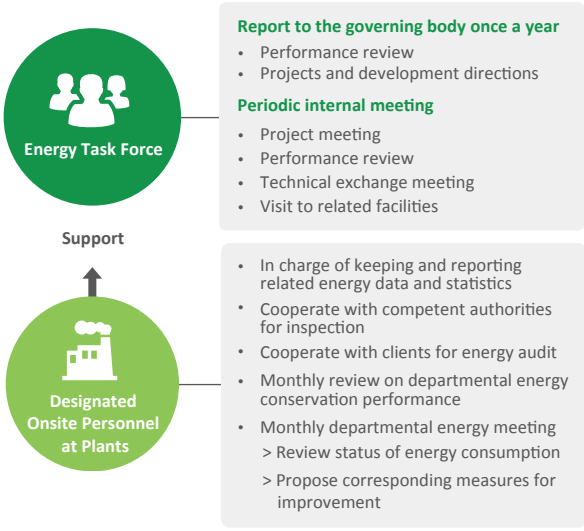
1・Explore energy conservation opportunities to continue enhancing efficiency of energy consumption.

2・Phase out outdated production facilities and improve the efficiency of high-consumption facilities to establish a comprehensive energy management system.

▶ Energy Task Force Organizational Structure



▶ Responsibilities of the Energy Task Force

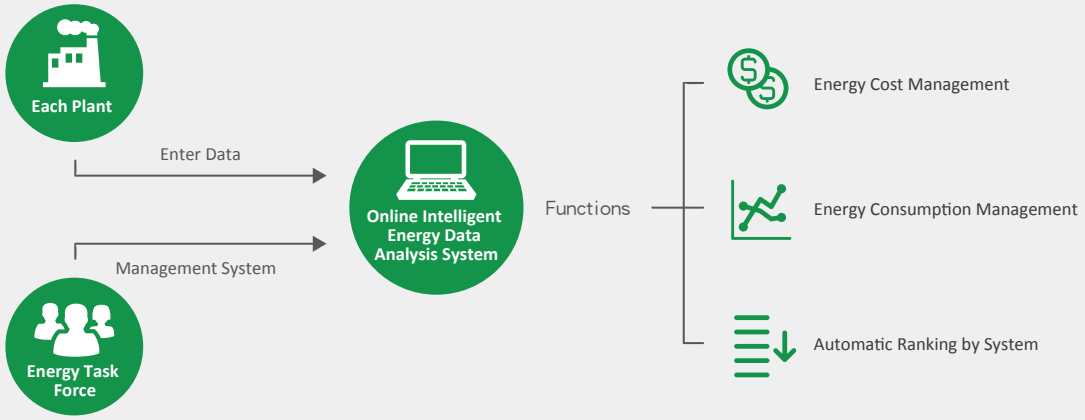


In 2015, the Energy Task Force invited external experts of Industrial Technology Research Institute to attend Far Eastern Cross-Strait Energy Conservation Technical Exchange Conference and share on developments of energy conservation management system, electrical energy technology, and intelligent energy-saving technology, so that the designated onsite staff were introduced to the latest trends of energy conservation. Furthermore, the Task Force launched two projects in 2015—Solar Energy Project and Regional Energy Integration. For Solar Energy Project, the Task Force summoned designated onsite staff of all production sites to jointly assess the benefit of building solar power facilities, and decided to build solar photovoltaic (PV) power stations at four production sites in China, reducing the amount of purchased power. For Regional Energy Integration Project, the Task Force launched integration of steam energy at Guanyin Industrial Park and integration of power and heat pipelines at Fengxian District in Shanghai; however, after assessment, the project was temporarily set aside due to pipeline authorization issues. Nonetheless, we will continue to explore opportunities of energy integration in order to enhance overall efficiency of energy consumption.

To enhance the quality and efficiency of energy data analysis, the Task Force plans to launch Intelligent Energy Data Analysis System in 2016. Through more precise analysis of energy conservation performance of each production line and trends of energy consumption, the Task Force aims to improve management decision-making in order to realize the goals of corporate sustainable development.

Establish Online Intelligent Energy Data Analysis System

Online Intelligent Energy Data Analysis System reports back energy data based on each production line at production sites at regular intervals, which enhances precision of energy data and efficiency of energy data integration. The system then carries out statistical analysis to provide references for management decision-making. The system also includes energy conservation plans and outstanding innovative energy conservation projects at each production site, as well as various regional energy policies, facilitating the exchange of energy information. The system will be launched incrementally in 2016. In the future, the frequency of data reporting will be increased according to the level of automation of instruments at the production sites, further establishing dynamic energy management and analysis system.



Organize Cross-Strait Energy Conservation Technical Exchange Conference and Invite External Experts for Seminar

The Energy Task Force held the First " Far Eastern Cross-Strait Energy Conservation Technical Exchange Conference " from May 8 to 15, and June 8 to 12, 2016. Each production site delegated staff members to visit plants on both sides of the strait. Through the technical exchange, the employees jointly explored future directions for energy conservation (e.g. energy conservation for compressor and boiler), and shared sixteen energy conservation projects that achieved outstanding results and were worth learning from by all production sites, in order to facilitate the sharing of experience and technology of energy conservation.

Keys of Exchange ：

- Energy consumption and achievements of energy conservation at each unit.
- Status of implementation of 2015 energy conservation projects.
- Technical exchange on innovative or outstanding energy conservation projects.
- Technical exchange on energy conservation for facilities and systems.
- Progress of the implementation of projects (e.g. ： cogeneration, replacement of coal boiler with gas boiler and solar PV power stations).
- Experience sharing on operation of facilities.
- Onsite inspection of major energy-consuming facilities.

The Energy Task Force also invited experts of ITRI to give keynote speeches at the " Cross-Strait Energy Conservation Technical Exchange Conference, " sharing with employees developments of energy conservation management system, electrical energy technology and intelligent energy-saving technology, as well as other case studies, so that employees could gain more knowledge on energy conservation and understand that the key of future development lies in intelligent manufacturing.

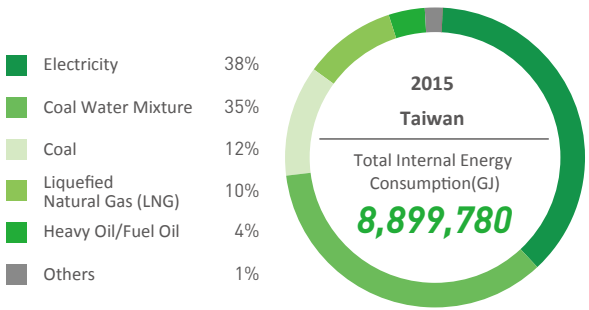
▶ Energy Consumption

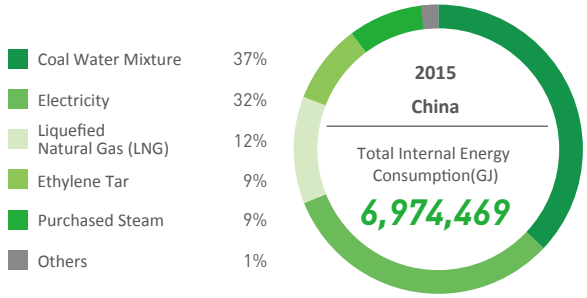
Unit ： GJ

Energy Type	Taiwan			China		
	2013	2014	2015	2013	2014	2015
Purchased Power	3,538,467	3,402,071	3,395,299	2,154,311	2,266,831	2,246,890
Purchased Green Power	0	0	720	0	0	0
Diesel Power Generation	0	0	4,851	0	0	0
Electricity	**3,538,467**	**3,402,071**	**3,400,871**	**2,154,311**	**2,266,831**	**2,246,890**
Gasoline	2,862	2,577	2,652	0	0	0
Diesel (Including Bio-Diesel)	12,210	24,079	19,204	10,092	10,439	11,147
Liquefied Petroleum Gas (LPG)	4,599	3,869	4,372	110	101	121
Liquefied Natural Gas (LNG)	1,675,222	1,053,061	955,373	731,134	829,226	863,324
Heavy Oil/Fuel Oil	2,511,893	1,572,132	353,838	348,055	107,547	15,315
Coal	1,126,542	1,146,030	1,058,493	0	0	0
Coal Water Mixture	25,930	1,448,884	3,102,896	2,591,001	2,902,723	2,565,703
Ethylene tar	0	0	0	580,424	554,192	631,541
Purchased Steam	107,154	18,044	2,082	545,894	531,531	640,430
Total	**9,004,879**	**8,670,746**	**8,899,780**	**6,961,021**	**7,202,590**	**6,974,469**

Notes ： ・Heating value of Taiwan is based on " 2014 Taiwan Energy Statistical Hand Book. " Heating value of Mainland China is calculated based on " General Principles for Calculation of Total Production Energy Consumption GB/T 2589-2008. " Heating value coefficient of purchased steam is 2.768 GJ/t; heating value coefficient of coal water mixture is between 18.171 – 18.804 GJ/t. This different is mainly due to different sources in Taiwan and China.

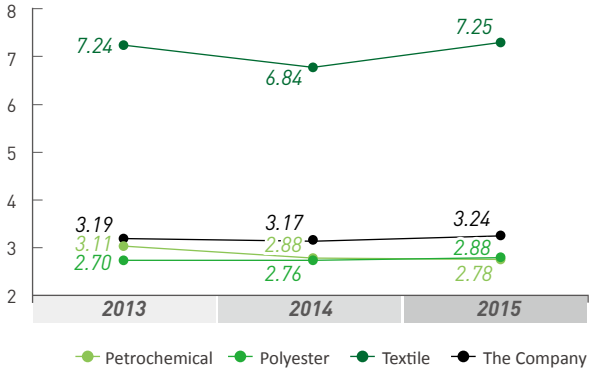
・External energy consumption outside of the organization is not included.





▶ Average Energy Intensity

Unit ： GJ/metric ton of product



Note ： The textile business does not include Far Eastern Apparel (Suzhou) Co., Ltd.

Total energy consumption of FENC in 2015 was similar to 2014, where total energy consumption in Taiwan accounted for 56%, and China 44%. Main types of energy consumed were electrical power and coal water mixture (CWM). In 2015, FENC reduced consumption of heavy oil and fuel oil by 78%, and used CWM instead. During the initial stage of the transition, the process resulted in increase in energy intensity; however, energy intensity lowered and stabilized in the second half of 2015.

Measures and Performance of Energy Conservation and Carbon Reduction

The Company continues to implement various measures of energy conservation and carbon reduction. In 2015, a total of 144 projects were executed. More recent measures have targeted facility and manufacturing process improvements.

▶ Performance of Energy Conservation and Carbon Reduction

Item	2013	2014	2015
Investments Amount (NT$ 1,000)	585,079	835,690	311,165
Energy Conservation (NT$ 1,000)	273,982	336,452	189,258
Energy Savings *1 (GJ)	724,820	601,494	608,400
GHG Reductions *2 (t-CO_2e)	81,675	55,089	74,022

Notes：1・The energy conserved is calculated by comparing with energy consumptions of original facilities and manufacturing process prior to the execution of the projects; these include conserved amount of fuel oil, natural gas, electricity, CWM, and steam. Heating value of Taiwan is based on " 2014 Taiwan Energy Statistical Hand Book. " Heating value of Mainland China is calculated based on " General Principles for Calculation of Total Production Energy Consumption GB/T 2589-2008. " Heating value coefficient of purchased steam is 2.768 GJ/t; heating value coefficient of coal water mixture is between 18.171 – 18.804 GJ/t. This different is mainly due to different sources in Taiwan and China.

2・GHG emission coefficient is in accordance with " GHG Emission Coefficient Management Chart " version 6.0.1 published by Bureau of Energy, Ministry of Economic Affairs (MOEA) and Environmental Protection Administration (EPA). Electricity Emission Coefficient is in accordance with local power grid; steam emission coefficient is 0.307 t-CO_2e/t; CWM emission coefficient is 1.5886 t-CO_2e/t.

▶ Performances of Energy Conservation and Carbon Reduction in 2015

Type of Measures	Energy Savings (GJ) *1	GHG Reductions (t-CO_2e)		
		Scope 1 *2	Scope 2 *3	Steam*4
Improvement of Production	504,827	0	8,656	49,837
Procedures Improvement of Facilities	61,958	278	9,439	412
Improvement of Product Mix, Energy Management, and Others	41,615	53	3,609	1,739
Total	**608,400**	**74,022**		

Notes：1・The energy conserved is calculated by comparing to energy consumptions of original facilities and production process prior to the execution of the projects; these include conserved amount of fuel oil, natural gas, electricity, CWM, and steam. Heating value of Taiwan is based on " 2014 Taiwan Energy Statistical Hand Book. " Heating value of Mainland China is calculated based on " General Principles for Calculation of Total Production Energy Consumption GB/T 2589-2008. " Heating value coefficient of purchased steam is 2.768 GJ/t; heating value coefficient of coal water mixture is between 18.171 – 18.804 GJ/t. This different is mainly due to different sources in Taiwan and China.

2・Sources of Scope 1 Emissions include natural gas and CWM. Natural gas emission coefficient is in accordance with " GHG Emission Coefficient Management Chart " version 6.0.1 published by Bureau of Energy, MOEA, and EPA. CWM emission coefficient is 1.5886 t-CO_2e/t.

3・Scope 2 emissions come from electrical power; emission coefficient is in accordance to local power grid.

4・Steam includes self-produced and purchased; emission coefficient is 0.307 t-CO_2e/t.

▶ Energy Conservation and Carbon Reduction Projects in 2015

Manufacturing Process Improvement

40 Projects

Change in values of production parameters, such as temperature, pressure, and so on.

Facility Improvement

70 Projects

Optimization, upgrade and replacement of air conditioning (AC), air compressor, boiler, and production facilities, such as inverter AC, and installation of temperature-control devices.

Energy Management

27 Projects

Increase of cooling air temperature, machine shutdown in rotation during peak hours, renewal of power conservation system.

Others

7 Projects

Termination of old facilities, recycling of residual heat.

Yarn Dyeing Waste Heat Recovery

Yarn dyeing process requires large amount of water and steam. Far Eastern Dyeing & Finishing (Suzhou) Co., Ltd. strives for energy conservation and wastewater recollection. Through heat exchanger and soft water to acquire waste heat recovery, producing 70 – 100 tons of hot water over 50 degrees every day. Since implementing the project in April 2015, Far Eastern has reclaimed and reused 11,340 tons of hot water by end of December.

Intelligent Power Management System

Hsinpu Chemical Fiber Plant introduced intelligent power management system in 2015, which can effectively monitor power consumption and enhance efficiency of energy consumption through management measures, achieving reasonable power consumption and reducing cost for power. This system is officially launched in 2016.

Main Functions

- Automatic Meter Reading
- Monitoring Power Quality
- Status Monitoring and Computerized Monitoring and Supervision
- Monitoring and Recording of Power Consumption
- Power Demand Monitoring Measuring, and Control

Anticipated Benefits

Power Conservation	Power demand and schedule control, saving energy charge and decrease the likelihood of exceeding contracted capacity.
Management	Through automated data collection of power monitoring, the system reflects power cost of each unit and encourages power conservation. Complete record on power consumption, provides basis for power management and decision-making.
Facility Malfunction Alert	Identify abnormal power consumption.

Esterification System Optimization

Heavy Oil Consumption

Before 54 l/ton

▼

After 48 l/ton

Reduce ⬇11%

Carbon emission from combusting heavy oil is higher than using electricity, and therefore Kuanyin Chemical Fiber Plant increases pressure of esterification system to enhance production efficiency and reduce heavy oil consumption and recovers and reuses excessive steam from the esterification process, replacing traditional refrigeration with residual heat refrigeration. After the esterification system is pressurized and optimized, heavy oil consumption was reduced from 54 l/ton to 48 l/ton, a decrease of approximately 11%. Esterified steam was recovered and reused for LiBr absorption chiller, allowing the plant to use one less water chiller.

3.2.2 GHG Management

Local governments are adopting stricter policies regulating GHG emissions. In 2015, Taiwan passed the " Greenhouse Gas Reduction Act, " and Mainland China piloted carbon trading and revised the " Law on Prevention and Control of Atmospheric Pollution. " FENC also established GHG management mechanism at all of its production sites. The Energy Task Force members at all the production sites discuss, formulate, and implement GHG management with related departments in the plants regularly. Furthermore, FENC has been a step ahead of the government, and launched a GHG emission inventory and audit at all production sites, establishing a sound foundation for further reduction of GHG emission.

In response to " Trial Procedures of Shanghai Municipality on Carbon Emission Administration " , Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) formulated carbon emission and carbon trade management organization regulations and procedures, establishing carbon emission management division, carbon trade decision-making division, carbon trade capital trading division, and carbon trade confirmation division, to control the process of carbon trading. In 2015, Shanghai City launched trading for Chinese Certified Emission Reduction (CCER), and Oriental Petrochemical (Shanghai) has already registered on the CCER platform, allowing it to trade in accordance to its own needs.

In response to government's promotion of GHG reduction policy, Hsinpu Chemical Fiber Plant has signed a five-year (2016-2020) voluntary GHG reduction initiative with Industrial Development Bureau, MOEA, and plans to reduce CO_2 emission by 50,000 tons in five years.

Carbon Reduction Measures at Headquarters- Conference Call

FENC has production sites across Taiwan and Mainland China. To reduce environmental impact and enhance communication efficiency, the company has adopted con-call meetings for years. To reinforce meeting quality, FENC has fully upgraded all con-call systems over the past two years. In 2015, the headquarters hosted 8,342 hours of con-call meetings with 95,000 participation; this not only saves travel expenses, but also achieves the goal of carbon reduction.

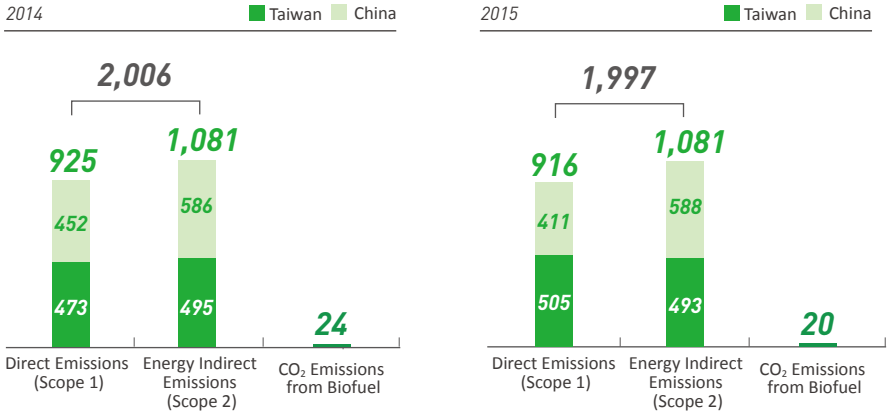
GHG Inventory

In order to gain full understanding on the status of GHG emission for the formulation of GHG reduction plan, FENC conducted an inventory on GHG emissions of all production sites in 2015. All production sites must conform to ISO 14064-1 or local official standards and conduct an inventory and calculation of GHG emissions, and must complete third party auditing. Currently, 14 out of 15 production sites have completed (or in progress) GHG emission audit by third party. Through establishing inventory data, FENC can set reduction goals and execution priorities, so as to ultimately reduce GHG emissions for mitigation of climate change.

Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) began to replace coal boilers with gas boilers in December 2015. It is projected that in 2016, GHG emission intensity per unit of product will be reduced.

▶ GHG Emission

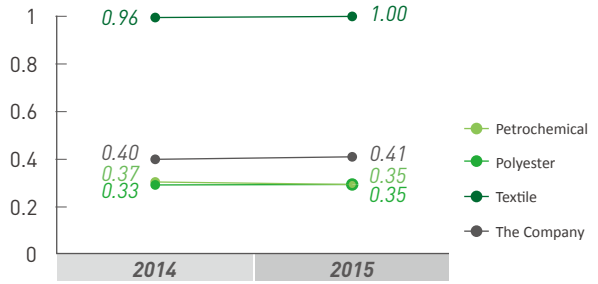
Unit：kt-CO_2e



Notes：
- Production sites that completed ISO 14064-1 standards for GHG inventories in 2014 included： Oriental Petrochemical (Taiwan), Hsinpu Chemical Fiber, Kuanyin Chemical Fiber Plant, Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Far Eastern Industries (Suzhou), Far Eastern Industries (Wuxi), Far Eastern Apparel (Suzhou), Oriental Industries (Suzhou), and Far Eastern Dyeing and Finishing (Suzhou).
- Production sites that completed or were in progress of ISO 14064-1 standards for GHG inventories in 2015 included： Oriental Petrochemical (Taiwan), Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Far Eastern Fibertech, Neili Texturizing Plant, Hukou Mill, Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), and Wuhan Far Eastern New Material.
- Scope 1 includes CO_2, CH_4, N_2O, PFCs, HFCs and SF6; Scope 2 includes CO_2, CH_4, and N_2O. Scope 3 emissions are not calculated.
- Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) conform to SH/MRV-004-2012, where only CO_2 emission has been calculated.
- Total emissions do not include CO_2 emission from biofuel.

▶ Average GHG Emission Intensity

Unit：t-CO_2e/metric ton of product



Note：The textile business does not include Far Eastern Apparel (Suzhou) Co., Ltd.

Utilization of Renewable Energy

Renewable Energy Solar Power Station

Solar power is an environmental-friendly and sustainable renewable energy in that it never runs out. To increase the use of green energy and reduce GHG emissions and environmental impact, FENC launched Solar Power Station project in 2015 and assessed feasibilities and benefits of installing solar PV panels on the roofs of production sites.

Benefits of Solar Power ：

- Decrease quantity of purchased power and reduce environmental pollutions
- Solar PV panels installed on roofs can lower daytime indoor temperature, and reduce the use of AC
- Reduce carbon emissions and cost of purchasing rights for carbon emissions
- Subsidy from the government

Considering that production sites in Taiwan have relatively lower daylight hours and higher installation cost, we decided to install solar PV panels at four production sites in China; these are Oriental Industries (Suzhou), Far Eastern Dyeing & Finishing (Suzhou), Far Eastern Industries (Shanghai), and Far Eastern Industries (Wuxi). Total installed capacity is 9.63 MW. Onsite inspection and administrative application procedure have been completed for Oriental Industries (Suzhou) and Far Eastern Dyeing & Finishing (Suzhou) in 2015, and roof reinforcement constructions have also started. Solar PV panels are projected to be in place by April 2016, which will begin operation in July.

Subscription to Green Power

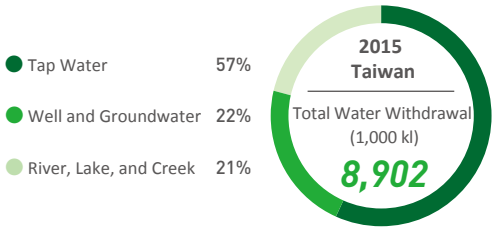
To support the development of renewable energy in Taiwan, FENC voluntarily purchased 200,000 kWh of green power in 2015, and will increase the amount to 300,000 kWh in 2016, showing our support for local renewable energy, such as wind power, solar power, and geothermal power, while also contributing to environmental protection through reducing carbon dioxide emission of traditional power generation.

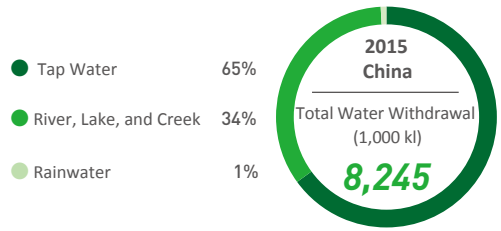
3.2.3 Water Resources Management

▶ Water Withdrawal and Sources

Unit：1,000 kl

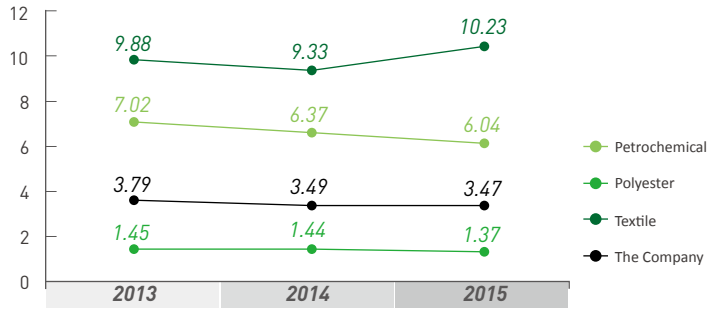
Type	Taiwan			China		
	2013	2014	2015	2013	2014	2015
Tap Water	4,917	4,791	5,044	6,977	5,888	5,337
River, Lake, and Creek Water	1,823	1,887	1,853	2,402	2,690	2,844
Well Water and Groundwater	2,903	2,365	2,005	0	0	0
Rainwater	0	0	0	3	11	64
Total	**9,643**	**9,044**	**8,902**	**9,381**	**8,589**	**8,245**





▶ Average Water Intensity

Unit：kl/metric ton of product



Note：The textile business does not include Far Eastern Apparel (Suzhou) Co., Ltd.

Water supply shortage is a common risk faced by the world. In 2015, Taiwan experienced the worst draught in 67 years, which made us understand the grave challenge water shortage poses to corporate operation. FENC is deeply concerned with water resources management and continues to review efficiency of water withdrawal in its daily operation and activities. In addition to recording meter readings every day, the Company also assesses and reviews water withdrawal status and water conservation results in monthly meetings, and devises solutions and improvement plans, such as regular maintenance of facilities, adopting new manufacturing technology, recycling and reusing of wastewater, in order to establish comprehensive monitoring and control of water resources.

In addition to development of the company and transition of the industry, Far Eastern New Century also takes into consideration land utilization needs of citizens living in the surrounding areas for water resource planning. For example, Hsinpu Chemical Fiber Plant reasonably and effectively coordinates and distributes water resources based on properties such as surface water availability and safe yield of groundwater. We pursue sustainable and balanced development of overall environment and the Company, reducing groundwater withdrawal in order to preserve valuable groundwater resource.

Water sources of FENC's production sites include tap water, river, lake, creek, well, underground water, and rainwater. Quantity and method of water withdrawal will not bring negative influences to local ecology or people living in the surrounding areas.

In response to the risk of water supply shortage, and to minimize the increase in cost after the government begins to collect water withdrawal charge in 2016, FENC has planned ahead and implemented programs to cut cost and explore new water resources in order to achieve the goal of sustainable production.

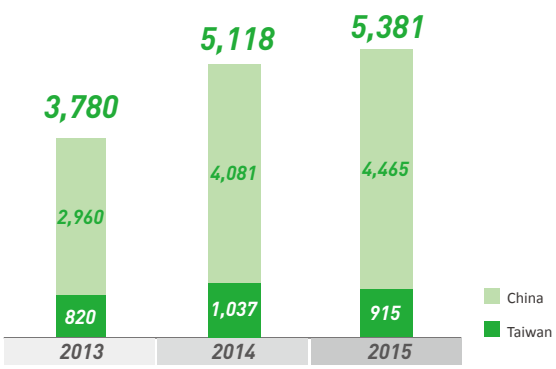
In 2015, the total water withdrawal was 17.147 million kl, a decrease of 2.8% compared to 2014. Main water source was tap water, which accounted for 61% of total withdrawal. Through installation and improvement of rainwater collection system, FENC increased utilization of rainwater, which grew by 20 times compared to 2013. Also, to protect precious underground water resources, as we are aware of the environmental issues resulted from over pumping of underground water, the Company has gradually reduced volume of underground water used over the years. Among three major businesses, the textile business is unique and requires large volume of water withdrawal, and therefore, has higher average water intensity.

▶ Cases of Water Resources Management

Water Resources Management Program	Actual Cases	
Reduction of Water Withdrawal	・Water-saving cooling tower ・Water-saving faucet for everyday use ・Reduce volume of underground water used ・Reduce frequency of water pump motor (Hz), and reduce volume of water pumped ・Change to low liquor ratio dyeing machine	・Increase concentration multiple of cooling water ・Water for wastewater treatment changed from plant water to RO concentrated water ・Close hand sampling spout of boiler to reduce volume of water flowing out ・Raw water enters active carbon filter bed directly
Recycling and Reusing of Water	・Set up wastewater recycling facilities ・Recycle cooling tower discharge ・Recycling and reusing of reclaimed water ・Reusing low-contamination dyeing wastewater in the dyeing process after bioprocessing ・Establish rainwater collection system	・Recycle condensate ・Recycle discharge water after circulating cooling and use for flue gas desulfurization system of boiler ・Recycle high-pressure steam condensate ・Change ultra-filtering cross-flow filtration to dead-end filtration to increase volume of water recycled
Ensuring Water Supply	・Build water pools to ensure safety stock during dry periods	

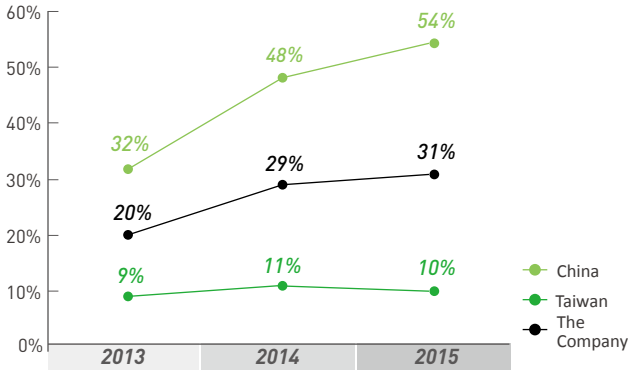
▶ Recycled Water Volume

Unit：1,000 kl



▶ Ratio of Recycled Water to Non-recycled Water

Unit：%



▶ Water Reduction Measures and Performance Assessment

Region	Investment Amount (NT$ 1,000)	Annual Water Savings (kl)	Ratio of Water Savings to Total Water Withdrawal
Taiwan	2,800	124,500	1.40%
China	19,266	666,084	8.08%
The Company	**22,066**	**790,584**	**4.61%**

Notes：The volume of water saved is calculated by comparing to water withdrawals of original facilities and manufacturing process prior to the implementation of the projects.

Compared to 2014, the volume of recycled water increased by 5.1% in 2015. It was mainly because Kuanyin Chemical Fiber Plant and Far Eastern Industries (Shanghai) started using water-recycling facilities in 2015, and Far Eastern Dyeing & Finishing (Suzhou) increased the recycling and reuse of reclaimed water produced through manufacturing process. Furthermore, FENC invested approximately 22 million NTD in 2015 for the execution of various water conservation projects, achieving water conservation of 790,000 kl/year. Recycling of reclaimed water and rainwater collection were two projects that achieved the greatest results.

3.2.4 Outstanding Achievements

Award-Winning Units	Awards	Awarding Unit
FENC	Honored with " Energy Saving Month " Top Energy Saving Benchmark in Textile Industry.	Bureau of Energy, Ministry of Economic Affairs
Far Eastern Industries (Wuxi)	Awarded as 2014 Excellence Business in the field of energy-saving technology and new product promotion.	Energy Conservation Supervision Center of Wuxi City, Jiangsu Province
Far Eastern Industries (Shanghai)	Awarded as Fengxian District Standardization rating of level B.	Fengxian District of Shanghai Environmental Protection Bureau
Far Eastern Industries (Suzhou)	Honored with a Three-Star Enterprise in the field of energy efficiency.	The People's government of Suzhou Municipality

FENC Honored with Bureau of Energy's " Energy Saving Month " Top Energy Saving Benchmark in Textile Industry

According to Bureau of Energy's energy auditing data, FENC's chemical fiber production sites in Taiwan (including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, and Far Eastern Fibertech) have accumulated 11% of power saving rate from 2011 to 2013, saving a total of 275 million NTD. The Company has also reduced 66,000 tons of CO_2, which is equivalent to the amount of CO_2 absorbed by 180 Daan Forest Park. With such excellent performance in energy saving, we were honored with the Top Energy Saving Benchmark in Textile Industry during Bureau of Energy's " Energy Saving Month. "

FENC has implemented various energy conservation and carbon reduction projects, requiring all plants to submit annual energy conservation plans. Designated energy personnel host energy meeting monthly to review and follow up on progress of energy conservation projects. Energy conservation performance and unit energy consumption are included as criteria for performance bonus calculation, and energy conservation projects are incorporated into proposals for improvement system, helping the Company to achieve power saving goals.

In 2015, Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, and Far Eastern Fibertech submitted 95 energy conservation projects in areas of manufacturing process, facilities, product structure, and energy management measures. The project that achieved the greatest result was the introduction of residual steam of CWM boiler to LiBr absorption chiller, which saves approximately 1.5 million kWh/year.

3.3 Materials Management

FENC has long strived to develop green manufacturing technology. In addition to reducing energy consumption through production process, we also tried to reduce the amount of raw materials and materials used. Through visionary and innovative thinking, FENC gradually adjusts production process and manufacturing technology to lower unit consumption in order to achieve economic and environmental benefits.

Each production site carries out regular reviews to monitor the utilization of raw materials, introduce new technology and systems and enhance efficiency of raw material utilization. Also, FENC has formulated implementation rules for proposal of improvement, encouraging employees to put forth solutions to reduce consumptions; and through executing facility maintenance and evaluation of suppliers, we ensure the quality of materials and thus are able to improve yield rate. For example, Kuanyin Dyeing and Finishing Plant planned to install automated weighing and conveyance system for liquid dyes and aids, which rationalizes amount of dyes and aids used and avoids unnecessary waste.

The Company has also formulated related safety management regulations regarding hazardous materials, including safety guidelines, storage method, and emergency response measures for leaking and provide trainings for related personnel. In 2015, there was no incidence of leaking of oil, fuel, or waste chemicals.

3.3.1 Raw Materials Management

FENC's Production Business covers petrochemical, polyester and textile, and raw materials account for the largest share of production cost, and quality of raw materials is the key factors that affect the yield rate. Therefore, secured raw material supply and outstanding quality are our top priorities for raw material procurement.

With highest standards in the industry, we strictly follow internal procurement management procedures and procurement regulations to select raw material suppliers that abide by laws and CSR regulations. To achieve stable supply, raw materials are provided by a number of suppliers, which ensures flexibility that helps us to react quickly to rapidly changing market of raw materials. At the same time, we study the operational situation of suppliers through interviews and market research, so we can make corresponding adjustments when a supplier cannot provide stable supply, ensuring production security and achieving the goal of sustainable management.

▶ Procured Amount of Important Raw Materials

Unit：1,000 metric tons

Raw Materials	Source (Region / Country)	2011	2012	2013	2014	2015
PX	Japan, Korea, Singapore, Indonesia, Malaysia, Kuwait, China	1,013	976	941	848	905
PTA	Taiwan, China, Korea, Japan, Thailand	1,230	1,276	1,263	1,317	1,260
MEG and Bio-MEG	Taiwan, Saudi Arabia, India, Canada	512	522	534	516	506
Cotton (Including Organic Cotton and Recycled Cotton)	Taiwan, USA, Brazil, Australia, China, India	39	87	85	82	73

Notes：Some PTA are self-produced by Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai) after procuring raw material PX. The remaining PTA is purchased externally.

In response to the global trend of petrochemical industry's transition towards low-carbon emission and environmental-protection industry, FENC upholds the core value of innovation and invests in research and development, developing and utilizing biomaterials and environmental-friendly plastics, such as Bio-MEG, Bio-PTA, 100% Bio-PET, and PLA. Furthermore, we also use environmental-friendly raw materials, such as organic cotton, BCI cotton, so as to lower the negative impact on environment and minimize chemical substances' effects on human health.

3.3.2 Packaging Material Recycling and Management

FENC avoids excessive packaging during transportation of products. When packaging is inevitable, our priority is to use environmentally-friendly materials, and recycle and reuse packaging materials. In addition to doing our own recycling and reutilization, we also collaborate with recycling companies. Qualified contractors help to recycle packaging materials from domestic clients, sort the recycled materials, and sell back to us the packaging materials that are still in good conditions. Every month, we calculate the amount of packaging materials recycled, recycle rate, and achievement rate, and review items we fail to achieve. Through packaging materials recycling management mechanism, the Company has lowered amount of materials used and cost, and at the same time, reduces waste materials.

FENC achieved 55% packaging materials recycle rate in 2015. For plastic bases and plates, recycle rates were 164% and 100% respectively. We not only execute the recycling and reuse of packaging materials thoroughly, but also recycle packaging materials of other companies in the industry, and that is why recycle rates of certain products exceeded 100%. Furthermore, Oriental Petrochemical (Shanghai) changed packaging bags of NG products from new bags to recycled bags in 2015, and used the bags repetitively, which also increased the recycle rate. FENC extends the life cycle of materials through packaging materials recycling management, achieving sustainable reuse of resources.

3.4 Pollution Prevention and Waste Management

FENC complies with regulations of " CSR Policy " and adopt preventive measures for pollution, focus on handling of waste materials and avoiding air, water, soil pollutions. We prioritize the consideration of environmental risks in all production processes and strive to minimize pollution. We also faithfully report amounts of wastewater, emissions and waste materials as well as abide by all related laws and regulations.

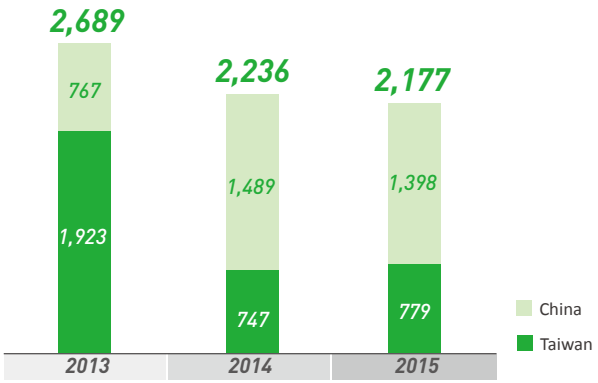
3.4.1 Air Pollutant Discharge Management

Through pollution prevention facilities, FENC processes pollutants produced through manufacturing processes and continues to review existing facilities and production processes to find areas for improvement. For example, Oriental Industries (Suzhou) installed washing facility at where waste gases are emitted. Kuanyin Dyeing and Finishing Plant changed dye sublimation printing to water transfer printing, and grind decomposable plant materials into paste and uses it as solution for laminating machine. Kuanyin Chemical Fiber Plant carried out wastewater processing plant expansion by adding a cover to prevent the odor from spreading. All these measures can reduce amount of VOCs emitted and prevent VOCs from spreading.

Furthermore, with the promulgation of " Shanghai City Measures for the Pilot Project of Collecting Volatile Organic Compounds Pollution Discharge Fees, " Far Eastern Industries (Shanghai) and Oriental Petrochemical (Shanghai) have formulated reduction of VOCs emission plans, adopting Leak Detection and Repair (LDAR) to manage all VOCs discharge points, and carried out identification, photographing, numbering, recording, and labeling. The Company also conducts inspections and repairs leakages in accordance with the agenda set in the plans.

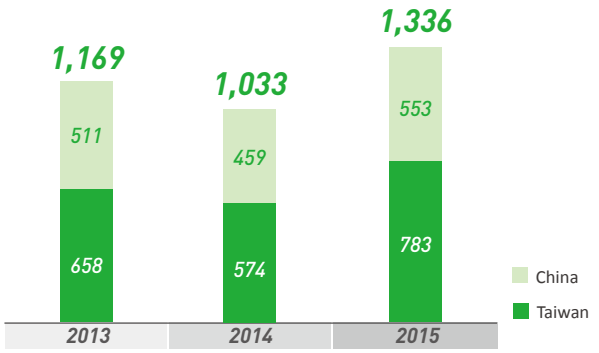
Total air pollutant emission in 2015 was 2,177 tons, a 2.6% decrease from 2014. SO_x emission was reduced by 33.7%, and particular matter pollutants by 29.3%. The main reason for this was that Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant built CWM boiler pollution prevention facilities and desulphurization towers, effectively lowering pollutant emission. VOCs emission dropped by 26.1%, as VOCs were collected and combusted in CWM boiler to lower the emission.

Air Pollutant Emission Unit ： Metric tons

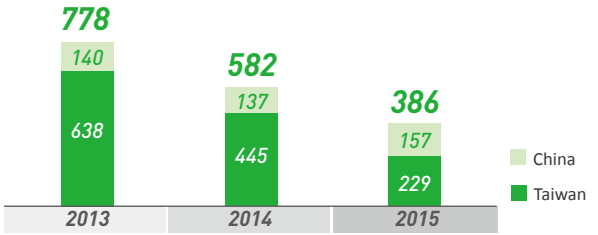


Notes ：
- Only gases emitted are listed.
- Particulate matter pollutants include PM, dust, and smog.
- The data includes four types ： actual measured values, annualized sample values, calculate values, and permitted amounts of emissions. Actual measured values come from Oriental Petrochemical (Shanghai), Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Far Easter Fibertech, Kuanyin Dyeing and Finishing Plant, Neili Texturizing Plant, Hukou Mill, Wuhan Far Eastern New Material, Far Eastern Apparel (Suzhou), and Far Eastern Industries (Wuxi); annualized sample values are from Far Eastern Dyeing & Finishing (Suzhou); calculated values are from Oriental Petrochemical (Taiwan) and Far Eastern Industries (Suzhou); permitted amounts of emissions are from Far Eastern Industries (Shanghai) and Oriental Industries (Suzhou).

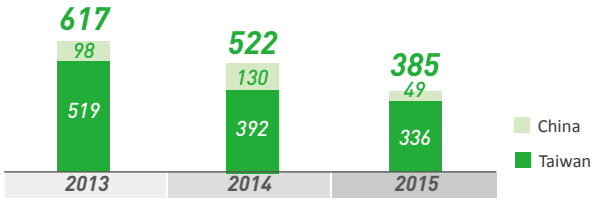
Nitrogen Oxides (NO_x) Unit ： Metric tons



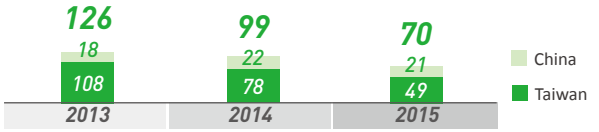
Sulfur Oxides (SO_x) Unit ： Metric tons



Volatile Organic Compounds (VOC) Unit ： Metric tons



Particulate Matter Unit ： Metric tons



3.4.2 Wastewater Discharge Management

FENC has formulated comprehensive regulations and procedures for wastewater treatment. Sewages are all treated prior to discharge, and quality of wastewater is regularly checked to ensure compliance with government regulations. The Company has also obtained enterprise sewage discharge permit in accordance to related regulations, and discharges sewage into the water bodies legally. Furthermore, we have enhanced wastewater recycling and increased volume of wastewater recycled to reduce volume of sewage discharged. Currently, our wastewater and sewage are not reused by other entities.

▶ Sewage Management Measures and Cases

Sewage Management Method	Actual Cases
Reduce Pollutants from Production Process Entering into Sewage	・COD removed from high concentration wastewater through air stripping preprocessing ・Wastewater UASB improves quality of water effluent ・Cobalt recycled from discharged water to reduce concentration
Wastewater Monitoring	・Onsite discharge side monitoring ・Wastewater plant management ・Formulation of related management guidelines
Others	・Promotion of water pollution prevention ・Regular maintenance and repair of machines

▶ 2015 Volume of Sewage Discharged and Location

Unit ： 1,000 kl

Location	Production Site	Volume of Sewage	Sewage Treatment Method and Discharge Location
Taiwan	Hsinpu Chemical Fiber Plant	1,046	Wastewater from manufacturing process is bioprocessed to meet local effluent standards before being discharged into the Fengshan River.
	Kuanyin Chemical Fiber Plant	382	Wastewater from manufacturing process is bioprocessed to meet local effluent standards before being discharged into the Shulin River.
	Kuanyin Dyeing and Finishing Plant	473	Wastewater is processed at onsite wastewater treatment plant before being discharged to the sewage treatment plant of the industrial park.
	Neili Texturizing Plant	103	Only domestic wastewater, which is permitted to discharge directly into sewage system.
	Hukou Mill	98	Only domestic wastewater, which is bioprocessed onsite (oxidation and aeration) before being discharged into the Desheng River.
	Oriental Petrochemical (Taiwan)	2,358	Wastewater from manufacturing process is bioprocessed (deep-well aeration and anaerobic treatment) to meet local effluent standards before being discharged into the Shulin River.
	Far Eastern Fibertech	97	Wastewater from manufacturing process is bioprocessed (contact oxidation) and undergoes the precipitation process to meet local effluent standards before being discharged into the Shulin River.
China	Oriental Petrochemical (Shanghai)	1,348	Wastewater from manufacturing process, domestic sewage, and lab wastewater are all discharged to sewage treatment plant. Treated wastewater is recycled at reclaimed water recycling unit; final wastewater is discharged through underground sewage system to sewage treatment plant in eastern Fengxian District before being discharged into sea.
	Far Eastern Industries (Shanghai)	483	Wastewater is treated at the plant's wastewater treatment station before being discharged to city wastewater treatment plant.
	Wuhan Far Eastern New Material	12	Only domestic wastewater, which is directly discharged into Wuhan City's sewage system.
	Oriental Industries (Suzhou)	140	Wastewater from manufacturing process is treated by production department using dosing chemical before being discharged to washing tower through filtering press. The water is recycled. Domestic wastewater is permitted to be directly discharged into the city's sewage network for centralized management.
	Far Eastern Industries (Suzhou)	9	Domestic and production effluents are discharged into sewage treatment plant; wastewater is treated to meet local effluent standards before being discharged into the Grand Canal.
	Far Eastern Industries (Wuxi)	4	Only domestic wastewater, which is directly discharged into Wuxi' s sewage system.
	Far Eastern Dyeing & Finishing (Suzhou)	2,663	Wastewater treatment is commissioned to national sewage treatment plant.
	Far Eastern Apparel (Suzhou)	129	Domestic wastewater is treated at the plant to meet effluent standards before being discharged into city sewage network. The wastewater is ultimately discharged to sewage treatment plant in the south of the city.

Note：The differences between sewage discharge and water withdrawal come from evaporation at cooling tower. Small volume of water is lost through related manufacturing processes.

3.4.3 Waste Management

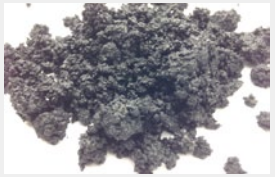
The objective of FENC's waste management is to enhance the rates of reusing and recycling waste materials produced through the production process, reducing the amount of waste from the source. All handling and removal of waste materials are in compliance with related laws and regulations, permits have been applied and obtained, and all amounts are reported. Qualified contractors are employed to remove the waste materials. The governance principle

of waste management is " classification reduces garbage; turn waste into valuables, turn valuables into something precious. " All production units follow classification of wastes strictly, and valuable wastes are sold through procurement department for external organizations to recycle and reuse. Qualified contractors are commissioned for the removal of invaluable wastes. We strictly review qualification of contractors. In addition to GPS tracking, FENC also conducts irregular inspections on removal and transportation of waste materials.

Hazardous business wastes produced through the manufacturing process are collected and stored at designated sites before qualified contractors are commissioned for removal and transportation. Ad hoc inspections are conducted by having personnel follow the contractors for the removal and transportation of waste materials to ensure contractors comply with all regulations. In 2015, Far Eastern Industries (Shanghai) carried out improvement for warehouse of hazardous wastes to ensure that the facility meets windproof, rainproof, and leak-proof requirements.

Sludge Drying System

Sludge Drying System



Before

After

The number of sludge treatment facilities in Taiwan is decreasing, and the cost is high. To reduce amount of sludge produced, Hsinpu Chemical Fiber Plant installed sludge-drying system in November 2015. The system dries up sludge for 12 hours, which lowers the water content from 85% to 25% and reduces weight by 77%, lowering carbon emission produced through the process of removal of sludge and cutting down on the cost.

▶ Data of Waste Materials

Unit：Metric tons

		Taiwan			China		
		2013	2014	2015	2013	2014	2015
General Business Wastes		**51,327**	**59,864**	**81,782**	**8,816**	**9,128**	**12,090**
Manufacturing Process Wastes	**Subtotal**	**49,561**	**57,854**	**79,967**	**7,826**	**8,070**	**10,991**
	Recycling and Reuse	45,751	52,992	75,007	7,586	7,496	7,938
	Energy Uses	304	198	214	0	0	0
	Incineration	3,180	4,190	3,786	0	0	0
	Landfilling	50	104	61	240	574	3,053
	Other Treatment Methods	276	371	899	0	0	0
Domestic Wastes	**Subtotal**	**1,766**	**2,010**	**1,816**	**990**	**1,058**	**1,099**
	Recycling and Reuse	696	911	756	272	309	309
	Energy Uses	0	0	0	320	340	340
	Incineration	1,070	1,098	1,059	0	0	0
	Landfilling	0	1	1	287	299	340
	Other Treatment Methods	0	0	0	110	110	110
Hazardous Business Wastes		**0**	**0**	**0**	**8,117**	**6,642**	**5,408**
Recycling and Reuse		0	0	0	7,080	5,172	3,956
Energy Uses		0	0	0	0	0	0
Incineration		0	0	0	1,012	1,416	1,390
Landfilling		0	0	0	0	0	0
Other Treatment Methods		0	0	0	25	54	62

Note ： Recycling and reuse includes recycling and reuse by the plants, selling of waste materials, and recycling by commissioned contractors.

- Recycling and Reuse 91%
- Energy Uses 0%
- Incineration 4%
- Landfilling 4%
- Other Treatment Methods 1%

- Recycling and Reuse 36%
- Energy Uses 12%
- Incineration 36%
- Landfilling 12%
- Other Treatment Methods 4%

- Recycling and Reuse 73%
- Energy Uses 0%
- Incineration 26%
- Landfilling 0%
- Other Treatment Methods 1%

In 2015, total amount of waste was 99,280 tons, which can be categorized into general business wastes and hazardous business wastes. General business wastes accounted for 95% of all wastes. General business wastes can be further categorized into manufacturing process wastes and domestic wastes; manufacturing process wastes accounted for 97%, a 38% increase from 2014. This was mainly due to the increase in fly ash and bottom ash after adopting CWM boilers. However, such wastes were recycled and reused, so we have maintained the recycling and reusing level of 90% and above. In 2015, hazardous wastes totaled at 5,408 tons, an 18.6% decrease from 2014. 73% of hazardous wastes could be recycled and reused. Oriental Petrochemical (Shanghai) improved water treatment sludge technology in 2015, effectively reducing the total amount of hazardous wastes.

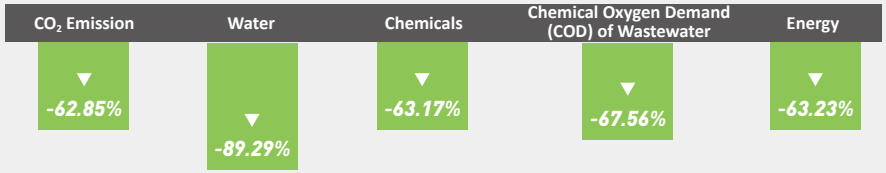
3.5 Green Process

FENC strives to do its part for environmental sustainability, actively reducing amount of energy consumed in production processes. The Company has also set the long-term goal of zero production waste and responds to UN's SDGs with green process, turning polyester into a green industry, while we continue to promote energy conservation and environmental protection policies.

Dope Dyeing Method

In general, fiber dyeing is carried out after fiber spinning and requires large amount of energy and water; furthermore, dyes and chemical solutions further impact the environmental, and treating wastewater needs additional costs. FENC uses dope dyeing method to replace traditional fiber dyeing, adding pigment to liquid fiber solution before spinning, which greatly reduces energy consumption, water withdrawal, chemicals and wastewater, and achieves greater color fastness. We use low-pollution production to produce dope-dyed polyester fiber, and have won praises from clients. In 2015, FENC expanded the scope of environmental-friendly production process to include the production of Nylon 66.

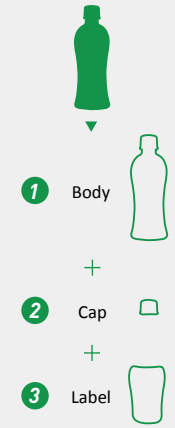
Dope dyeing compared to traditional dyeing (Polyester fiber)



Changing to Low Liquor Dyeing Machine

Traditional liquor dyeing machine and new liquor dyeing machine are different in terms of liquor ratio (liters of water required to dye a single kilogram of fabric). Traditional liquor dyeing machine consumes 12 liters of water to dye 1 kg of fabric, and during the dyeing process, it requires more dye, longer time, larger quantity of water and produces more wastewater. To protect the environment and preserve water resources, Kuanyin Dyeing and Finishing Plant began to incrementally replace old machines with new machines in 2015, reducing water withdrawal by about 30%; furthermore, steam and power consumption, and wastewater discharge have all been lowered. Currently, approximately 10% of the machines have been replaced.

PET Bottle Cap and Label Recycling



FENC is the first company in Taiwan to recycle PET bottles, and its PET bottle reuse technology is industry-leading. In addition to making fibers, the Company also achieves food grade cleanliness.

PET bottle consists of three parts： body, cap, and label. We strived for recycling and reuse of PET bottle bodies in the past. To enhance recyclability of waste plastic materials, we also expand our scope of reutilization to include cap and blown shrink film.

We recycle disposed PET bottle caps and make them into pallets; disposed label are reused and made into imitation wood materials that have gardening applications such as fences or plank trail. This helps to reduce amount of wastes that need to be incinerated, as PET bottle recycling is now headed in the direction of zero waste. FENC is thus able to contribute to protect the environment, and at the same time, increase profit and enhance competitiveness.

Revolution in the Textile Industry： Waterless Dyeing and Finishing Technology

Dyeing and finishing processes requires large volume of water, and wastewater from the processes contain all kinds of slurry, dyes, surface-active agent and aids added during the processes, requiring multiple procedures before being discharged. These have resulted in added costs and waste of energy. To lower the level of dependence on water resources and resolve the issue of wastewater discharge of dyeing and finishing processes, it is necessary to innovate the manufacturing process so that we can achieve corporate sustainability and environmental protection.

FENC cooperates with Nike and Dutch waterless dyeing developer DyeCoo to realize waterless dyeing using supercritical carbon dioxide, using the recyclable " carbon dioxide " to replace traditional " water " as the medium of dyeing. The process requires no water, avoiding the need to discharge water and add chemical aids, and lowering the consumption of petrochemical energy needed for heating water (oil, natural gas, coal, etc.). Today, with depleting water resources and instable supply, this is a revolutionary breakthrough.

Waterless dyeing and finishing technology features ：

1. Turning carbon dioxide from gas into supercritical fluid close to liquid as dyeing medium; after dyeing, separate dyes and recycle carbon dioxide by decompression, achieving the effect of dyeing.

2. Utilizing carbon dioxide to dissolving dyes, no additional aids are required for dyeing polyester. No need to wash with water to achieve saturated and uniform dyeing effect.

3. Utilizing cycling design in sealed machine to overcome the technical bottleneck where it is difficult for high-pressure gas to circulate in the tank, realizing circulating dyeing by high-pressure gas.

Item	Traditional	Waterless Dyeing and Finishing
Water Withdrawal (per kg of fabric)	100-180L	No need for water
Energy Consumption (per kg of fabric)	Electricity： 1 kWh / Steam： 10kg	Electricity： 2.5 kWh / Steam： 4kg
Chemicals (dyeing aids) (per kg of fabric)	Aids： 0.2kg / Dyes： 0.07kg	No need for aids / Dyes： 0.02kg
Daily Production (same dyeing tank)	1,200kg	1,500-1,700kg

Waterless dyeing and finishing is an innovative and pioneering technology and there remain aspects for breakthrough and optimization. FENC's waterless dyeing plant began trial operation in 2014 and under joint effort with partners. We will continue to innovate software, and renovate hardware. Currently, energy consumption of waterless dyeing process (electricity and steam) has been further lowered with efficiency being elevated from 65% to over 90% in 2015. Waterless dyeing facilities need smaller spaces compared to traditional dyeing; and with same number of dyeing tanks, waterless dyeing process' efficiency is 40% higher than traditional dyeing process.
As the technology matures and replaces existing technology, it can save significant amount of clean water and energy for the world annually; industry can reduce required surface area for plants and enhance production efficiency. It is a revolutionary breakthrough.

3.6 Neighboring Community Communication and Response

Most of FEN's production sites are located in industrial parks. Only a handful of production sites are located in residential areas, such as Hsinpu Chemical Fiber Plant and Hukou Mill. We proactively communicate with neighboring citizens and invite them to visit our plants. In 2015, Hsinpu Chemical Fiber Plant invited town mayor of Xinpu, village chief of Wenshan, and community members to tour the plant's production and pollution prevention facilities. Wuhan Far Eastern New Material invited faculty members and students of Jianghan University to visit the factory; Oriental Petrochemical (Shanghai) organized the " Open House Day " event; Hukou Mill installed sound attenuators at ventilation outlets to reduce the impact on surrounding citizens of noises, which have lowered the noise level from 63.5 decibels to 55 decibels, achieving a reduction of 13.4%.

Furthermore, each production site has its own emergency response procedure and carries out regular drills to minimize the impact on surrounding communities during emergency events. Communities near production sites can submit appeals through official channels. Regarding the channels and mode of communication between production sites and citizens in nearby communities, please refer to the chapter Establishing Strong Governance .

Oriental Petrochemical (Shanghai) Organizes " Open House Day "

In 2015, public attention focused on safety and environmental management of petrochemical industry. For people to understand more of its operation and enhance mutual trust, Oriental Petrochemical (Shanghai) organizes annual Open House Day, inviting citizens to come into the plant. The theme of the event in 2015 was " Walk into the Plant, Understand Oriental Petrochemical (Shanghai) "

This year's open house day not only invited citizen representatives from surrounding communities, university community, citizens on Haima Road, and complainants, Oriental Petrochemical (Shanghai) specially invited related government agencies, such as Environmental Protection Bureau, Safety Inspection Bureau, and Water Affairs Bureau, authorities of Spark Development Zone, and some representatives of other companies. Therefore, this year's participants came from diverse backgrounds. The event consisted of three parts： SHE annual report, onsite discussion and plant tour. Oriental Petrochemical (Shanghai) introduced to participants status on daily management, " three wastes " emissions, recycling of reclaimed water, boiler renovation, and reduction of emission of VOCs. Onsite discussion saw citizens and university student representatives raising questions, which were answered by managers and government officials. Through such interaction, the two sides further gained mutual understanding. Plant tour was led by managers, where participants were taken into the plant for in-depth observation and experience, allowing them to understand the real onsite situation in the plant. Destination and route were chosen by the participants, which revealed that Oriental Petrochemical (Shanghai) values and responds actively to issues concerned by stakeholders.

In the end, participants visited fire safety and emergency response equipment, and observed fire and rescue drill simulation where emergency rescue team saved people from a residential building. Through this event, Oriental Petrochemical (Shanghai) established a bridge of communication with the people, enhancing mutual trust and understanding. A citizen representative reflected：" After listening to your explanation, I believe Oriental Petrochemical (Shanghai) is a company that focuses on people and implements scientific management. "

CREATING EMPLOYEE PASSION

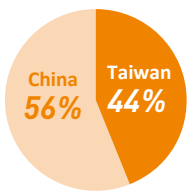
CREATING EMPLOYEE PASSION

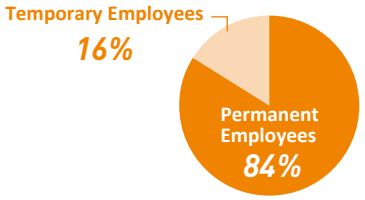
4.1 Recruiting

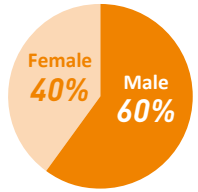
4.1.1 Structure of Human Resources

At Far Eastern New Century, we understand that high quality human capital is one of the important keys for a successful enterprise. Strategic goals can be reached through team cooperation and execution. Our recruiting principle is " right position for the right person " and " make the best possible use of one's talent " . We try our best to allow employees to do what they are capable of under a reasonable and equitable human resources system. We regularly check upon the regulations and rules of all our operation sites to make sure they are in line with updated local regulations, execution of which is done quarterly to our employees. Besides, we are dedicated to a friendly working environment and planning a comprehensive training system. We encourage employees' self-development and strengthening of professional skills for the purpose of cultivating talents and laying a solid foundation for advancement of Far Eastern New Century.

2015 Employees *13,203*







▶ Gender Ration

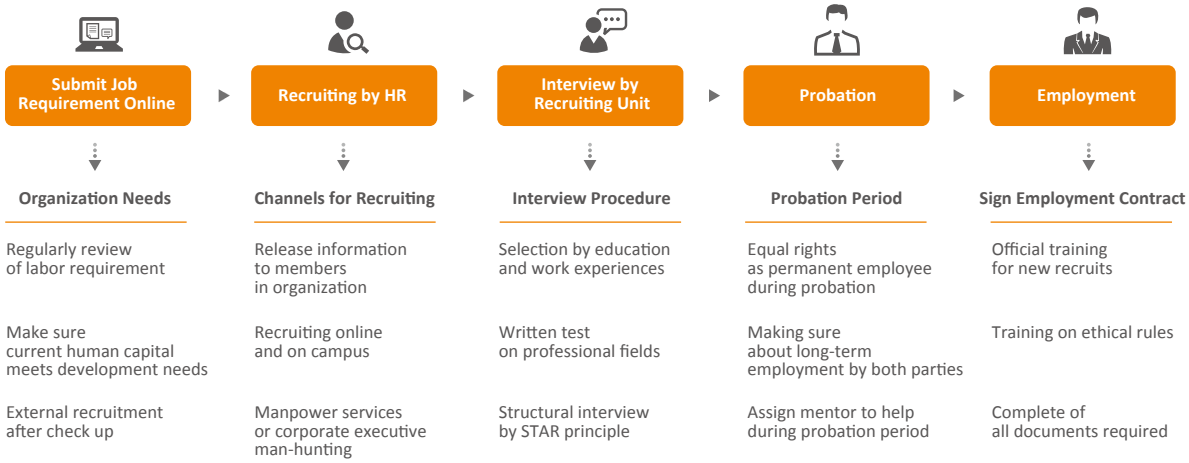
		Taiwan			China			Grand Total		
		2013	2014	2015	2013	2014	2015	2013	2014	2015
Total	Male(%)	72%	73%	72%	48%	49%	52%	58%	59%	60%
	Female(%)	28%	27%	28%	52%	51%	48%	42%	41%	40%
	Total	**5,395**	**5,634**	**5,754**	**8,314**	**7,983**	**7,449**	**13,709**	**13,617**	**13,203**
Permanent Employees	Male(%)	70%	71%	71%	47%	48%	51%	56%	57%	59%
	Female(%)	30%	29%	29%	53%	52%	49%	44%	43%	41%
	Total	**4,484**	**4,564**	**4,655**	**6,838**	**6,629**	**6,475**	**11,322**	**11,193**	**11,130**
Temporary Employees	Male(%)	82%	82%	76%	56%	53%	57%	66%	66%	67%
	Female(%)	18%	18%	24%	44%	47%	43%	34%	34%	33%
	Total	**911**	**1,070**	**1,099**	**1,476**	**1,354**	**974**	**2,387**	**2,424**	**2,073**

Note：Temporary employees in Taiwan are labors from foreign countries; Temporary employees in China are dispatched workers or outsourced workers.

4.1.2 Recruiting Policy

Far Eastern New Century observes equal employment opportunity in recruiting, distribution, appraisal, promotion, salary, retirement, severance, resignation, education training, welfare and so on. No one is discriminated because of his/her race, rank, language, faith, religion, political party, birth place, gender, sexual orientation, age, marital status, appearance, mental or physical impairment, or being member of work union. There has been no discrimination issue during this report period.

▶ Recruiting Procedure



Far Eastern New Century recruited 498 permanent employees in 2015, with 288, or 58% under 30 years old. It also recruited experienced workers for the Vietnam investment project which was launched in 2015. The management team is acquired mainly internally, providing a good promotion opportunity for employees.

400 permanent employees left the company in 2015, including retirement. The average rate of employment turnover is 8.6%, much lower than the average 22.87% among the manufacturing industry in Taiwan. This figure indicates the stability of employment in Taiwan. It also shows that we could do long-term and stable planning in human capital development.

Far Eastern New Century had 4,375 new recruits in China in 2015, whereas 4,897 left their jobs, among them, 3,649 were permanent and 1,248 temporary employees. This is as a result of optimization of corporate organization to elevate production efficiency by lean manpower growth. Among those who quit, 25% are temporary workers under one year of employment. Most of our companies in China belong to labor-intensive industry with high turnover rate. All of the above has contributed to the high dismission rate. However, through adjustment of salary and compensation over the years and increase of cross strait contacts, the personnel turnover rate in 2015 is lower than the previous year.

▶ Number of Recruit and Percentage in Taiwan

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	201	4.5%	201	4.4%	215	4.6%
	Female	65	1.4%	73	1.6%	73	1.6%
	Subtotal	**266**	**5.9%**	**274**	**6.0%**	**288**	**6.2%**
30-50	Male	85	1.9%	146	3.2%	148	3.2%
	Female	41	0.9%	47	1.0%	57	1.2%
	Subtotal	**126**	**2.8%**	**193**	**4.2%**	**205**	**4.4%**
Above 50	Male	5	0.1%	8	0.2%	3	0.1%
	Female	1	0.0%	2	0.0%	2	0.0%
	Subtotal	**6**	**0.1%**	**10**	**0.2%**	**5**	**0.1%**
Total		**398**	**8.9%**	**477**	**10.5%**	**498**	**10.7%**

Note：Total new recruits are total permanent employees in Taiwan.

▶ Number of Turnover and Percentage in Taiwan

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	72	1.6%	82	1.8%	88	1.9%
	Female	31	0.7%	36	0.8%	40	0.9%
	Subtotal	**103**	**2.3%**	**118**	**2.6%**	**128**	**2.7%**
30-50	Male	118	2.6%	133	2.9%	133	2.9%
	Female	117	2.6%	49	1.1%	67	1.4%
	Subtotal	**235**	**5.2%**	**182**	**4.0%**	**200**	**4.3%**
Above 50	Male	101	2.3%	68	1.5%	54	1.2%
	Female	53	1.2%	16	0.4%	18	0.4%
	Subtotal	**154**	**3.4%**	**84**	**1.8%**	**72**	**1.5%**
Total		**492**	**11.0%**	**384**	**8.4%**	**400**	**8.6%**

Note：Total who quit are those permanent employees who quit in Taiwan.

▶ Number of Recruit and Percentage in China

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	2,527	30.4%	2,338	29.3%	1,976	26.5%
	Female	2,279	27.4%	2,039	25.5%	1,425	19.1%
	Subtotal	**4,806**	**57.8%**	**4,377**	**54.8%**	**3,401**	**45.7%**
30-50	Male	448	5.4%	556	7.0%	499	6.7%
	Female	711	8.6%	743	9.3%	468	6.3%
	Subtotal	**1,159**	**13.9%**	**1,299**	**16.3%**	**967**	**13.0%**
Above 50	Male	19	0.2%	17	0.2%	5	0.1%
	Female	3	0.0%	0	0.0%	2	0.0%
	Subtotal	**22**	**0.3%**	**17**	**0.2%**	**7**	**0.1%**
Total		**5,987**	**72.0%**	**5,693**	**71.3%**	**4,375**	**58.7%**

Note：New recruits are all new members in all companies in China.

▶ Number of Turnover and Percentage in China

		2013		2014		2015	
		Number	%	Number	%	Number	%
Under 30	Male	2,626	31.6%	2,588	32.4%	1,943	26.1%
	Female	2,521	30.3%	2,339	29.3%	1,596	21.4%
	Subtotal	**5,147**	**61.9%**	**4,927**	**61.7%**	**3,539**	**47.5%**
30-50	Male	589	7.1%	623	7.8%	549	7.4%
	Female	930	11.2%	867	10.9%	773	10.4%
	Subtotal	**1,519**	**18.3%**	**1,490**	**18.7%**	**1,322**	**17.7%**
Above 50	Male	25	0.3%	19	0.2%	25	0.3%
	Female	6	0.1%	7	0.1%	11	0.1%
	Subtotal	**31**	**0.4%**	**26**	**0.3%**	**36**	**0.5%**
Total		**6,697**	**80.6%**	**6,443**	**80.7%**	**4,897**	**65.7%**

Note：Total dismission is the total of all companies in China.

4.1.3 Salary and Compensation

Stable and skillful human capital is important resource for business development and existence. In order to maintain leadership status in industry, we have proactively recruited professional new bloods and adjust compensation package according to market information to attract and attain excellent talents. At FENC, besides guaranteed fixed salary, employees enjoy performance-based variable bonus for individuals and organizations. The company statutes state that certain percentage of net profit will be distributed as employees' payment. We don't offer stock option, there is no policy for deferred shares or vested shares. There is no reward for recruiting for high ranking executives. Severance pay for all employees is under the same regulation, regardless of their ranks. There is no pay reclaim mechanism as well. Regardless of job position, all employees in the same company are under the same retirement compensation plan.

Various companies have their " compensation and year-end bonus management guidelines " according to their respective circumstances, which was approved by HR Review committee. For new recruits' salary compensation, FENC will take general price level, professional major, job relevance and degree of difficulty into consideration. Salary will be adjusted for those with related work experiences or possess professional certificates.

FENC's operation units in Taiwan regularly consult salary investigation held by Towers Watson to understand salary fluctuation in related industry. Salary compensation will be regularly reviewed to retain the existing talents. Operation units in China will also adjust employees' salary according to the adjusted amount and percentage release by local government. To cope with future expatriate needs, operation units in both Taiwan and China have adjusted salary for specific key talents in 2015. Operation units in Taiwan have adjusted meal allowance for permanent employees in response to government's pay-raise policy.

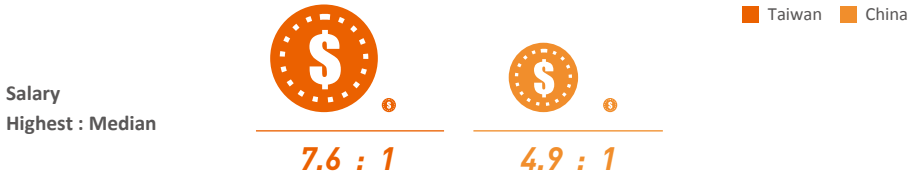
FENC's major manufacturing business specialized in chemistry and textile. The majority of its employees are male chemistry major whose salary is usually higher than that of females. However, in 2015, salary of female mid-level heads in China is higher than that of their male counterparts, which demonstrates the fair and equal opportunity granted to all capable workers.

▶ Salary by Gender

	Taiwan			China		
	2013	2014	2015	2013	2014	2015
Director/Section Chief and above	89%	88%	87%	82%	93%	103%
Office Clerk	99%	100%	100%	85%	87%	85%
Factory Workers	119%	104%	95%	95%	96%	95%

Note：Percentage is calculated from average female salary divided by average male salary.

Ratio of the Highest Salary versus Median Salary in Organization in 2015



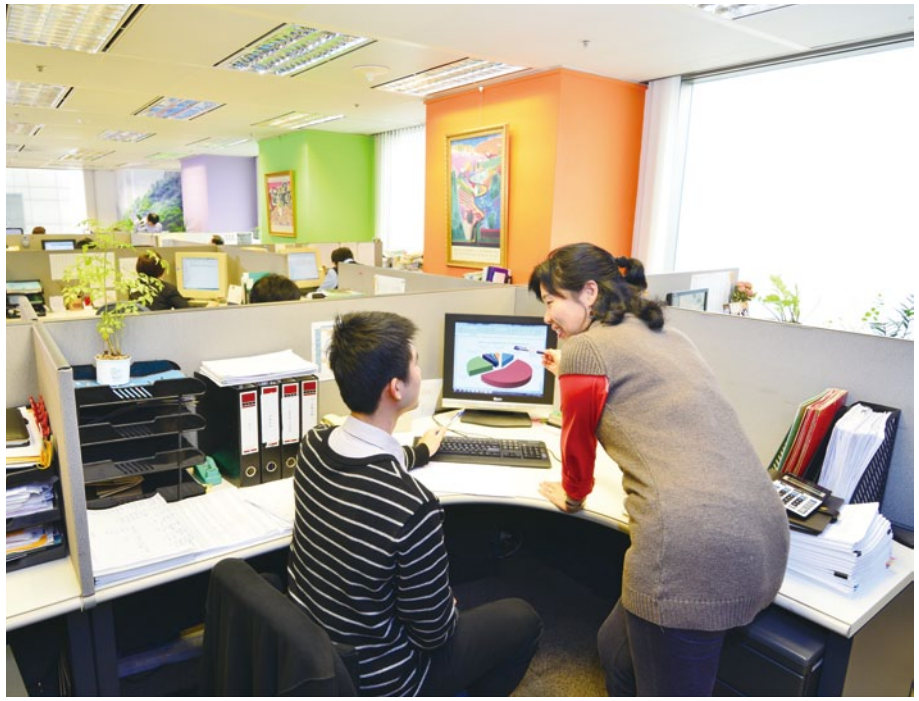
The Highest Individual Salary Adjustment versus Median Salary Adjustment in Organization in 2015

Note：The numbers in China are the average of the respective operation post.

Organization Entry Level Employee Salary versus Local Minimum Wage in 2015

Organization Average Full Year Salary versus Market Average in 2015

Note：Salary information for Taiwan market is from the average salary for manufacture industry and minimum wage for manufacture industry released by Directorate-General of Budget, Accounting and Statistics; Salary information for China is from the average and minimum wage released by Shanghai and Suzhou government.



FENC BOD approved to establish the Salary and Compensation Committee on August 19, 2011. The 3rd Committee which is currently in operation is led by FENC's independent Director together with members from the industry that enjoy good reputation and are without vested interests. Important issues such as employee compensation system, BOD payment, bonus for management and BOD members, long term compensation for management team, year-end bonus, annual pay adjustment, performance appraisal etc. are discussed at the Committee. The Salary and Compensation Committee exercises its job with duty of care and loyalty to strengthen corporate governance and its compensation system.

FENC conducts employee performance annually on job goal and personal performance as the basis for salary adjustment. (please refer to 4.4.1 Performance Evaluation) There is special compensation for excellent performance besides promotion channel without obstruction. All promotion is talent-based and reasonable so that all employees can concentrate on contribution to the company in a trustworthy and reciprocal spirit.

4.2 Taking Care of Employees

4.2.1 Preserve Human Rights

FENC has rules and procedures which conform to related regulation in preserving employee human rights. The system applies to all employees. We also require our suppliers to conform to related regulation to preserve their employee human rights. Our promises in this aspect are as follows：

Voluntary Employment

There is to be no use of forced labor, which includes (but is not limited to)：involuntary overtime, imprisoned labor, and indentured/bonded labor.

No Child Labor

Employees are to be over the age for completion of compulsory education or the minimum age for employment under the local law, whichever is greater. Employees under the age of 18 shall not perform work that is likely to jeopardize their health or safety.

Wages and Benefits

Wages shall not be lower than the minimum wages regulated under the local law. Special pay rates and benefits shall be provided to employees in accordance with the applicable local laws.

Working Hours and Overtime

Working hours shall be in accordance with local laws, including those relating to annual leave and statutory holidays. All overtime must be voluntary and employees shall be compensated accordingly with pay and breaks.

Leave and Recess

Make sure employees have 24 hours recess for every 7 days' duty; observe holiday provision of local government.

Freedom of Association and Collective Bargaining

Employees are to have the right to choose, form, belong to or refuse to join a union, or any other type of employees' organization, and take part in related activities.

Harassment, Abuse and Disciplinary Action

The workplace is to be free from sexual, psychological, physical, and verbal harassment, abuse, or intimidation. Every employee is to be treated with respect and dignity.

Respect and Non-discrimination

Employees are not to be subjected to any discrimination in employment, including hiring, assignment, wages, advancement, access to training, termination or retirement, on the basis of gender, sexual orientation, race, religion, age, disability, illness, marital status, pregnancy, nationality, political opinion, social or ethnic origin, or other protected status.

Protection of Female Employees

Appropriate and reasonable facilities and maternity leave for women employees during pregnancy, childbirth and nursing are to be provided. Suppliers shall comply with any working hour limits or other work restrictions for pregnant employees required by local law and take other reasonable measures to protect pregnant women from hazardous work.

To implement human right protection, FENC provides at least 4 hours on human right and labor related regulations in new recruit training program. Training on employee rules and corporate values are conducted regularly for all employees.

We persistently pay attention to management of human right at all operation units. For example, we review overtime and worktime reports monthly, irregularities will be examined by headquarters. Besides, there is evaluation on regulation observation on all operation units quarterly to ensure observation of all human right regulation. Any violation will be investigated and followed up on correction.

As to child labor issue, we conduct confirmation of minimum age regulation when hiring and double check age information when new recruits check in to make sure all operation units meets related regulations.

All our operation units report no violation of promised employee rights and there is no worker appeal either in 2015. All manufacturing posts have passed examination on human rights, child labor and labor conditions by our clients.

4.2.2 Employee Welfare

FENC has Employee Welfare committee. Welfare expenses in all affiliated companies are set aside according to regulation： employee salary 0.5%, revenue 0.05% and 20% of sale of manufacturing waste. The fund will be used in all kinds of welfare activities. The expenses for branch committees are decided by unions and employees in manufacturing bases. The fund can be used in regular sightseeing or traveling events, hiking, clubs, physical checkup, scholarship, gift voucher, insurance and so on.

Encouragement to Participate in Clubs

FENC encourages club participation so that employees could form stronger bonds and engage in proper activities after work. Sports clubs such as softball, basketball, badminton, bowling, table tennis hold friendly contests with FEG affiliated companies besides weekly sessions. This serves the purpose of both exercising and social opportunity for employees. There are also yoga, folk dance and ballroom dance clubs to help release pressure and maintain body and soul balance. They are so popular that sign up numbers often exceeds class capacity. FENC has club for volunteering work. They help tree planting, weeding, and picking out pestiferous snails in local community to boost mutual relationship. They also collect used book for disadvantaged aboriginal communities to show their care for the society.

Besides, to ensure family of employees will not suffer from sudden lost when employee is seriously hurt or encounters sudden death, we establish consolation compensation measure; all domestic and foreign employees are covered with life insurance and accident insurance for class 2-11 disability. We also offer special rates for cancer and illness insurances which are optional for all employees.

Benefit expense of manufacturing bases in China is paid by unions. All permanent employees are eligible for benefits such as monetary gifts (for birthday, wedding, childbirth, hospitalization and funerals), holiday benefits (cash and gift vouchers), and medical benefits (health checkups, gynecological examinations and medical service for only child) and transportation, food, accommodation and travel compensation etc.

As some manufacturing bases are located in rural industrial areas and employees are on rotating shifts, special care and attention are needed for their daily life. FENC takes care of employee needs and feelings both on and off duty. We upgrade facilities at working place and dormitory to boost coziness. Dormitory and cafeteria are reviewed annually to better fit in with employee needs.

Respect of Female Employees

FENC is dedicated to construct a friendly working environment and system for its female employees. We have breast feeding rooms for female employees during their pregnancy and breast feeding time. This facility abides by the Act of Gender Equality in Employment and Establishment and Management Standard of Breast Feeding Room at Public Spaces. In China, we follow Regulations Concerning the Labor Protection of Female Staff and Workers to ensure complete protection for female staff during their pregnancy and breast feeding periods.

We also honor gender equality at work. There are sexual harassment prevention measures for appeal and punishment. Complain can be done through either oral or written form to their section chief or HR Department at each manufacturing bases, or by telephone complaint followed by written document in 3 days. The complaint will be filed and under investigation within 3 to 5 days by investigation team which is composed of 3 members from each of the following departments： HR, Audit, Legal and other section which the complainant is not from. There should be no less than half female members in the investigation team. Verdict can be given only when two thirds of presence and half of which reach consensus. The process has to finish within 2 months since the complaint is filed. We also have education training on sexual harassment prevention for employees of all levels to prevent sexual harassment at work.

In Taiwan, employees enjoy parental leave which is mandated by Labor Standards Law. 20% of eligible female employees applied for parental leave in 2015. The system is running well as there is high returning percentage after parental leave and all have stayed in their posts for over one year after returning. There has been no parental leave regulation in China yet.

▶ Application of Parental Leave and Returning Statistics in Taiwan

Category	Gender	2013	2014	2015
Entitled to Parental Leave	Male	160	185	256
	Female	107	118	106
	Total	**267**	**303**	**362**
Number Applied	Male	2	1	3
	Female	9	13	21
	Total	**11**	**14**	**24**
Number Returned	Male	1	1	2
	Female	6	7	13
	Total	**7**	**8**	**15**
Returned over One Year	Male	1	1	0
	Female	6	6	7
	Total	**7**	**7**	**7**
Return Rate*1	Male	100%	100%	67%
	Female	86%	88%	87%
	Total	**88%**	**89%**	**83%**
Retention Rate*2	Male	100%	100%	0%
	Female	100%	100%	100%
	Total	**100%**	**100%**	**88%**

Note：・Return Rate = Number Returned/ Number Should Return
・Retention Rate = Returned over One Year/Number Returned Last Year

Motherhood Protection Plan

FENC set " Motherhood Protection Plan " in 2015 which will evaluate, control and manage those jobs which threaten motherhood health. For pregnant or giving birth less than one year females, job switching or adjustment is available by medical appraisal. 37 employees finished interview and review by Motherhood Protection Plan in 2015.

Care for Foreign Employees

FENC currently employs over 1,000 foreign workers whose base salary conforms to relevant laws and regulations. We host various activities and communication meetings with foreign workers to ensure that they can work comfortably in foreign countries.

Ball Games

Ball games are often ways to release work pressure after work whereas fun games boost bond among employees. There are basketball seasons annually at Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Neili Texturizing Plant, Kuanyin Dyeing and Finishing Plant. 84 competition games with trophies and cash prizes were held in 2015. Besides, there were 4 football games at Kuanyin Chemical Fiber Plant, 31 billiards games at Kuanyin Dyeing and Finishing Plant and table tennis, softball, baseball game at Hukou Mill. All aimed to boost benign relationship among colleagues.

Group Tour

We host tours for foreign labor workers so that they can understand local culture better and at the same time have chance to relax. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant hosted tours to Leofoo Village, Lihpao Land and Formosa Fun Coast in 2015. Neili Texturizing Plant had tours to Jiufen and Sun Moon Lake. Kuanyin Dyeing and Finishing Plant had tours to Formosa Fun Coast and Window on China.

Festive Activities

All manufacturing bases host festive activities on important holidays to help foreign employees blend in with local culture. Hukou Mill held hiking and fishing activities on Labor Day holiday. These activities are well received as they make them feel the warmth at home on important holidays.

Health Care

At Hsinpu Chemical Fiber Plant, foreign employees are encouraged to participate in triathlon and marathon by certificates and cash prizes to remain healthy and fit. By active participation in these sport activities, foreign workers not only cultivate a habit to exercise, their body fat also decreased 2% by average. Kuanyin Dyeing and Finishing Plant held a dormitory decoration contest which offer cash prizes to encourage decoration on living environment so that foreign workers who stay at dormitory can have a comfortable environment for resting.

FENC also encourages foreign workers to participate in competition held by local government. Foreign workers at Neili Texturizing Plant won first prize at a singing contest held by Taoyuan city government. The activity allows for exhibition of talent, increase working satisfaction and help foreign workers to blend in with local culture.

4.2.3 Retirement Plan

FENC understands the importance of coherence among workers. Besides efforts to maintain employees' pleasant sentiment, a retirement plan is also offered. We handle retirement issue according to related laws and regulations. In Taiwan, FENC established Employee Retirement Fund Committee in 1980 and allocate fund for retirement pension. We opened account for employee retirement fund at Central Trust in 1984 and established Supervisory Committee of Employees' Retirement Fund. The Committee which employees exceed half of its members meets quarterly. It supervises whether each company has abided by regulation to handle retirement issue and whether there is enough money in the fund. Tower Watson is in charge of retirement pension actuary and allocation, the percentage of which falls between 2 to 6 %. The Ministry of Labor launched new system for retirement pension in July 2005. FENC consulted all employees on transition of retirement system. For new recruits and those chose the new scheme, 6% of full salary will be allocated into employee's individual retirement pension account. For those opted old scheme, they will receive pension accumulated from years of working in the company at retirement. The retirement scheme covers 100% of permanent employees. Besides, FENC also ensures that their employees are covered with labor insurance and healthcare insurance.

Subsidiary companies in China handled social insurance in accordance with Social Insurance Law. It regulates pension, medical insurance, unemployment, work-related injury, and maternity insurance and housing fund for employees. The pension is where employee retirement fund will be from. The average allocation rate is 20-21%. The retirement fund will be managed and paid by the State. The retirement pension system covers 100% of employees.

4.3 Labor-Management Communication

4.3.1 Labor Union

FENC abides by regulations of International Labor Organization and local relevant regulations, all employees can freely organize or join labor unions. These unions can engage in collective negotiation. FENC does not intervene the establishment, operations, or management of labor unions or collective negotiation systems in any way. No violations of the right of freedom of association and collective bargaining occurred during the report period.

Corporate unions have been established in most of FENC plants to enable employees to exercise their rights of freedom of association and collective negotiation; Union members have signed collective agreement with union organizations. Regular meetings between labor and management are held with meeting minutes made public. The negotiation channels between the manufacturing plants and unions are transparent and open. We firmly believe that unions represent the views of our employees on labor-related issues. Mutual relations can be effectively enhanced through labor-management communication initiated by unions, which in turns allows the creation of a work environment that meets workers' expectations. Section managers also attend regular union meetings to listen to feedback of workers and convey or handle it appropriately. During regularly organized labor-management meetings, employees can express their opinions and suggestions to labor representatives who can then initiate negotiations with management in labor-management meetings.

▶ Update on FENC Labor Unions

Location	Production Sites	Established Year	Number of Members	Employee Participation Ratio
Taiwan	Hsinpu & Kuanyin Chemical Fiber Plant	1978	1,682	92%
	Kuanyin Dyeing & Finishing Plant	1956	292	72%
	Neili Texturizing Plant	1977	257	93%
	Hukou Mill	1989	471	97%
	Oriental Petrochemical (Taiwan)	1997	246	71%
China	Far Eastern Industries (Shanghai)	2004	1,454	99%
	Wuhan Far Eastern New Material Ltd.	2014	175	100%
	Oriental Industries (Suzhou)	2007	1,454	100%
	Far Eastern Industries (Suzhou)	2007	185	100%
	Far Eastern Industries (Wuxi)	2007	372	47%
	Far Eastern Dyeing & Finishing (Suzhou)	2008	1,011	100%
	Far Eastern Apparel (Suzhou)	2004	2,072	99%
	Oriental Petrochemical (Shanghai)	2009	227	100%

Note：No union has been established at Far Eastern Fibertech. However, labor-management relationship is harmonious with quarterly meetings between two parties. Meeting minutes are all made public.

4.3.2 Communication Channels

We highly value and carefully pay attention to the voice of our employees while we promote labor-management communication through various mechanisms. We care about implementation of corporate culture. Our group motto of " Sincerity, diligence, thrift, prudence and innovation " are popularly implanted in our manufacturing bases all over the world. We also reinforce the ideas of anti-corruption, human rights and equity with the hope that no matter where they are based, employees can feel proud to be a member of Far Eastern Group.

Far Eastern Culture Implanted in my Mind

50 members of section chiefs and above from the management team at Far Eastern Industries (Shanghai) are invited to a " Far Eastern Culture Implanted in my Mind " 2-day activity to internalize Far Eastern culture. Sense of belonging and honor are built, the ups and downs in the decades-long history of FEG is learned. Major events at FEG from 1937 to 2015, including hardships, transferring to Taiwan, diligence at early stage and so on, are arranged in chronicle order. Attendees gained in-depth understanding of the founding motto of " Sincerity, diligence, thrift, prudence and innovation " . Sense of unison and bond are also reinforced so that better working atmosphere and outcome can be expected.

We care about employee participation, In addition to regular labor-management meetings in all plants, we also utilize performance management meetings to explain and discuss the status of company operations and relevant targets to employees and employee representatives. Briefing materials will be provided by individual units with review by section supervisors. Risk management and control at various levels is reached through regular meetings in which relevant workers prepare document, followed by questions by section supervisors.

In case of major operational changes, employees and employee representatives are informed of the major resolutions of regular board meetings, the operational review committee, performance review meetings, and the HR Policy Committee. Then 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 the collective agreement and relevant laws and regulations. The shortest notification period is discussed in the collective agreement and union meetings, and recorded in meeting minutes. No major operational changes seriously affecting employee rights occurred during the report period.

Regulations on Advance Notice Period for Layoffs

Taiwan

According to the regulations in the " Labor Standards Act " and the " Act for Worker Protection of Mass Redundancy, " the minimum notice period prior to the termination of labor contracts is determined by duration in service： For worker who have continuously worked for more than three months but less than one year, the notice shall be given 10 days in advance, for more than one year but less than three years, the notice shall be given 20 days in advance, for three years and above, the notice shall be given 30 days in advance. Relevant regulations are listed in internal management document.

China

According to the regulations in China's " Labor Law of PRC, " employees must be notified in writing 30 days prior to being laid off. Relevant regulations have already been incorporated into internal management documents of subsidiaries.

We have established diversified communication channels to enable employees to voice their opinions and grievances about human rights and labor practices in a prompt and smooth manner. Employees can learn about these channels through orientation training for new employees and the formulation and announcement of internal guidelines and procedures. (For channels for grievance and result of grievance cases in 2015, please refer to 1.5.3 Stakeholder Engagement)

4.4 Career Development

4.4.1 Performance Evaluation

The categories of employee evaluation at FENC include： probation evaluation, normal evaluation, project evaluation, and annual performance evaluation. Employees who have joined the company for more than one year must undergo the evaluation. Annual performance evaluation consists of leadership, self-improvement, work abilities, performance, attendance records and participation in educational training. Salary adjustment and promotion assessment will be based on the overall evaluation. In general, performance evaluations are conducted on an annual basis. Employees are requested to self-assess their work performance, and then an interview with their supervisors will follow. Work performance and annual performance bonuses are linked to overall salary adjustment ratios while performance evaluations also serve as a main reference for promotion or dismissal.

▶ FENC Annual Performance Evaluation System

Competency category is divided into 2 parts: management level and non-management level. Competency level is determined by the person whom the employee directly report to.

KPI evaluation system was introduced in 2013. Self-assessment by employees first, then reviewed by supervisors. Textile business adopted this system first in 2014, followed by polyester business in 2015, then all departments in 2016.

Personal Development /Performance Coaching Plan

Through in-depth interviews, supervisors assist employees in plotting learning and training plans for the enhancement of their work ability performance.

The annual performance evaluation of FENC is based on the same spirit and framework. However, minor differences exist in assessment items and the corresponding percentage. For instance, behavioral indicator accounts for 30% of annual performance evaluation 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 annually. 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 who have been employed over one year are required to undergo annual performance evaluations except for part-time and foreign workers. In China, annual performance evaluations are conducted for all permanent employees, with no gender discrepancy in salary adjustment after the evaluation. Annual performance evaluations were completed for all eligible employees in Taiwan and China during the report period except for employees who have resigned or are on maternity leave.

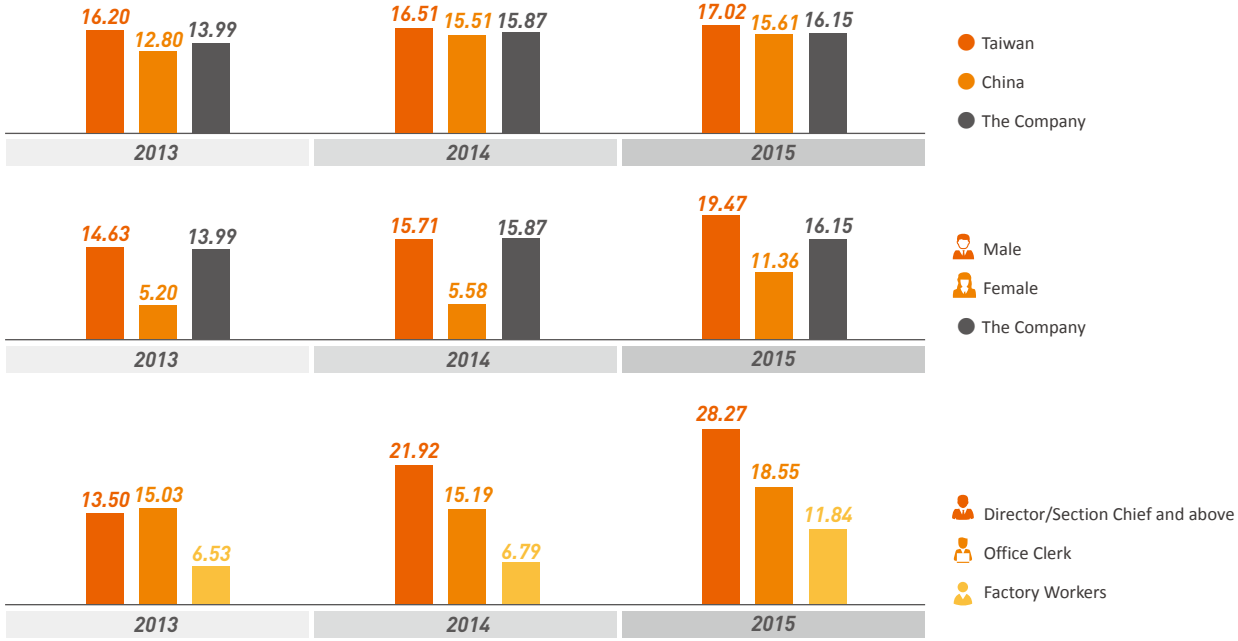
4.4.2 Education Training

We firmly believe that employees are the most important assets for corporates. Through training of outstanding employees, our long term competitiveness will be upgraded. Therefore, we are fully committed to talent cultivation and to strengthening the skills required at workplace. Multiple education training courses were offered ever since establishment of the company. Prior to the enactment of the Occupational Training Act in 1973, FENC had already established an Occupational Training Center, which was officially renamed as the Human Resources Development Center in February of 2008.

The establishment of the Human Resources Development Center demonstrates our dedication to talent cultivation. Besides business and factory administration related management skills, in response to the rapid expansion of the petrochemical, polyester, and textile business, we proactively organized professional technological courses to train professionals in all required fields. Facing a turbulent global economy, the Human Resources Development Center will dedicate to constructing a learning organization with the goal of creating a win-win situation for growth of both the enterprise and its employees.

In order to provide education training that caters to organization's strategic needs, Human Resources Development Center gets hold of the operation status in respective business sections through annual meetings. Furthermore, to cater to individual training needs, IDP (Individual Development Plan) is launched, along with Mentor system to increase training outcome. IDP and Mentor system have been implemented to all FENC's manufacturing and operational bases in Taiwan.

▶ Average Training Hours



Note：Suzhou Headquarters does not have 2013-2014 training hours by gender, they are added up to the total.

FENC provides diversified training channels and training programs such as computer and language for employees to choose to upgrade their professional competency. Lectures on various topics such as asset management and health care are also offered from time to time. These programs are offered with the goal for employees to develop potential talent, improve life quality, maintain healthy and to enrich career planning through continued learning.

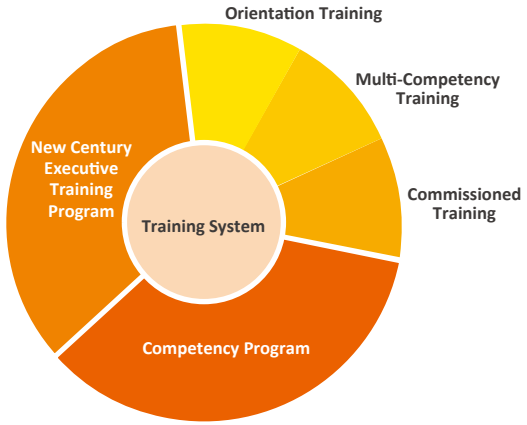
To cater to respective units' training needs, Human Resources Development Center offers programs such as job safety and IFRs. There is internal training as well as outsourced training to elevate employees' competency and balance life and work by diversified training programs. Besides comprehensive training, we are also dedicated to quality of training program. Some courses require plans of action item after the class to reinforce practice of knowledge learned. The Human Resources Development Center files training records for employees for future reference as well as important grounds for performance evaluation.

▶ Work Items in Education Training

Before Training
- Confirm enrollment list
- Confirm lecturers
- Communicate on course content
- Confirm equipment for class on site
- Send out training notification

Training in Progress
- Confirm registration
- Course/attendance management
- Manage course quality
- Questionnaire on course satisfaction
- Hand in after class report

After Training
- Verification of lecturer payment
- Cleaning up of training venue
- Compile training record
- Filing of training record
- Review and improve on drawbacks



Training programs by course nature：

Orientation Training

To help new recruits understand and adapt to corporate culture, value and goal, and to know the organization, HR regulations and products from various departments and get hold of the working environment and to assimilate into the new organization, ultimate goal is to increase employee retention rate. 15 rounds of training were conducted in 2015 with 488 attendances.

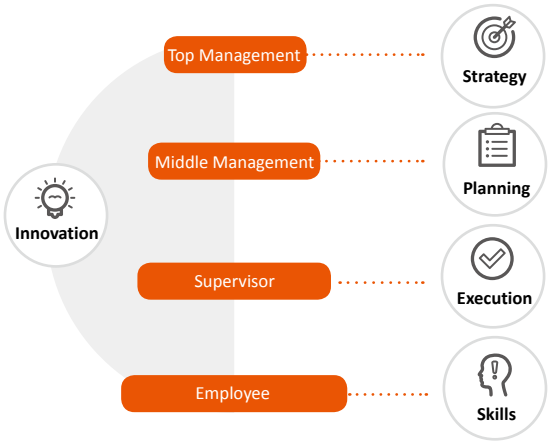
Multi-Competency Training

To provide diversified programs by outstanding lecturers on different professional competency, with equal emphasis on theory and practice. 77 rounds of training were conducted in 2015 with 1,203 attendances.

Commissioned Training

Project based, cater to special training needs as requested by various departments. Trainings are conducted by appropriate lecturers selected through evaluation. 8 rounds of training were conducted in 2015 with 38 attendances.

Competency Program



FENC revised its performance evaluation system in 2013. Competencies required for different level have been formulated through analysis of the key ability with emphasis on relevance between ability and behavior. Concise behavior index in accordance with competency are mapped out, which has become the core training for each level.

The Human Resources Development Center and Yuan Ze University have jointly developed 23 competency training courses targeting at 13 competencies. Training programs for different levels have been conducted with outcome evaluation system to optimize competency training system so that employee will have common thinking and communication ability on professional knowledge and techniques to qualify for their current work. 39 rounds of training were conducted in 2015 with 1,200 attendances.

New Century Executive Training Program

FENC Values a great deal on cultivation of employee potential and aims to ensure rapid growth of employees with great potential and exceptional performance through comprehensive educational training, which consists of theoretical instruction, passing on of experiences, and analysis of practical cases. For sustainable operation of the corporate, our future leaders must possess the following 4 abilities： " vision leading, growth driven, customer first, and mission delivery " as well as the 4 operational foci： " humanistic care, change and innovation, catering to customer and outstanding operation " . The Human Resources Development Center therefore mapped out New Century Executive Training Program which commenced on July 11, 2014.

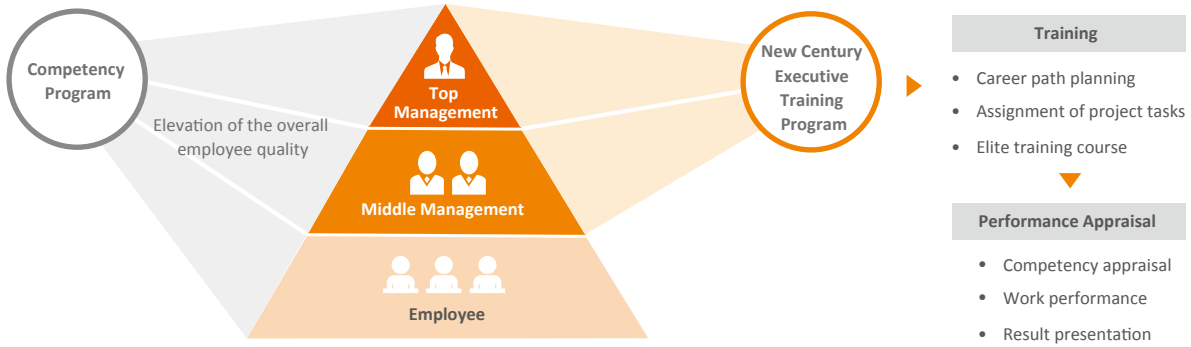
New Century Executive Training Program consists of 4 modules, 16 courses, with 3 months for each course and it takes two and a half years to complete. The courses are designed to meet the competency and experiences for senior vice president and above level. Renowned professors are hired to teach fundamental theory and application through case study, coupled with sharing of experiences by professionals from industry. Attendees can strengthen their abilities in decision making, problem solving and logic thinking. The talent pool to meet the future organization growth can be constructed through the process.

Besides, to review effectiveness of training, Kirkpatrick's 4 layers review models are applied.

- **Reaction Review** ▶ Course satisfaction surveys are conducted to appraise training goal.
- **Learning Review** ▶ Learning assessment are designed along with after class assignments to help evaluate learning results.
- **Behavior Review** ▶ Through the design of action plans to implement what's learned in daily work.
- **Result Review** ▶ Examine learning results through reports.

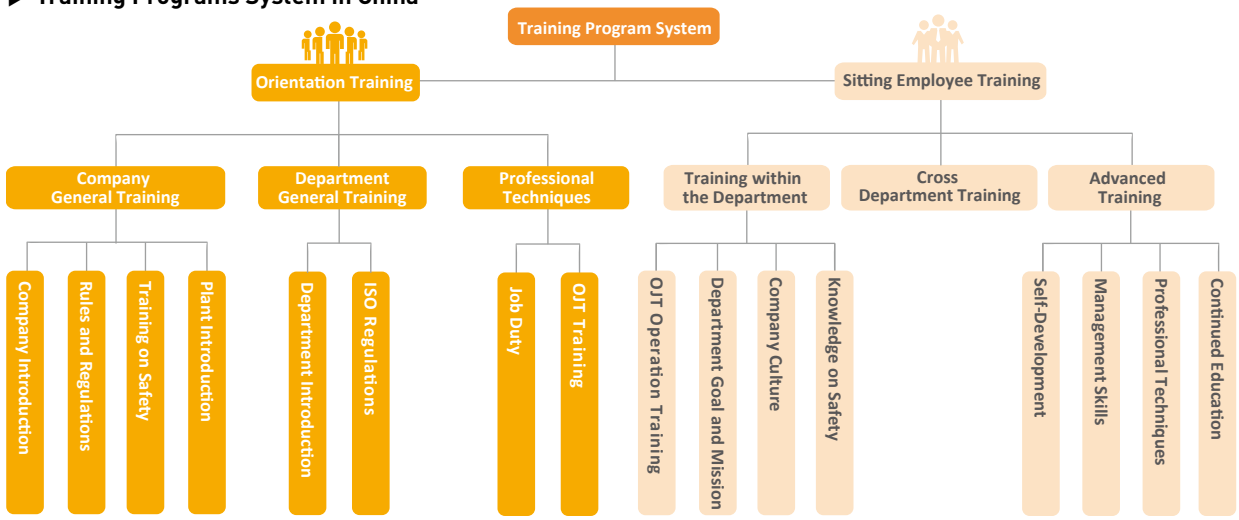
Head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments 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 training is mainly for Taiwan employees in the beginning with condensed version available for supervisors of attendees to follow up on the training content. There have been 2 rounds of training, with 41 and 51 attendees each round. 55 courses were offered in 2015, with 2,061 attendances.

▶ Life-Time Learning System



The Human Resources Development Center mainly plans for FENC's training needs. However, out of synergy among the Group, we also offer multi-competency training for our affiliated companies. The Human Resources Development Center also conducts various competency training in China every year, hoping that employees at both sides of the Strait can share common way of thinking. Besides elevating job competency, communication between the two sides can be smoother. Training programs at various bases are also offered, as shown below：

▶ Training Programs System in China



" 2030 YZ Hsu Innovation Forum " Attended by Top Management of FENC

In response to the new business opportunity and new business model brought upon by IoT and Industry 4.0, Far EasternY. Z.Hsu Science & Technology Memorial Foundation held " 2030 YZ Hsu Innovation Forum " on October 2, 2015 with the theme of " Overturn of New Vision in IoT Era " which invited experts in the fields to share insights on future development of IoT and Industry 4.0. The forum was attended by 316 top management members of FEG's affiliated companies, among them 100 were from FENC.

Chia-Wei Li of National Tsing Hua University and also editor-in-chief of Scientific American Magazine was moderator of the forum, the two invited speakers are You-ren Cheng, professor of National Chung-Cheng University and Yu-chi Tseng, professor of Chia-tung University, and both are also YZ Hsu Scientific Award winners.

Before the forum, a questionnaire was distributed to executives and project managers from our public listed companies on IoT and Industry 4.0. The collected 101 questionnaire was provided to speakers so that they can prepare speech content relevant to our corporate needs.

The forum has enabled our staff to interact with experts in science. The participants could not only enrich professional knowledge, inspire thinking ability and strengthen project implementation potential through insights on future trend provided by the experts.

4.5 Management of Labor Safety

4.5.1 Implementation of Labor Safety at Work

Respect for life is the universal value of mankind. Safety at work is the top priority for FENC. For a safe, healthy and comfortable working environment, FENC has been dedicated to optimized its manufacturing process and protection equipment, push for prevention for pollution and occupational hazards.

▶ Safety and Health Committee at Various Operation and Manufacturing Bases

Operation Sites	Number of Committee Members	Percentage of Staff
Headquarters	9	33%
Hsinpu Chemical Fiber Plant	29	34%
Kuanyin Chemical Fiber Plant	31	52%
Kuanyin Dyeing and Finishing Plant	29	45%
Neili Texturizing Plant	19	42%
Hukou Mill	12	33%
Oriental Petrochemical (Taiwan) Co., Ltd.	18	33%
Far Eastern Fibertech Co., Ltd.	12	33%
Oriental Petrochemical (Shanghai) Corp.	22	82%
Far Eastern Industries (Shanghai) Ltd.	32	25%
Wuhan Far Eastern New Material Ltd.	14	36%
Oriental Industries (Suzhou) Ltd.	29	52%
Far Eastern Industries (Suzhou) Ltd.	29	48%
Far Eastern Industries (Wuxi) Ltd.	20	65%
Far Eastern Dyeing & Finishing (Suzhou) Ltd.	35	91%
Far Eastern Apparel (Suzhou) Co., Ltd.	25	72%

Establishment of Safety and Health Committee

To ensure management of safety and health at work, FENC's BOD approved for the establishment of " Safety and health Committee " in 2015 which is led by Vice President of Corporate Management Department and is the highest organization for review and deliberation on safety and health management. The Committee members include business unit supervisors, supervising and commanding personnel, technical engineer in safety and health related field, medics of labor health services and representatives of staff.

There is Safety and health Committee in all of FENC's manufacturing bases which hold meetings quarterly. The Committee is in charge of the elaborating, coordinating and supervising of the working environment, safety, and health related matters in the plants.

Formulate and Enact Safety and Health Policy

FENC enacted " Safety and Health Policy at Work " in August 2015, promised to abide by the regulations, to improve continuously, to involve all employees, to manage risk and to make relevant information public. It vows to construct a solid safety and health nature and form a corporate culture which cares about safety and health.

Value Safety and Health Related Issues

Safety and health related issues are one of the important concerns in FENC's labor communication. In the collective agreements signed with staff and also discussion in the labor-management meetings (including meetings of Safety and Health Committee) below listed agreements are all included.

- Provide personal protection equipment
- Establish health management and safety committee
- Labor representatives participate in health and safety review, examination and accident investigation
- Provide job related training education
- Labor grievance mechanism
- Right to refuse unsafe work
- Provide regular health check
- Abide by international labor organization regulations
- Map out procedures or system to solve safety and health related problems
- Map out goal for safety and health and how to achieve the goal

Implemented Measures and Outcomes in 2015

1・Acquired verification on job safety and health management system

Through operation and support of Safety and Health Committee, Houkou Mill, Neili Texturizing Plant and Kuanyin Dyeing and Finishing Plant acquired verifications of job safety and health management system (OHSAS 18001：2007) and Taiwan job safety and health management system (CNS15506). The implementation of job safety and health management system can protect suppliers, contractors and other stakeholders. Up to end of 2015, a total of 11 manufacturing bases have acquired the above stated verification.

2・Help government promote safety and health

・Provide guidance to small and medium enterprises (SMEs)

In coordination with Occupational Safety and Health Administration, MOL's " SMEs Job Safety and Health Service Station and Mentor Group " scheme, which serves as mentor for enterprises with 100 or less employees and its long term contractors to abide by regulations related to safety and health. FENC has helped 14 enterprises understand and abide by regulations related to safety and health, the job is done by staff in their off hours.

・Share experiences in safety and health practices

FENC has served as deputy section chief of " Education Training section " for Occupational Safety and Health Administration, MOL since 2013. It was engaged as member in " Skills promotion section " in 2015, helping map out training plan and serve as lecturer and share its experiences in implementing safety and health issues. It provides professional information to be incorporated into safety and health skills brochure and at the same time learn from other enterprises in this field through the operation of Occupational Safety and Health Administration, MOL.

3・Education training

・Staff training in occupation safety and health

In order for employees to be familiar with safety and health related regulations and rules and to enhance their ability to prevent accidents and disaster, FENC employees attend training and programs regularly. Those in 2015 include safety, environment protection, vocational health, disaster prevention and distinction, and a forum on " Building culture in work safety, heading toward a new milestone " . The Safety and Health staff in Taiwan also participated in a TOSHMS forum held by Occupational Safety and Health Administration. Oriental Petrochemical (Taiwan) Co., Ltd. planned a full year of training program, internal and commissioned, for their SHE staff in the beginning of the year. Internal programs include discussions, on-site operation and online courses; commissioned programs are lectures by professionals from renowned organizations. Junior workers are included in the training.

Furthermore, FENC provides training on first aid regularly to reinforce ability to cope with the unexpected and reduce harm in accident. 692 from all manufacturing bases participated in first aid related training in 2015.

AED Program for Installation of Automated External Defibrillator

FENC started installation program of AED (Automated External Defibrillator) at headquarters in 2015, with each floor one AED, 12 in total to grasp the critical 3 minutes in first aid. The installation amount exceeds that of required by the law.

Besides, to familiarize employees with operation of AED, there will be 2 CPR/AED trainings each year. 3 rounds of training were conducted in June, October and November respectively in 2015, with the November one exclusively for security guards.

・Exercises for disaster

Multiple exercises on various scenarios were conducted every year in manufacturing bases to enhance ability to handle the unexpected situations and to familiarize staff with procedures and equipment. By enhancing awareness in alert, prevention, coordination and ability to handle emergency through these exercises, it is hoped that staff in the plants and in the neighborhood can be better protected, property loss and casualty reduced.

Oriental Petrochemical (Taiwan) Co., Ltd. conducted 11 emergency exercises in 2015, mostly on chemical spill and fire alarm handling, there are also exercises without notification at night. Oriental Petrochemical (Shanghai) Corp. finished more than 20 emergency exercises in 2015. There was a joint exercise with EPA of Fengxian District along with Spark Development Zone in June which was focused on fire caused by methanol storage tank spill. Oriental Industries (Suzhou) Ltd. arranged lessons on firefighting and Q&A and debate to raise employees' safety awareness. Kuanyin Chemical Fiber Plant held fire exercises at foreign labors' dormitory, asking foreign labors to correctly operate equipment, 123 persons were trained. Far Eastern Industries (Suzhou) Ltd. held a firefighting safety month event. There were also joint exercises with community and fire brigade and exercises for entry level staff, in order to implement concept on safety to every level. Far Eastern Industries (Wuxi) Ltd. conducts firefighting exercise quarterly, new recruits have to finish skills on firefighting and passed examination before officially start the job.

4・Employee health management

・Acquiring Certificate of Healthy Working Environment

Besides improvement in job safety, FENC takes good care of employee health, too. It provides regular health checkup which is required by law, there are also surveillance and improvement on working environment. It also proactively dedicates itself in various activities to promote employee health. Through the Safety and Health Committees in Taiwan's manufacturing bases, in 2015, FENC headquarters, Hukou Mill and Kuanyin Chemical Fiber Plant all acquired Certificate of Healthy Working Environment which is reviewed by Health Promotion Administration, Ministry of Health and Welfare. It shows how much FENC cares about employee health.

・Comprehensive care of employee health

Maintaining employees' health in both body and mind is our basic care for employees. All manufacturing bases conduct regular health checkup for employees as it is regulated by law. Besides, as stipulated in article 6.2 in Taiwan's Occupational Safety and Health Act, questionnaire along with analysis of annual checkup and implementation of various policies on health management, employee health can be further promoted. Safety and Health Department arranges on-site health services, providing physical fitness check and lectures on health care. After health checkup, doctor visits to the plants were arranged to offer consultation and instructions on abnormality found to enable early treatment. There is Far Eastern Clinic at Hsinpu Chemical Fiber Plant for the convenience of employees. It also arranges local Health Center to come to the plant to conduct screening for 4 cancers, aiming at early diagnosis and early treatment. Both Kuanyin Chemical fiber Plant and Hukou Mill are dedicated in smoke-free working environment. 13 employees have successfully quit smoking or reduced smoking through the quit courses. Overseas plants maintain complete vocational health file. Employees will be transferred to ensure safety when Occupational contraindication is found through physical checkup. Wuhan Far Eastern New Material Ltd. offers nutritional instruction on working meals for better health management. Far Eastern Industries (Suzhou) Ltd. holds road running event to promote exercising habit and enhance health.

・Safety management at all time

FENC takes care of employee safety both at work and after work. Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant (68 participated) arranged lessons at the plants on traffic safety and defensive driving by traffic safety education center and traffic police in 2015. Besides, there are eye-catching banners with safety alert and bumper stickers for employees, all for the purpose of reducing traffic accidents. This demonstrates FENC's care for its employees.

5・Occupational injury prevention

・Management of chemicals

In coordination with GHS (Globally Harmonized System of Classification and Labelling of Chemicals) and regulations of Taiwan's Occupational Safety and Health Administration, all production bases in Taiwan and China started chemical evaluation and classification in 2015. Major policies are as follows：

★ Inspect on chemicals and create list of hazardous chemicals and SDS (safety data sheet). Place caution labels on containers and control use and procurement of chemicals.

★ Distinguish chemicals which pose threat to employee health. Corresponding management policies are adopted according to degree of threat and exposure to reduce employees' exposure to hazardous condition. The management policies include installation of ventilation, monitoring of working environment, special health checkup, use of personal protection equipment and so on.

★ Provide education training to new recruits, current employees and personnel who handle chemicals respectively. Spill exercises are conducted regularly.

★ Personnel who handle special chemicals are given special health checkup to prevent harm to employee health. No abnormal condition caused by chemicals in employee health checkup record was found in 2015.

In view of the dust explosion accident in Formosa Fun Coast, Oriental Petrochemical (Taiwan) Co., Ltd. did a review and update on PTA safety data sheet in 2015, adding note on the possible danger of PTA dust. Besides, Kuanyin Dyeing and Finishing Plant enhanced suppliers' awareness on chemical disaster by implementing education training on chemical supply and management.

・Vocational injury prevention

FENC is dedicated to protect employees in all production bases and prevent physical damage or loss of life in work process. We proactively manage vocational risks and monitor preventable damage. Far Eastern Industries (Shanghai) Ltd. conducted vocational health evaluation on projects of new building, renovation, expansion, skill improvement and adoption and so on. These measures have passed acceptance check by China's related government organization. To implement the daily monitor system of hazardous factors for occupational disease at operational sites, annual check is done by officially certified occupational health service providers. Far Eastern Industries (Suzhou) Ltd. labels all locations with potential occupational danger. Personnel who have to work in those locations are trained and informed beforehand; personal protection equipment is also provided. Oriental Industries (Suzhou) Ltd. conducted a comprehensive review on work safety, focusing on unfound or underestimated hazards. In " Hidden Safety Threat in winter " campaign, 156 items were identified with 142 already improved, 14 are on list of being improved. " Talk on Safety " campaign lasted 4 months and has collected 85 questionable items, 53 of them by employees. 25 of them have been improved through correction measures initiated by section chief. Hsinpu Chemical Fiber Plant launched " Analysis on occupational Safety " , review the hazardous factors and safety protection measures step by step in its SOP. The measure is adopted as education training material for new recruits, transferred workers and regular OJT. Neili Texturizing Plant and Hukuo Mill adopted noise pollution prevention measure with sound attenuator installed and adjusted and maintained regularly. Environment check is conducted twice a year; hearing check is provided to employees who work in a noise area.

・Prevention Plan for Danger of Ergonomics

All production bases have enhanced worker education training and designed ergonomic equipment to prevent damage caused by repetitive work. To prevent occupational injury to muscles and bones by repetitive movement at work, production bases in Taiwan have drafted " Prevention Plan for Danger of Ergonomics " in coordination with the newly revised " Occupational Safety and Health Equipment Rules " . It aims to promote and prevent occupational injury by analyzing procedure content and movement of various operations to identify hazardous ergonomic factors and offer improvement measures, evaluate outcome and adopt job adjustment or transfer as suggested by doctor's evaluation. Hsinpu Chemical Fiber Plant conducted propaganda on Ergonomics and sent out questionnaire on whether there are symptoms of muscles and bones. 1700 copies of questionnaire were collected with 57 employees felt possible injury and a need for interview. Initial assessment is that the sore and pain symptoms is caused by bad posture or long engagement in heavy weight carrying. The plant held 2 rounds of education programs which arranged physical therapists to the plant and shared efficient ways to prevent and release lower back pain.

▶ Content of Prevention Plan for Danger of Ergonomics

Analysis of operation procedure, content and movement ▶ **Identify hazardous ergonomic factors** ▶ **Evaluate, decide and implement on improvement method** ▶ **Evaluate and improve implementation outcome**

Accident-Free Work Hours Record

Far Eastern Fibertech Co., Ltd. implemented accident-free campaign to raise employee awareness of safety and health. The measures taken include risk evaluation, education training, safety reminder before work, enhancement of danger prevention and work attention, safety review, prompt improvement, strengthening safety responsibility of equipment unit, sharing of lesson-learned in safety and health related issues, prevention of recurrence of accident. It has successfully accumulated 6.6 million of accident-free work hours on December 11, 2015.

Safe Production Month Campaign

In order to enhance employees' safety concept, elevate safe operation skills, cultivate safety awareness and implement safety responsibility, Oriental Petrochemical (Shanghai) Corp. and Oriental Industries (Suzhou) Ltd. launched Safe Production Month Campaign in 2015. The campaign for the former included test on related knowledge by all employees, on-site physical checkup for unknown or undetected danger and joint exercise on environmental protection. The campaign of the latter involved all employees by evaluation of all departments, essay contests on safety related topics and so on.

4.5.2 Contractor Safety and Health Management

As contractors are indispensable in plant production management, FENC formulated contractor safety and health related regulations in compliance with stipulation of government policy and laws to establish a management mechanism. Regular trainings and meetings on safety and health related issues are conducted. Regulations on work safety and personnel management measures and government rules are delivered and discussed to protect safety and health of contractors, suppliers and other stakeholders.

▶ Contractors Safety and Health Management Mechanism

Category	Content	Accomplishment in 2015
Personnel Management	To ensure work safety, workers from contractors have to adopt necessary safety measures and use personal protection equipment before working.	・Hsinpu Chemical Fiber Plant tested blood pressure for contractors working in the plant. For those with abnormal blood pressure, the plant will prohibit them engage in operation under control or arrange a hospital visit. ・Far Eastern Industries (Wuxi) Ltd. only allow contractors who passed training of SHE to work in the plant.
Check on Construction	Safety check on contractors during construction, review of performance after construction and annual performance assessment system.	・Far Eastern Dyeing & Finishing (Suzhou) Ltd. organized a patrol team to photo shoot and give penalty to violation behavior to raise workers' awareness on work safety and reduce safety related accident. Construction violation decreased significantly with zero safety related accident in 2015. ・Wuhan Far Eastern New Material Ltd. conducted one evaluation on suppliers.
Education Training	To ensure workers from contractors can carry out their duty safely at the plant, necessary education training is provided to various contractors.	・There were 1,645 attendances in 2015 education training for contractors' new recruits, among them 902 attendances from Taiwan, 743 from China. ・Education trainings for contractors were participated by 129 attendances in Taiwan in 2015. ・Oriental Petrochemical (Taiwan) Co., Ltd. held 10 meetings on contractor negotiation and communication in 2015, attended by 145 contractors.

4.5.3 Statistics on Occupational Injury

▶ Statistics on Occupational injury

Category		Taiwan		China	
		2014	2015	2014	2015
Occupational Injury (number of cases)	Male	14	9	26	16
	Female	7	6	4	4
	Total	**21**	**15**	**30**	**20**
GRI Injury Rate (IR)	Male	0.23	0.12	0.27	0.32
	Female	0.12	0.06	0.04	0.03
	Total	**0.35**	**0.18**	**0.31**	**0.35**
GRI Absentee Rate (AR)	Male	0.19%	0.10%	0.02%	0.08%
	Female	0.15%	0.06%	0.06%	0.31%
	Total	**0.33%**	**0.15%**	**0.07%**	**0.39%**
GRI Lost Day Rate (LDR)	Male	9.27	7.67	3.86	1.71
	Female	2.55	1.52	0.18	2.62
	Total	**11.82**	**9.19**	**4.05**	**4.33**
Death		**0**	**1**	**0**	**0**

Note： ・IR= occupational injury total/total work hoursx200,000 ・AR=days of absence/total work days x100%
・LDR=lost days/total work hours x200,000
・IR and LDR indicate percentage of every 100 employees with 40 work hours a week, 50 weeks a year.

▶ Contractors' Occupational Injury at Operation Bases

Category		Taiwan		China	
		2014	2015	2014	2015
Occupational injury (number of cases)	Male	0	2	0	2
	Female	0	0	0	1
	Total	**0**	**2**	**0**	**3**
Death	Male	1	1	0	2
	Female	0	0	0	1
	Total	**1**	**1**	**0**	**3**

There was no occupational related disease reported in 2015 at FENC, however, there was a death incident which happened when the keeper at the automatic storage was accidentally caught between the shelf and operation panel when handling overhead crane. After the accident, FENC installed lock equipment and a key control process and also elevated the safety fence around control panel to prevent hands and head of the operating clerk from reaching out from the fence. At the same time, education training and operation-with-partner was reinforced. FENC also reviewed safety and health risk and submitted countermeasure. Safety monitor at high risk operation sites was enhanced. By self-management, it hopes to be able to locate risk and danger at early stage.

FENC has conducted occupational safety education for contractors and abided related regulations. It will conduct more comprehensive on statistical figures of contractors' occupational injury.

There was a major contractor's occupational accident at Hsinpu Chemical Fiber Plant. When operating gauffer-fremachine, a worker was hit and killed by a fallen rack of the machine. To prevent this kind of accident, Hsinpu Chemical Fiber Plant reviewed and reinforced announcement of construction danger and management key points of joint operation. Safety and health management of contractors has become focus of 2016. There were two cases of contractor accidents at Far Eastern Industries (Shanghai) Ltd. in 2015. Two workers from contracting company who did not follow SOP at work were killed by ejected high temperature liquid when conducting regular maintenance operation. Another worker from cafeteria contractor was killed by dough kneader. Far Eastern Industries (Shanghai) Ltd. came out with following improvement measures after reviewed and examined the accidents： 1. Implement construction permission system, reinforce responsibility and supervision of engineer-in-charge, construction is allowed only when permission from all 3 parties is acquired. 2. Regulations on safety and technique before operation will be in written form. 3. All forms on risk evaluation and safety announcement have to be filled in. 4. Contractor environment safety and health management measure was added to revision of contractor management regulation. 5. To demonstrate the firm decision on prevention of accident, all forms on safety operation and environment safety will be reviewed twice a year by manufacturing units and representative form contactors. We take it seriously about contractors' safety and health. After the accidents, we have reviewed contractor management procedure, implemented improvement measures and reinforced safety management on contractors. We will implement stricter review and training on contractors and reinforce supervision to reduce accidents in the future.

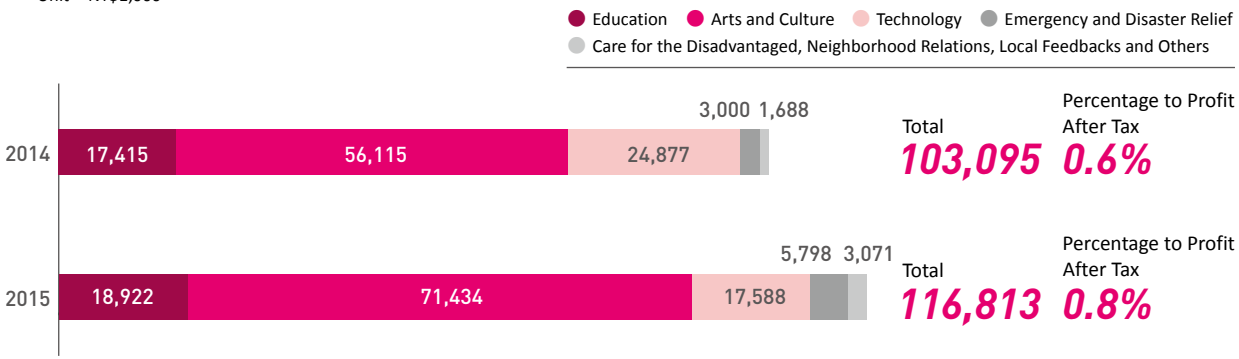
BUILDING ALTRUISTIC SOCIETY

BUILDING ALTRUISTIC SOCIETY

FENC has been dedicated to participating in social welfare and goodwill under the concept of " giving back to society " for over 40 years. Social participation has been internalized as an indispensable part of our corporate culture. FENC's social participation is generally through two channels. The first one is feedback to local communities from our production bases by utilizing its core corporate capabilities and resources (for example, joint promotion of education on environment with Beitou Refuse Incineration Plant, sponsoring of World Oceans Day Running etc.); another channel is by long-term sponsorship of NPOs, such as the Far Eastern Memorial Foundation (Far Eastern Memorial Foundation) and the Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation (Y. Z. Hsu Memorial Foundation), to engage in more wide-reaching and comprehensive contributions in the fields of education, medicine, sports, environmental protection, technological innovation, arts and culture. We hope to influence our society in broad and positive ways through providing resources to different groups and by sponsoring various activities so that vision and competitiveness of Taiwan society can be elevated up to the international standards.

▶ Social Participation and Expenses

Unit：NT$1,000



Note ： The expenses include FENC's main affiliated companies in consolidated financial statement.

5.1 Social Participation from All Operation Bases

All operation bases of FENC have maintained a harmonious relationship with their neighborhoods. They not only actively interact with local communities but also provide resources in cleaning up of environment and sponsoring maintenance of roads to ensure a clean and beautiful environment. FENC also hosts series of activities in charity donation, volunteer work, care for the disadvantaged, blood donation, and counseling services on patrol and firefighting. We set out from our corporate core ability to advocate green concept of recycle and environmental protection. Highlights of our social participation in 2015 are as follows：

Protecting Ocean
Sponsoring of World Oceans Day Running

Plastic garbage has been a tough problem in ocean protection. To raise care and attention of ocean from the public, National Geographic held a running event on World Oceans Day in 2015.

To reduce pollution and plastic waste and to help participants of the event become healthy and environment-caring, FENC provided T-shirts made from recycled PET bottles to echo the environmental protection spirit of World Oceans Day. President of Corporate Management Humphrey Cheng of FENC, Deputy Director-General of Fisheries Agency Hong-yen Huang and CEO of National Geographic Yun-shi Li jointly started gun for the running event. Over 5,000 participated, among them 20 were from the marathon club of FENC's Hsinpu Chemical Fiber Plant. FENC's idea of protecting the ocean and cherishing the world resources was conveyed through the 10-kilometer running.

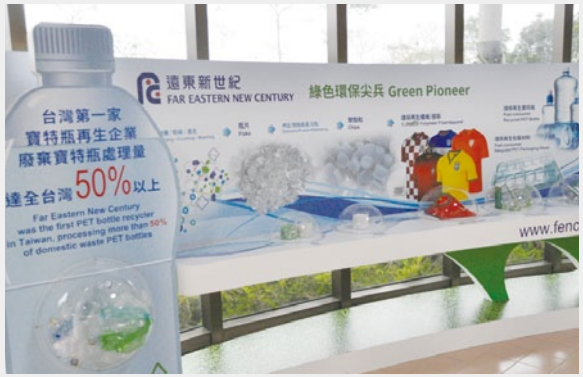
Green Footprint
Environmental Protection Activities

On May 2015, green Footprint series activities were held by Far Eastern Industries (Suzhou) Ltd. and Sino-Belgium Beer (Suzhou) Ltd. to advocate the concept of " Every green footprint can bring out cleaning up of the environment. "

Participants arrived at the activity by environmentally friendly ways, such as public transportation, carpooling, cycling, walking etc. On the way to the activity venue, they advocated concept of environmental protection while cleaning up the environment. There were also group competition games which aimed at introducing green PET beer bottle to participating friends and family.

A total of 203 persons participated in the activity, among them, 72 were employees' friends and relatives, 131 were employees, which equaled to a 72% participation rate excluding those who had to be on duty at the time.

Environment Education
Help Set Up Egret Classroom in Beitou Refuse Incineration Plant



Beitou Refuse Incineration Plant invited FENC to participate in the environment education scheme in March 2015, for which a space named Egret Classroom will be set up and submitted for certification as venue for environment education in May. The venue will focus on recycling, promoting environment education by introducing the concept of recycling to visitors.

Beitou Refuse Incineration Plant would like FENC to provide recycling materials and product for exhibition. After discussion with PR department of the Plant, FENC decided to showcase the complete recycling process of PET bottles and the products made from the recycled PET to educate the public with in-depth knowledge. The exhibition is located at ground floor of the administration building of Beitou Refuse Incineration Plant.

The exhibition content is presented in both Chinese and English for convenience of visitors. We also lowered the display table to allow easy access for elementary school pupils. The exhibition includes recycled PET bottles, soccer shirts and packaging material made from recycled PET and so on. Besides the 3 major items, we also provide flakes of recycled PET bottles to impress the visitors by being able to touch the real stuff.

On behalf of FENC, President of Corporate Management Humphrey Cheng donated the exhibition to Director Liang-chi Fu, who received it on behalf of Beitou Refuse Incineration Plant on April 20, 2015. Up until end of the year 2015, it had received 19 groups, 672 visitors from the USA, Canada, Mexico, China, Japan, Korea and Hong Kong, along with Taiwan's education organization.

Through exhibition of recycled material and the products made from it, FENC has strengthened awareness of recycling, encouraged purchase of related products and at the same time upgraded Taiwan's image of environmental protection.

Inviting Residents in the Neighborhood to the Cavalia Show

In 2015, Far Eastern Group sponsored the performance of Cavalia from Canada in Taiwan. It is an innovational show which combined horse riding, advanced technology, multimedia effects, stunts, dance and live performance. The group was founded by Normand Latourelle in 2003 and has performed in 64 cities worldwide with over 4 million audiences.

To show our hospitality and the spirit of giving back, Far Eastern New Century offered around 200 tickets for residents in the neighborhoods of its manufacturing plants to the show, followed by a visit to the stable behind the stage. All who went to the show were overwhelmed by the grandeur of the performance.

FENC Classic Marathon and Fund-raising in 2015

Hsinpu Chemical Fiber Plant has been sponsoring marathon road running for 7 years. Besides the usual 42K full marathon, 23k ultra-half marathon and 9k casual running, there was a " 9k handicapped road running for charity " which was sponsored by Eden Social Welfare Foundation and HAPPY GO. Participants were either blind-folded or wore prosthesis, and accompanied by families to experience how it was like to be a physically impaired runner. The longer the run is, the more HAPPY GO points it will create. The total mileage accumulated by 6062 participants was transformed into HAPPY GO points for Eden Social Welfare Foundation, which received NT$141,200 in this event, for support of the physically disavantaged. It was a perfect combination of health and welfare.

Online platform " Running Biji " conducted a survey on top 10 best games in December, 2015. FENC Classic Marathon by Hsinpu Chemical Fiber Plant grabbed a third place in this survey, indicated that the event has won recognition by professional runners.

5.2 Social Participation by Corporate Foundations

FENC has been dedicated to social welfare and actively participated in related activities since 1970s. Far Eastern Memorial Foundation was established in 1976 for organizing arts and cultural activities and sponsoring welfare programs. In memorial of Far Eastern Group founder Y. Z. Hsu, Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation was founded in 2001. The foundation focuses on technology innovation and encouraging R&D in technological innovation. Over the years, through sponsoring outstanding domestic foundations and NPOs and by making use of the professional resources of the assisted organizations, we seek to give back to the society in a more efficient and diversified way.

5.2.1 Education

To cultivate talents, FENC has been devoted in education; Yu Chang Technological and Commercial Vocational Senior High School, Oriental Institute of Technology and Yuan Ze University have been established over the years. We have also integrated these schools with resources of corporates within the Far Eastern Group and provided practical training for outstanding students and cultivate industry technology talents for society.

Established in ***1968*** ***1980*** ***1987***

Oriental Institute of Technology

Yu Chang Technological and Commercial Vocational Senior High School

Yuan Ze University

(Chinese Version)

Back in 1970s, having witnessed that there was no up-to-date general hospital in Banqiao and Tucheng areas where our companies were located and as a result urgent patient usually couldn't get treated in-time , Far Eastern Group's late founder decided to establish Far Eastern Medical Foundation to engage in hospital building, emergency and charity medical care and medical research. Far Eastern Memorial Hospital was established in 1981 in Banqiao, followed by strategic alliance with NTU Hospital in 1999 and subsequently won National Quality Award in 2006 and 2008 respectively. Over the years, Far Eastern Memorial Hospital has been dedicated to pursuing excellence in professional medical technology and services to provide the public with high quality medical services. It is currently the only medical center in New Taipei City with total hospital beds topping 1,650 after opening of its second hospital area in September 2014, steadfastly marching toward the goal of becoming an international medical center.

Established in ***1977*** ***1981*** ***1988***

Far Eastern Medical Foundation

Far Eastern Memorial Hospital

Far Eastern Polyclinic

(Chinese Version)

Emergency Aid by Far Eastern Memorial Hospital in Blast at Formosa Fun Coast

The blast at Formosa Fun Coast shocked the world with over 500 injured and over 200 in critical condition. As the accident was so devastating, Far Eastern Memorial Hospital took up responsibility to treat the injured although it is 30 km away from the scene.

On the night of June 27, when Emergency Room received the 4th critical patient, the hospital immediately activated the mechanism for treatment of large quantity wounded. Many doctors and administrators returned to the hospital to handle the situation. Night shift worked overtime and stayed with those on late night shift. Almost all personnel in charge at Nursing Department returned to work that night. Doctors and nurses were called back through various channels such as public announcement, phone calls, LINE groups and so on. A total of 150 staff were back to the hospital to support this accident that night.

" It was the first time I ever saw so many patients with burns at the same time. " Nurse Chang recalled the night with lingering fear, " The wounded arrived over one hour after the call from 119, 3 or 4 at a time, all with over 60% or 70 % burns. We thought that was all and started performing intubation. Then, more wounded came in one after another. " A total of 24 were sent to Emergency Room, with 8 intubated and over 10 suffered from over 50% burns.

On July 7, inspiring good news emerged; a critically burned patient was discharged after 11 days of hospitalization, which was the first discharged person wounded in the accident. Before that day, 3 had died because of the blast accident. It has attracted attention from all areas. Government officials visited the hospital and provided assistance for the wounded and their families. Chairman Hsu of FEG also visited the hospital several times to understand the operation of the medical team for the wounded.

Far Eastern Memorial Hospital treated 24 wounded in this rescue mission, with over half of them in critically condition. However, there's limit in the field of medicine; a seriously injured brain dead patient died on July 10 and donated his/her organs, including heart, liver, the pancreas, kidney, cornea, small intestines and blood vessels, benefiting over 10 persons. The patient was the first to donate organs in the blast accident, leaving a touching legacy.

For burned patients, the road to recovery is long and rugged. Debridement, wound dressing, rehabilitation, food intake by small amount and psychological therapy and so on, it's like tending a fragile seedling. The scene of wound dressing each time is like a battlefield; nurses and doctors pacify the patients while dressing wounds amid wailing caused by the unimagined pain. For those with severe conditions, every moment is critical. The medical team would wish that there is no wound infection each time they did wound dressing.

The general public understands how much pressure our medical team is under. Written encouragement, snacks, drinks, fruits flooded in. Some even wrote to the hospital management, asking the medical team to be well taken care of. We once mentioned in the news release that the medical team was too busy to eat a meal and longed for a bubble tea. The next day we received dozens of bubble teas which made the medical team feel warm and touched.

The blast accident at Formosa Fun Coast was a heart-wrenching incident. Hundreds were wounded; hundreds of families inflicted and the whole society has paid dearly because of it. However, we have also witnessed so many medical team members dedicated to care of the wounded and so many wounded strived so hard to survive and so many caring people from the public showed their passion and love. Taiwan is such a promising place. We believe that with the efforts they devoted in and with care and help from others, those wounded in this accident will recover.

Su-hui Hsieh,
Public Relations Office Director of Far Eastern Memorial Hospital

5.2.3 Arts and Culture

" Taiwan Water, Fountain of Life " Exhibition

2005-2015 was designated by United Nation as " Water for Life Decade " to make issue of water resources an international focus. Management of clean water resources was also listed in UN's Sustainable Developing Goals (SDGs) for 2015. In recent years, we have witnessed rainfall pattern changes due to climate change, frequent extreme climate, and Taiwan's most severe drought in 67 years. Therefore, Far Eastern Group launched a free-entry Exhibition " Taiwan Water, Fountain of Life " to solicit the public to cherish water resources.

The exhibition demonstrated the importance of water by images, sounds and interactive apparatus. The experiences of rainstorm in extreme climate, virtual reality of drought are more powerful, educational and more interesting than exhibition through videos or articles.

Besides, the " FE Talks " series is a platform for people to think, talk and take action on water conservation. We hope to foster orators on water resources, bring out related revolution by touching speeches with international vision and brilliant views.The first talk was by former Minister of Interior, professor of Civil Engineering at NTU, Hong-yuan Li on " Blueprint of Taiwan's water resources " which voiced out the first appeal on cherishing water for the love of Taiwan.

" Taiwan Water, Fountain of Life " Exhibition opens from Friday to Sunday each week. It has accumulated 207,339 visitors in the 114 days from 15 August 2015 to 17 April 2016. Its online campaign on cherishing water has been a success with 853 entries. The views of video on YouTube and activity votes accrued have topped 95,000 views.

〉 " Taiwan Water, Fountain of Life " Exhibition (Chinese Version)

Far Eastern Architectural Design Award

The Far Eastern Memorial Foundation established the Far Eastern Architectural Design Award in 1999 with award prize of NT$1 million for each outstanding prize-winning architect. Since 2007, exceptional architectural designers from China were included in this award competition. The award evaluation is conducted every 2-3 years with a team of international judges for on-site review. It is the architectural award with the highest cash prize in Taiwan and has attracted attention in architectural circles in both China and Taiwan.

The 8th Far Eastern Architectural Design Award has marked a perfect closure in 2014. In 2015, two events were launched： " The Far Eastern Group Architectural Renovation Award " and " The Far Eastern Architectural Young Talent Award. " The preparation for the 9th Far Eastern Architectural Design Award will commence in 2016.

〉The Far Eastern Architectural Design Award (Chinese Version)

The Far Eastern Group Architectural Renovation Award

The Far Eastern Group Architectural Renovation Award started in 2015 to advocate sustainable development of local environment and also carry on and revitalize architectural culture by giving new life to old buildings.

The award started collection of works from April to July in 2015. 30 works were collected and one First Prize with cash prize of NT$500,000 and one Excellence Work with cash prize NT$300,000 were selected by a 2-step review. There was also the Most Popular On-site Award which was selected by 47 on-site observers and the Most Popular Award by online polling. The award ceremony and architectural young talent forum was held on 6 September, 2015.

The 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 included in 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 aims to provide excellent students majoring in architecture an opportunity for personal development through this public evaluation, inquiry, and commenting process. In-depth discussions between judges and participating students are high light of this award. It allows direct dialogue between Taiwanese architecture students and their counterparts in architecture schools all over Asia. The award builds a joint communication platform for Asian architecture education.

Outstanding freshmen, sophomores, and juniors (including overseas Chinese students from China, Macao, and Malaysia) in architecture department from major Taiwan Universities submitted a total of 139 works for the Far Eastern Architectural Young Talent Award. One first prize and 4 excellent works were selected after two rounds of evaluation. The rest of the short-listed would receive a Potential Award certificate. Taiwan' s two award winners participated in the Asia Final held in Ho Chi Minh City in Vietnam on 24 October, 2015. Huang Yu Cheng from Tamkang University won a 4th Place Prize, defeating the rest 25 participants.

Word of the Year in Taiwan

Starting in 2008, the Far Eastern Memorial Foundation joined hands with United Daily News to organize " Word of the Year in Taiwan " event, which has been enjoying enthusiastic responses from the general public and has attracted wide media attention. From " Chaos " in 2008, " Anticipation " in 2009, " Light " in 2010, " Awesome " in 2011, " Worry " in 2012, to " Fake " in 2013 and " Dark " in 2014, an increasing number of people have opted to select a word at the end of the year as a ritual which calms their minds, reflects on the past year, and expresses hopes for the future. The word of the year also reflects the common perception of Taiwan's public, how they contemplate the past year and what they expect for the year to come.

A total of 90,530 votes were collected from the public in the 24-day activity period in 2015. " Exchange " was announced as the word of the year by 13,842 votes. The top 2 to 10 words with most votes were " Change " , " Lie " , " Pray " , " Pain " , " Choice " , " Lost " , " Stagnation " , " Cheating " and " Anticipation " .

5.2.4 Science and Technology

FENC is one of the main founding members of the Y. Z. Hsu Memorial Foundation, with technology and innovation its founding goals. It is the first non-governmental organization focuses on science and technology approved by the Ministry of Science and Technology. FENC is in charge of its operation and event planning.

Y. Z. Hsu Scientific Award

Y. Z. Hsu Memorial Foundation launched annual Y. Z. Hsu Scientific Award in 2002 to encourage outstanding members of the academic community in Taiwan to engage in scientific R&D and innovation. The Y. Z. Hsu Scientific Award focuses on state-of-the-art 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 Category

	Evaluation Subject	
Outstanding Professor Award	Science, Technology and Humanity Medical technology	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.
Scientific Chair Professor	Nano Science & Technology Communication Technology Optoelectronics Technology Bio-medical Technology Green Technology	To give commendation to those who have extraordinary contribution in new scientific area.
Scientific Paper Award		To encourage academic research publishing and to elevate the technological level.
Technology Invention Award		To encourage communications between academia and industrial circles for further technology applications.
Yuan-Ze Chair Professor		To elevate competitiveness of Yuan Ze University, this award will be given to full professors with outstanding academic and teaching performances.

Submissions for the 13th Y. Z. Hsu Scientific Awards were accepted from November to December 2014. The works of 138 professionals and scholars underwent peer review from January to April 2015. A total of 22 awardees were honored during a ceremony held in August, total cash prizes handed out amounts to NT$ 10 million. Since its inception in 2002, the Y. Z. Hsu Scientific Award has been granted to 207 outstanding scientists with 259 awards in Taiwan's academic community. Granted cash prizes have exceeded NT$ 100 million, making it one of the major science and technology awards in Taiwan.

〉 Y. Z. Hsu Scientific Award

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

The Y. Z. Hsu Memorial Foundation started organizing 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 English debate contest on physics and also the science competition with the highest cash prize for high school students in Taiwan. The goal is to cultivate Taiwan students' abilities in making presentations in English and in logical thinking in physics.

Each year, outstanding high school students are selected in national contests and are provided with training by more than 10 university professors from various universities. This elite team will represent Taiwan at the International Young Physicists' Tournament (IYPT) with the goal of enhancing the international competitiveness of Taiwanese students. In domestic contest, a gold medal with a cash prize of NT$ 300,000 is given to one team; two teams for silver medal with cash prize NT$ 150,000; and 6 teams for bronze medal with cash prize NT$ 60,000. There are also 10 individual awards to 10 students with cash prize of NT$ 4,000 each. The total cash prize for the tournament amounts to NT$ 1 million.

22 teams from schools in northern, central, and southern parts of Taiwan participated in the 2015 Y. Z. Hsu Competition– Taiwan Young Student Physicists' Tournament, which lasted four days from March 13 ,2015. All gold, silver, and bronze medals went to the team from Kaohsiung Municipal Kaohsiung Senior High School. The team represented Taiwan and won a bronze medal at the International Young Physicists' Tournament (IYPT) held in Thailand in June 2015.

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

STARTING FUTURISTIC PARKS

STARTING FUTURISTIC PARKS

6.1 About Far Eastern Resources Development Co., Ltd.

In response to change of industrial structure in Taiwan and to reuse land resources for better investment performance, Far Eastern New Century established Far Eastern Resources Development Co., Ltd (hereinafter referred to as " FERD ")in 2003 for developing, leasing selling and managing its 66 hectares land island wide. During this report period, there is no major change in organization, structure, ownership and supply chain for FERD.

Besides abiding by laws and regulations, we have incorporated CSR into our core principles of governance. Developmental impacts to economics, society and environment are taken into consideration. Through constant communication with stakeholders via various channels, we transform challenges to opportunities for our mutual goal of sustainability.

The total employees of FERD in 2015 is 28, with 14 males and 14 females, all are permanent employees. It paid NT$18.526 million property tax and NT$271.249 million land tax to the government in 2105.

Far Eastern Resources Development Co., Ltd is a subsidiary of FENC, therefore, all of its administrative policy, internal control, responses to risk etc. are in reference to those of its mother company and is explained in detail in the chapter of Establishing Strong Governance. The risks and responses of land development by FERD are as follows：

▶ Risks and Responses of Land Development

Risks	Responses
Government approval required for land development	・Strengthen friendly communication with government ・Comprehensive review on economics, society, internal and external costs for best scheme
Local protests on the project or construction during developing periods	・Convene local community meetings at early stage of the project ・During construction, questions and doubts on the project are handled by specified staff with fixed phone line ・Pay regular visits to local opinion leaders and community chief to build in-time and friendly communication channels
Policy changes during development	・Actively participate in regulation related conferences ・Designate staff for regulation trends and knowledge and provide analysis for decision reference
Possible negative impacts to environment and ecology during development	・Conduct Environmental Impact Assessment by third party before development ・Implement environmental protection measure during construction
Climate change and extended dry season	・Adopt torrential rain management system at the onset of the planning ・Reserve rainwater utilization system at the construction base
Increase in hits of typhoon	・Propaganda on reaction plan before typhoon season ・Organize reaction team for typhoon drills and prevention measures
Enhance concept of tree protection	・Organize arboriculture team and invite experts and consultants to conduct health check on trees on the land to be developed ・Provide lesson on arboriculture to administrative and engineering staff

6.1.1 Major Development Projects

Far Eastern Resources Development Co., Ltd is currently dedicated to development of Taipei Far Eastern Telecom Park located in New Taipei City and Spa Resort located in Chiaohsi, Yilan. In response to SDGs by UN, we provide a comfortable and safe space for planning a green, energy saving, intelligent and sustainable park.

Taipei Far Eastern Telecom Park (Tpark for short) is the first non-government initiated telecomm park development. It consists of 5 industry platforms： telecommunication, digital content, cloud computing, green energy and intelligent technology.

Spa Resort in Yilan has acquired development permit. There will be hot spring resort, shopping mall and restaurant with view in the resort. Operation is set in 2018.

Responsible Construction Management

Far Eastern Resources Development Co., Ltd is a responsible company in that it not only abides by all related regulations and laws but also communicates with local stakeholders to reduce pollution during land development. It continues to monitor environment quality after construction and values human health and environment protection and take them as core principles during the operation period. In the construction period of 2015, no violation of regulations was reported.

There is no major construction in Taipei Far Eastern Telecom Park; transplanting of trees and demolishing of existing buildings started in Yilan in 2015. There is desilting basin at the construction site, maintenance record of which is kept for 3 years, so are the maintenance records of facilities for rain blocking, rain shielding and rain drainage.

Before Construction

- Conducted " Meeting before construction " and invited representatives from local government, councilors and residents.
- Applied " Plan to reduce water pollution at construction site " and strictly implemented to ensure polluted water from exiting from construction site.

During Construction

- Installed boards with phone numbers for local residents to address inquiries; designated staff to answer inquiries.
- Request contractors to use low noise equipment and vehicles and maintain them regularly. To avoid air pollution by use of unqualified fuel, only fuel from China Petroleum or Formosa Petroleum is allowed for vehicles. Steel plates are used on the ground on vehicle route at construction site to reduce dust. There are also vehicle cleaning platforms; vehicles will leave the construction site only after their tires are cleaned to avoid dust and mud on the road.
- Choose qualified firms in the vicinity of construction site to handle earth and stone to reduce transportation distance. For construction vehicles, avoid transportation during rush hours; check road surface regularly and amend it when damages found.
- Sample and monitor air quality monthly. Dust proof net or fence is used to reduce dust in the air. Restrict dust in the construction site and sprinkle water by vehicles or employees to prevent dust floating in the air.

After Construction

Long term monitor on quality of environment

- We conduct monitor of various kinds monthly on our projects of Taipei Far Eastern Telecom Park and Spa Resort in Yilan to sample and analyze surrounding environment. Items monitored include air quality, noise and vibration, construction noise, effluent quality and traffic volume etc. The monitor standards meet those released by EPA.

▶ Measures on Reduction of Construction Wastewater Runoff in 2015

Items	Measures to Reduce Pollution	Maintenance Frequency
Rain Shielding Facility	Cover the dug-up site by canvas to prevent rainwater from flushing out the ground	Twice a month
Rain Blocking Facility	Pileup of sandbags to stop rainwater from flushing out the dug-up site	Twice a month
Rain Drainage Facility	Gutter	Once a month

We take it seriously on how to dispose waste from construction demolishment. Complying with related regulation, waste is transported to legal and local treatment plant with planned route to minimize carbon emission. To increase the value derived from waste recycling, crushing method is used for demolition which ensures safety, environmental protection and resource recycle principle. The demolition project of Spa Resort in Yilan only started from December, 2015 and the waste disposal took place in January, 2016, as a result no waste disposal related work took place in 2015.

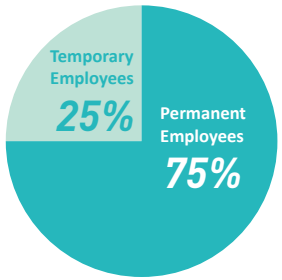
6.1.2 Management on Construction Contractors

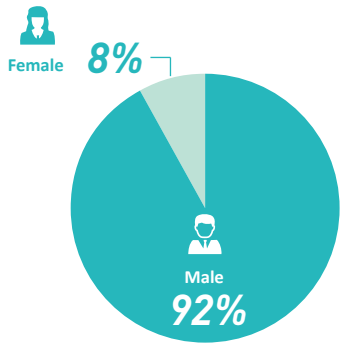
Far Eastern Resources Development Co., Ltd abides by related regulations of construction and vocational safety and health concerning contractor management. There is no hiring of underage labors or illegal foreign labors and no discrimination of labors. Contractors are required to submit disaster prevention plan during construction period and to purchase all risk insurance policy (including financial loss from construction, casualty insurance, and third party liability insurance), safety and health related expense is listed in the contract. The contractor will assign staff to the construction site to take charge of worker safety and health. Contractors are asked to form labor safety negotiation organization and meet regularly to promote and provide training on work safety.

Phase One of Taipei Far Eastern Telecom Park opened in 2010 with the phase two set to start construction in the near future. Yilan Spa Resort started tree transplanting by contractor's 28 workers, five of them female, in July 2015. Demolishing work began in December 2015, by 33 male workers of the contractor. As there might be accidents resulted from falling, electrification, falling object, being hit and mobile cranes, besides protection measures as required by regulations, there is a ten-minute instruction on prevention of danger every day before work for the 33 workers to ensure that they are fully aware of safety rules and usage of protection equipment. Furthermore, we value management of dangerous occurrences and encourage notification to review and improve on work safety. There is no dangerous occurrences, occupational injuries, occupational disease, absence of work and lost day reported in 2015.

▶ Information on Contractor Employees in 2015

2015 Contractor Employees *61*





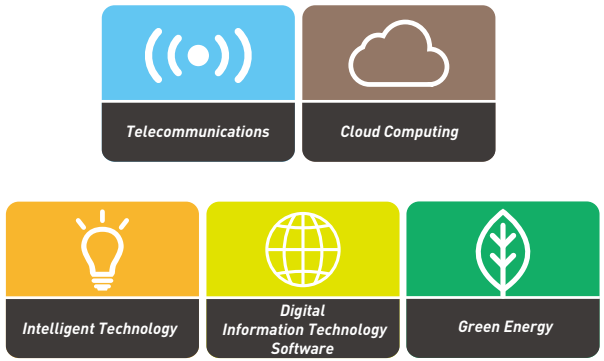
Note：· Only contractors for projects of Far Eastern Resources Development Co., Ltd are included.
· Temporary employees are part time employees.
· 5 female employees are permanent employees.

6.2 Taipei Far Eastern Telecom Park (Tpark)

Tpark is the first privately designed and developed telecommunication scientific park in Taiwan. Its high-speed Ethernet and optical fiber backbone was established by Far EasTone Telecommunications. Introducing intelligent lifestyle and innovation application testing, Tpark serves to assist the growth of telecommunication industry both domestically and internationally. It is the technology platform for Taiwan's telecommunication and digital industry.

The development team thinks highly of environmental sustainability. Through innovation, research and development, advanced eco-city technology was introduced. At the beginning stage of development, a wind tunnel stimulation on the designed architecture and a wind corridor system based on the stimulation result were conducted to improve the micro climate environment of Tpark. The architecture design of Tpark follows principles of EEWH Taiwan Green Building, Taiwan Intelligent Building and the U.S. LEED and has become a model of Taiwan's green park.

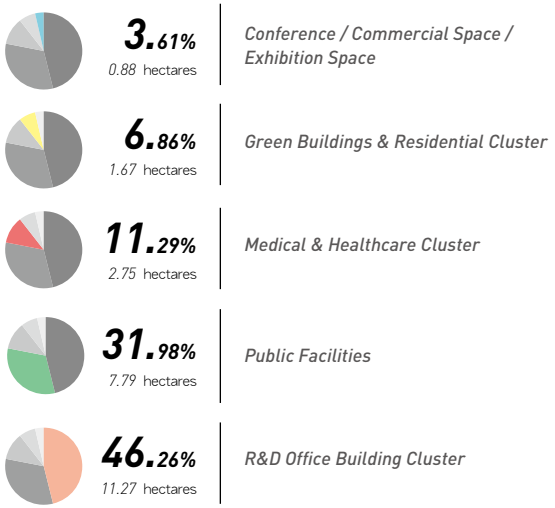
▶ Tpark Introduces Industry Orientation



▶ Tpark's Sustainable Development Goals and Execution Plans for Short-, Mid- and Long-terms

	Sustainable Development Goals	Sustainable Execution Plans
Short-term	Construct a green and brand new metropolitan space	・Infrastructure on ecology and energy saving ・Optical Network and application of technological life ・Maintain biodiversity ・Designing of comfortable space
Mid-term	Integrate the innovation ability of Taiwan's information industry for an intelligent community life	・Construct green and intelligent buildings and residence ・Construct a safe and energy saving intelligent management system ・Integration of technology application development in office, school, hospital, shopping center and residence
Long-term	Become innovation platform for Taiwan's information and communication industry, breeding economic prosperity for next century	・Practice space for intelligent living technology ・Finish intelligent technology industry settlement ・Become technology research center

▶ Tpark Development Allocation



The area for Tpark is 24 hectares. Phase one is complete with convenient living function. Besides industry section, it is surrounded by the General Library of New Taipei City, hospital, school, shopping center and residential housing. After phase one, the north park is set to start construction in first season in 2016, followed by new HQ of Far Eastone, IDC Building and 2nd R&D building. There is currently TPKA building for leasing, with total floor area of 62 thousand square meters. The area available for leasing is 50 thousand square meters. The leasing rate is 46% in 2015.

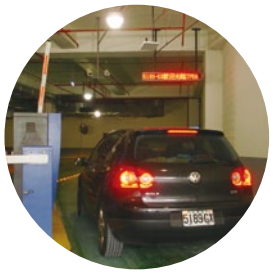
6.2.1 Intelligent Park

Tpark's development is based on sustainability and intelligent living. It has set up a smart city promotion strategic project team under General Manager Office to develop and introduce the latest technology application which allows Tpark to become an international intelligent green campus.

▶ Funds for R&D and Innovation

Unit：NT$1,000

Note：In 2015, development and innovation expenses include mobile security upgrade, plate recognition system upgrade, implementing AR for mobile guide etc.

Intelligent Application	Electronic Fence for Eco Retention Pond	Mobile Security	Plate Recognition Parking System	Smart Mobile Guide
				
Function	・Set up a polygon-shaped and invisible fence through use of monitoring equipment ・Complete human shape tracking and recognition ・Connect to real time on site warning announcement	・Develop with Industrial Technology Research Institute (ITRI) ・Real-time transmission of mobile audio/video recording and patrolling route tracking	・Adopt plate recognition from Far EasTone and eTag from Far Eastern Electronic Toll Collection Company ・Automatically inform tenant when guests arrive at parking	・Co-develop with Institute for Information Industry (III) ・Adopt technologies such as NFC, QR code and Beacon ・Integrate GPS to establish guiding service for the entire park
Outcome in 2015	・Provide eco pond as a testing site to Taiwan technology industry for product development ・Share user experience with the industry	・Upgrade from WIMAX to 4G	・Share user experience with system developer ・Become a real demonstration site for system developer	・Set up 21 locations to provide information regarding environment and intelligent technology ・Update augmented reality service to provide direction

Recognition

・Tpark received invitation from New Taipei City Government for two consecutive years to serve as a visiting site for Intelligent Community Forum (ICF) as part of the reviewing process of global intelligent community by demonstrating the green environment and intelligent technology application of Tpark.

・Tpark was invited by New Taipei City Government to join in the 2015 Intelligent Community Forum Annual Summit. A video introduction of Tpark was played to participants from 200 countries around the world.

・Tpark was invited by cross-strait forum on the information industries and technology standards to include our green environment and intelligent technology in Cloud Computing Industry Application Case.

▶ 2015 External Training Regarding Intelligent Campus

Course	Goal	Number of Attendant	Hours per Person	Department of Attendant
2015 Energy Resource Design and Development of Intelligent Building on BIM	Strengthen knowledge and awareness of technology integration of construction administrative staff	2	30	Staff from Electromechanical and Engineering Department

6.2.2 Green Campus

Enjoy New Urban Life of Eco Green

Besides R&D needs for telecommunication industry, the core value for the development of Tpark is environment and ecology. It is design with Atelier Dreseitl of Germany to construct a green environment and a comprehensive water recycle system.

Tpark was designed to achieve 49% green coverage with central park, street trees, green roofs etc. These facilities can produce oxygen during photosynthesis and absorb carbon dioxide to purity air quality and mitigate global warming.

▶ Carbon Fixation and Oxygen Release Before and After Development of Tpark

CO_2 Fixed CO_2 Volume

Before Development		After Development	
418 ton / year	▶	587 ton / year	▶ 40% ⬆

O_2 O_2 Release Volume

Before Development		After Development	
557 ton / year	▶	783 ton / year	▶ 40% ⬆

Note：The numbers from this graph is from the planting scheme in 2009, the large scale planting in central park is not taken into calculation.

▶ Carbon Fixation Before and After Increasing Planting for TPKA

CO_2 Fixed CO_2 Volume

Before Increasing Planting		After Increasing Planting	
34 ton / year	▶	51 ton / year	▶ 50% ⬆

Note：Calculation is based on green index of green building.

Tpark LEED Campus Project

LEED (Leadership in Energy and Environmental Design) is an international evaluation technique which is used to encourage the development and implementation of building sustainability. In Taiwan, many buildings have applied for LEED certification. To ensure the entire Tpark project is developed under the principle of sustainability and low carbon emission, Tpark applied for LEED Campus Project and was approved in 2015. In the future, all development, design, construction and operation will follow the green campus framework to undertake building sustainability in long term.

TPKA Building's EEWH Green Building Certification


綠建築標章證書

建築物名稱：台北通東通訊園區 Tpark 研發大樓
建築物概要：地下2層，地上11層鋼筋混凝土構造辦公廳類及旅館餐飲類建築
有效期限：自105年2月1日至110年1月31日
綠建築類別：舊建築改善類
綠建築等級：合格級

內政部 部長 陳威仁

TPKA building is currently in completion. In order to maintain an environmentally sustainable and healthy building and to reduce waste, TPKA hired professionals to provide evaluation and recommendation on TPKA building and applied for Green Building Certificate as a renovated building from Ministry of the Interior. TPKA was certified as green building in February, 2016 and officially became an environmentally friendly, energy efficient, waste reducing and healthy building.

The design of future buildings of Tpark will comply with Silver Level Green Building regulation to fulfill our purpose of green campus.

Risk and Opportunity of Climate Change

	Aspect		Response
Risks	Tpark	Frequent Typhoon	・Trim all decaying or fragile tree branches before typhoon to prevent fallen trees from hurting people during typhoon ・Monitor water level of eco pond for in taking rainfall from typhoon ・Establish full drainage system to avoid flooding ・Set up an area to collect fallen leaves for compost after typhoon
		Lack of Water Resources	・Tpark adopts infiltration pavement to strengthen its ability to keep water underground. The infiltration trench helps to reduce surface water runoff and provide irrigation function for the street trees during dry season. ・Reconstruct the existing river into an ecological pond. Besides detention function, it can also store rainwater for irrigation and provide water for birds and other animals.
	TPKA Building	Frequent Typhoon	・Examine waterproof condition of curtain window when conducting quarterly window cleaning
		Lack of Water Resource	・Use certified water efficient equipment ・Promote water conservation to the tenants
		Lack of Energy Resource	・Establishment of charging station for electronic vehicles ・Establishment green roof to lower indoor temperature

Opportunities

Climate change has stimulated the industry to raise investment in R&D and innovation of smart technology. According to Tpark's positioning, Tpark's major targeted industries have a very promising future and are expected to grow continuously. In the meantime, Tpark works with industry to introduce new energy saving technology to lower utility cost. Tpark also provides powerful user experience to the industry. As the result, Tpark has become the innovation platform of intelligent technology, a hub of intelligent industry and a paradigm of smart city. For example, Tpark helps to raise awareness for low carbon to the tenants and introduce plate recognition and eTag parking system which make parking more efficient and can reduce carbon emission from vehicles.

Energy Management

Energy conservation is a major project of Tpark. However, indoor temperature, lighting, elevator and other equipment should remain functional in order to provide a comfortable working environment. Therefore, our electromechanical professionals will visit new tenants to understand their energy usage needs. Tpark also traces the electricity consumption of the Park monthly. If a particular tenant has a sudden increase of electricity consumption, Tpark will send a team to evaluate the situation and recommend improvement measure. Furthermore, Tpark improves energy saving by air-conditioning; during summer time, the air-conditioning unit is adjusted accordingly.

In 2015, the electricity consumption of TPKA building increased 4% comparing to 2014, which was due to increasing number of employees in the building and expansion of equipment. However, under strict monitoring, the electricity consumption of public area decreased by 1%.

▶ Total Electricity Consumption

Unit：GJ

	2014	2015
TPKA Building	**21,918**	**22,880**
Public Area	11,336	11,449
Office Area	10,582	11,431
Tpark	**460**	**416**
Total	**22,378**	**23,296**

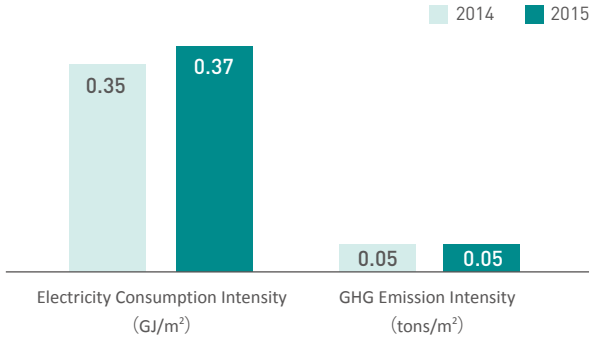
Unit：t-CO_2e

	2014	2015
GHG Emission	3,239	3,371

Note ：・The electricity consumption of Tpark uses outdoor electricity consumption in calculation, excluding TPKA building.

・Heating value is based on " 2014 Taiwan Energy Statistical Hand Book. " Electricity emission coefficient is in accordance to Taiwan Power Company (2014).

▶ TPKA Building Electricity Intensity and GHG Emission Intensity



Future energy conservation will focus on reducing energy consumed by building. All buildings in Tpark are of green building design. Tpark encourages use of electronic vehicles and has installed electricity charging stations. By smart building management, it monitors the whole park's electricity consumption.

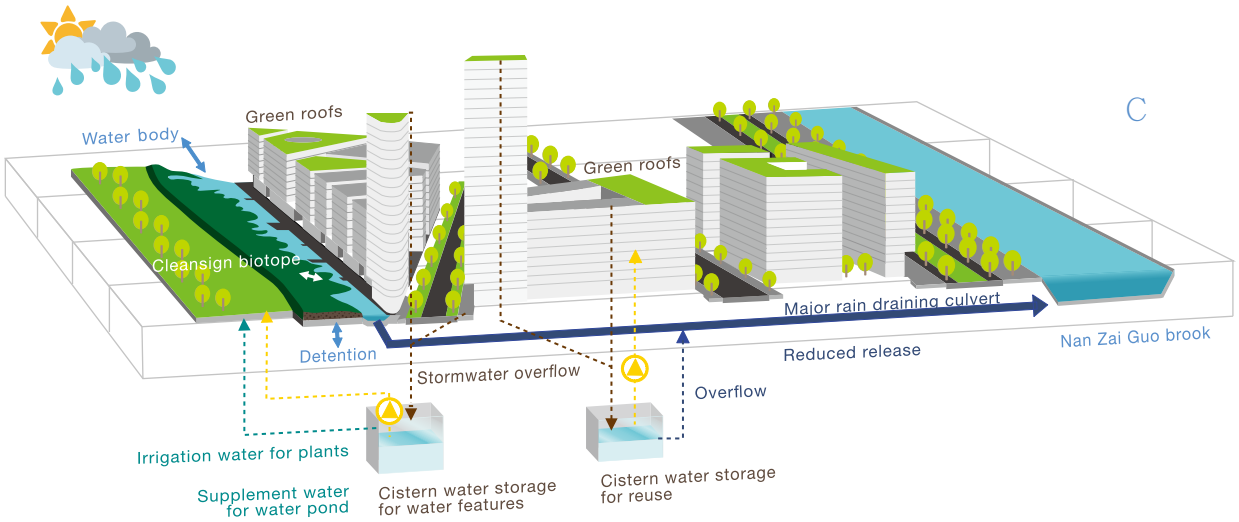
Low Carbon Transportation within the Tpark

Tpark encourages staff and tenants to reduce use of motor vehicles with following actions：

- There are one electronic motorbike and one electronic bicycle for business use in Tpark.
- Tpark made an effort to set up 21 sets Ubikes (42 bikes) within Tpark for connection between Ubike stations at MRT station and library for its tenants and surrounding residents.
- Tpark schedules shuttle bus to and from shopping area and food stands and encourages public transportation.
- Beside 310 parking space for bikes at 6 different venues within the Park, there are also bike parking spaces in basement of building; there are shower rooms in TPKA building for bikers.

Water Resource Management

Although Taiwan has a high annual precipitation in average, the concentrated precipitation and inadequate rainwater retention system make Taiwan one of water-shortage areas. As a result, how to include water recycle plan in the design of Tpark was one of the major issues for Tpark's design and development.



Storm Water Management Function

- ○ Situ rainwater retention
- ○ Flood control-retention and detention within site
- ○ Reuse of stromwater
- ○ Improving local water cycle-infiltration and evaporation
- ○ To present stromwater aesthetically
- ○ Improving the water quality before any site run off

The water resource management was done through storing and reusing underground rainwater from infiltration trench and eco retention pond of central park to achieve the target of water retention in the park. The underground rainwater can be used for irrigation and supply the pond of central park while excessive water flows away to prevent flood. Such design helps to reduce the load of public drainage system and maximizes efficiency for water resources. According to the design plan of Artelier Dreiseitl of Germany, Tpark is able to retain 60% rainwater runoff within itself.

Tpark Water Resource Management Action

1・ Underground Infiltration Trench

・A three meters wide and two meters deep infiltration trench was established along two sides of the road to collect surface runoff for watering of trees along the roads.

・During rainstorm, rainwater on pedestrian sidewalk is quickly contained by holes of infiltration trench and then led to underground water system slowly.

・The infiltration trench of Tpark is 1,754 meters long with a total volume of 10,522 cubic meters; its water containment volume is 2,104 cubic meters, equivalent to 93% of an Olympic-size swimming pool.

2・ Eco Retention Pond of Central Park

・The currently completed south park eco retention pond in Central Park is used to prevent flooding and protect groundwater. The pond has a volume of 374 cubic meters. The water provides water source for birds and animals.

As there is no measuring equipment setting up for infiltration trench and eco retention pond yet, based on the precipitation for year 2015 announced by Central Weather Bureau, a volume of 46,200 tons rainwater was collected by infiltration trench and the currently completed eco retention pond.

TPKA Water Resource Management Measure

TPKA adopts water-efficient equipment and monitors water withdrawal monthly and promotes water conservation to all tenants to reduce water withdrawal. In 2015, coping with the water restriction measure and reduction of water supply by Ministry of Economic Affairs, TPKA building had stopped window cleaning and change of water for landscape pond and promoted water conservation to tenants. As a result, the water withdrawal of 2015 has a 5.62% decrease comparing to 2014. In average, each individual lowers water withdrawal by 9.57%.

▶ Total Water Withdrawal

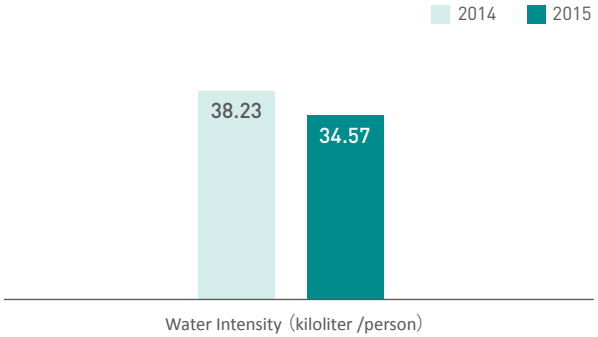
Unit：Kiloliter

	2014	2015
TPKA Building	40,137	38,025
Tpark	801	173
Total	**40,938**	**38,198**

Note：・Garden irrigation uses rainwater from green roof. Water withdrawal is all from tap water and has no influence on water resource.

・The water withdrawal of Tpark represents outdoor water withdrawal excluding TPKA building. In 2014, a tree treatment experiment used 600 kiloliters of tap water.

▶ TPKA Building Water Intensity

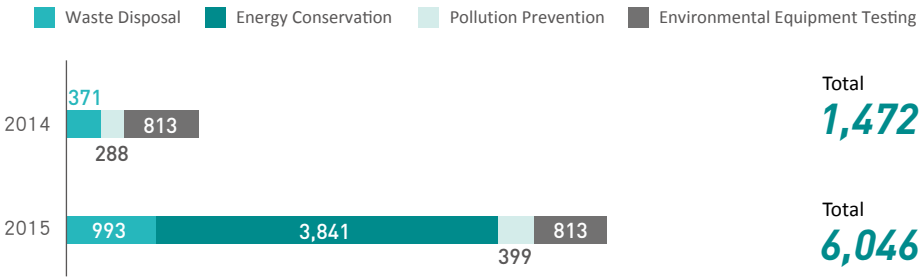


TPKA has a green roof of 1,511 square meters with a soil ground of 40 centimeters thick which serves as the first layer of rainwater retention and to lower indoor temperature during summer period. When rainfall exceeds the capacity of green roof, the excessive rainwater flows through a pipe to a water tank located in basement. A portion of that water tank is used for irrigation and another portion supplies for landscape pond. To advance the water recycle plan, water meter is installed in July, 2015. From July to December, 2015, it collects 255 tons of rainwater. Based on 2015 rainfall information of Banqiao, 426 tons of rainwater was recycled.

Pollution Prevention

▶ Environmental Protection Expenditures and Investments

Unit：NT$1,000



Note：In 2015, additional items add to environment protection expense including garbage refrigeration equipment, green building and LEED Campus implementation fees, environment monitoring fees, etc.

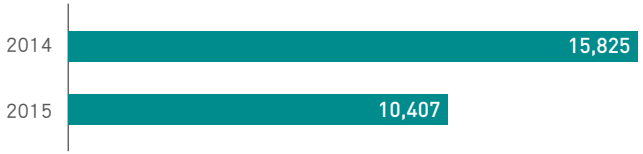
Tpark made an effort to become a low carbon green campus. Besides energy and resource management, Tpark also takes a cautious approach towards pollution prevention. Although there is no source of air pollution within Tpark, we comply with regulation to monitor air quality within the park quarterly. All monitored figures in 2015 were far below the regulated standards. Nevertheless, the only source of wastewater is from tenants' daily operation. There is no manufacturing waste or wastewater. Tpark has established complete pollution prevention equipment and has continuously invested in environment protection and pollution prevention.

1 · Wastewater Management

The major source of wastewater in Tpark is the wastewater from daily operation. There is no manufacturing wastewater from heavy industry or plants in Tpark. The established sewage facilities are maintained weekly by professional organization, the use of drugs and surveillance of water quality are also done by professionals. The processed water meets the national water quality standard and is discharged to Tamsui River. The discharged volume and water quality are reported to government authorities regularly. Currently, Tpark has a complete sewage pipe system that is ready to connect with New Taipei City sewage system once it is completed.

▶ Wastewater Discharge

Unit：Kiloliter



Note：・The total wastewater discharge is less than total water withdrawal because the evaporation of cooling tower, window washing, fire drill practice and garden irrigation during dry season.

・In 2015, working with water restriction action and reduction of water supply of Ministry of Economic Affairs, TPKA building stopped window cleaning, water changing of landscape pond and promoted water conservation to tenants. It resulted in a reduction of both water withdrawal and wastewater discharge.

2 · Waste Reduction

To reduce waste, recycle bins are placed at each level of TPKA building. Recycling awareness is being promoted through tenant handbook. To deal with the kitchen waste from ground floor restaurants, kitchen waste refrigeration equipment is established in basement to prevent the waste from decaying and to maintain a better environment. In 2015, additional garbage refrigeration equipment was set up to avoid bad smells and flourishing of pests for maintaining hygiene. At the same time, fallen leaves compost system was established to further contribute to reduce and recycle of waste in Tpark. The only source of waste of Tpark is from daily operation and there is no manufacturing waste. Waste is disposed by incineration by qualified contractor.

▶ Domestic Waste

Unit：Ton

Note：Temporary project requirement, organization expansion and new tenant caused an increase in domestic waste in 2015.

6.2.3 Tpark Safety Management

Taipei Far Eastern Telecom Park is an open park which allows local residents to walk and exercise inside the park. Therefore, safety management becomes an important task. Besides regular security patrol, Tpark also introduces intelligent technology application to advance the efficiency of safety management. Disaster Prevention and Relief Operational Manual, Emergency Response and Report Procedure and other disaster operation manual are implemented to provide a complete precaution and to increase safety awareness and response ability of all members.

Introduce Smart Technology for Safety Management

・Electronic Fence of the Eco Pond

Electronic fence, which is normally used in nursing homes and factories, was innovatively introduces to the eco pond of Tpark. To coordinate with the polygon-shaped water environment, the electronic fence is adjusted accordingly and equipped with face recognition tracking function which synchronizes with warning announcement on site. If anyone walks into the warning zone of the pond, the system will automatically alert the central control room and allow its monitor to track the movement. In the meantime, an instant warning announcement in South Park is activated to advise people to leave the dangerous area. This system allows us to preserve the natural scenery and secure the public safety without having to set up physical fences. Tpark is the first to innovatively apply electronic fence to eco pond.

・Mobile Security

All security guards of Tpark are equipped with Sky Eye developed by ITRI when patrolling. Sky Eye has the function of transmitting real time audio and video information and locating the patrol route which assists the security manager to dispatch and monitor security staff. Moreover, the real time audio and video information are sent back to the central control room and the mobile device of security manager. In emergency situation, this system helps manager and central control room to receive real time information that enables them to make informative instruction.

Disaster Responses

・Fire Prevention

TPKA building has complete fire prevention and evacuation equipment which comply with related regulations. Fire safety training is held regularly. Each year there are two fire drills and one evacuation exercise for all employees and tenants. Tenants are required to organize into fire extinguishing team, emergency evacuation team, safety warning team and information team. Each team is trained accordingly to increase emergency response ability.

・Emergency Assistance

Tpark works with its close neighbor, Far Eastern Memorial Hospital, and provide interpreting assistance to foreigners to assist the emergency medical treatment. An automated external defibrillator (AED) is placed in an easy-to-spot area in TPKA lobby.

・Reaction for Potential Infectious Disease

Tpark thinks highly of indoor air quality and air circulation. We assign personnel to examine Makeup air unit (MAU) of each floor and to clean MAU filter quarterly. Photo catalyst air purifier is installed on ventilation pipe at ground floor's public area and an ethanol hand sanitizer dispenser is placed at elevator entry of ground floor for the employees and visitors. For office area, TPKA building conducts mosquito control quarterly and mice elimination monthly.

In response to dengue fever prevention campaign in Taiwan in 2015, Tpark examined 6 areas with stagnant waters and undertook 2 vector mosquito controls to prevent the growth of vector mosquitos.

・Natural Disaster Risk Management

As soon as a typhoon sea warning is announced by Central Weather Bureau, a typhoon reaction team will be organized to execute related tasks inflicted by typhoon. When typhoon or earthquake takes place, responsible employees should follow the procedure listed in Disaster Prevention and Relief Operation Manual. Tenants' operational manual also lists the precaution and response procedure for typhoon and earthquake.

6.2.4 Ecology

The first manufacturing plant of Far Eastern New Century was located at the current location of Taipei Far Eastern Telecom Park. Tpark occupies areas of the old textile factory and a 9-hole golf court. Soil tests on heavy metal were taken in year 2003 and 2012. Results of the two tests show no sign of soil pollution. At the early stage of Tpark's design, it has integrated landscape, ecology, culture and environment to allow a biodiversity which is a major feature of Tpark.

Tpark is designed with a 40,000 square meters Central Park. Currently, an area of 7603.3 square meters of South Park has been completed with wetland, porous waterfront, wood pile porosity and undisturbed multi-layer ecological greening to create habitat for various creatures. In additional, Tpark includes " Native Plants and Birds and Butterflies Inducing Plants " and " Multi-Layers Diversified Greening " to create a symbiosis environment and allow the eco-environment in the park for self-adjustment. Green area serves the functions of water conservation, air purification, climate adjustment, covering, landscaping and providing habitat for other creatures.

In an ecosystem, butterfly is considered as an environmental quality indicator. Learned from our affiliated company, Asia Cement, in Hualien, we have not only completed the butterfly restoration for this developing stage, but also learned that certain plants are able to induce butterflies and other creatures. Up until now we have discovered bugs, snails, earthworms, butterflies, bees and birds in Tpark. To avoid disturbing birds at night time, lighting is installed only on the pedestrian sidewalks and drive ways. There is also lighting shield to prevent glare. Besides, TPKA building does not use glass with high reflection to avoid light pollution.

Greening

To carry on legacy of the Group, Tpark still preserves the Jambolans planted by Far Eastern Group founder, Mr. Yu-Ziang Hsu. All the trees with history are either preserved or transplanted to other places. Newly planted trees in Tpark are mostly Taiwan protophyte including Formosan Ash and Taiwan Zelkova which are trees with the second and third highest carbon fixation.

Tpark applies systematic approach to number and manage all the trees and organizes an arborist team to take care of all the trees to show our respect and care for the nature.

▶ Amount of Green in Tpark

Arbor ▶ **723**

Items	Amount	Items	Amount	Items	Amount
Formosan Ash	138	Swamp Manogany	1	Fan Palm	5
King Palm	59	Roebelin Date Palm	1	Yellow Areca Palm	3
China Berry	22	Beef Wood	2	Bottle Palm	3
Green Maple	9	Red Cedar	2	Common Garcinia	1
Camphor Tree	99	Wax Apple	1	Red-flowered	1
Luchu Pine	10	Madagascar Almond	26	Jambolan	12
Marabutan	231	Palimara Alstonia	7	Silver Oak	1
Willow	9	Sweet Osmanthus	4	Others	6
Taiwan Zelkova	18	Formosan Sweet Gum	49		
Orchid Tree	2	Mulberry	1		

Shrub ▶ **31,022**

Items	Amount	Items	Amount	Items	Amount
Small-leaved Rhododendron	1,190	Lace Golden Dewdrops	930	Gardenia	783
Sweet Osmanthus	286	Ceylon Ardisia	7,639	Ixora	6,366
Taiwan Aglaia	1,965	Golden Dewdrop	11,860	Taiwan Hibiscus	3

Ground Cover Plants ▶ **2,394** m^2

Unit ： m^2

Items	Amount	Items	Amount	Items	Amount
Society Garlic	164.9	Arachis Duranensis	263.3	Creeping Liriope	525.1
Spider Lily	569.1	Autumn Zephyrlily	525.1	Portulaca	175.0
Ipomoea Batatas	171.9				

Vine ▶ **237**

Items	Amount	Items	Amount	Items	Amount
Boston Ivy	25	Garlic Vine	90	Flaming Trumpet	80
Coral Vine	42				

Training for Arborist Team

All members of arborist team of Tpark have sufficient knowledge regarding tree management and professional tree trimming. Tpark requests all related staff to undertake Arboriculture training. One of our staff has even been granted as certified arborist by International Society of Arboriculture in 2015. Tpark also hires professional plant caring company to undertake pest control and tree trimming regularly. Tpark provides opportunity for staff to gain practical experience of tree trimming and caring and helps them to acquire a life time technique.

▶ 2015 Arboriculture Training

Course	Goal	Number of Attendant	Hours per Person	Department of Attendant
1st Arboriculture Training Class	Professional plant caring, trimming, treatment and experience sharing	4	80	Staff from Property Management Unit and Engineering Unit

6.2.5 Community Relationship

The design and development of Tpark integrates cultural values, art concept and human-centered transportation design to showcase the wide, spacious and green waterfront " Central Park " , the human-centric " Boulevard " , the " Textile Square " which echoes the region's woven textile industry history, the " Ryukyu Pine Square " which celebrates the old-age trees, and the comfortable, spacious pedestrian sidewalks and bike routes. Tpark is open to the public and local residents for recreation to enjoy the natural environment it offers.

Five billboards with maps of the park and management phone number which is open for enquiry 24 hours a day are installed in open space of the park. Also, there is an email address listed on the official website for any enquiry. To create a closer bond with the local communities, Tpark assigns personnel to visit chief of village to learn about local residents' opinions and to interact with local police station by attending monthly meeting and setting up 24 hours patrol to maintain safety of the area.

Community Events and Activities by Tpark in 2015 ：

Sponsored Events Organized by Government

- Tpark provided venue and staff to assist in New Taipei City Government 2015 Disaster and Fire Prevention Exercise.

Promote Smart Campus

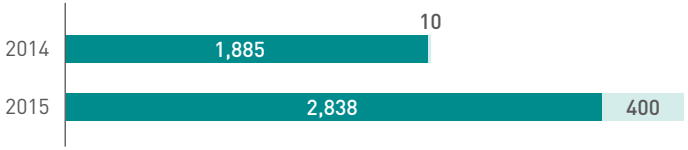
- Tpark worked with Economic Development Department of New Taipei City Government to host " 2015 Big Data Forum " and invited our tenant's CTO, Dr. Stephen Brobst, as the keynote speaker. The event had around 300 participants.
- The National Information and Communications Initiative (NICI) held its committee meeting at Tpark to discuss the development of intelligent community and related innovation industry. 67 committee members attended the meeting.
- Tpark was selected as the Real Site Demonstration of 2015 Smart City Exhibition. 4 guided tours to the Park were organized.

Education

- 110 students from Department of Engineering for Sustainable Environment of National Taiwan University visited Tpark on the excursion field trip.
- Tpark provided venue for New Taipei City Library to host Book Festival.
- Tpark provided venue for New Taipei City Library to host eco-experience summer event for elementary school students, 20 pupils participated.

▶ Investment in Community

Unit ： NT$1,000



Note ： ・Voluntary infrastructure investment includes landscape maintenance, eco pond maintenance, road (pedestrian sidewalks and drive ways) maintenance, traffic light maintenance, etc.

・Cash and non-cash donation include community sponsorship and local industry development activities.

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 2015

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 2015. 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 2015 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 2015.

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 2015 verified is accurate, reliable and provides a fair and balanced representation of FENC sustainability activities in 01/01/2015 to 12/31/2015.

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 third 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 has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FENC may consider disclosing outcomes from direct two-ways engagements with stakeholders.

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.

Responsiveness

FENC has established policy and strategy statements in this report which respond to the material issues and to its stakeholders in a comprehensive and balanced manner.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCULSIONS, FINDINGS AND RECOMMENDATIONS

The report, FENC's CSR Report of 2015, 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 the goals and targets for each material aspect are recommended in future reporting.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000 Licensed Assurance Provider 000-8

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
30 May, 2016
WWW.SGS.COM

GP5008 Issue 4

7.2 GRI G4 Index

General Standard Disclosures

Indicator	Description	Chapter and Note	Pages
Strategy and Analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position)	Chairman's Message	5
G4-2	Provide a description of key impacts, risks, and opportunities	Chairman's Message, 1.4, 6.2.2	5, 22, 101
Organizational Profile			
G4-3	Report the name of the organization	About This Report, 6.1	1, 96
G4-4	Report the primary brands, products, and services	1.1.2, 6.1	15, 96
G4-5	Report the location of the organization's headquarters	1.1.2, 6.1	15, 96
G4-6	Report the number of countries and names of countries where the organization operates	1.1.2, 6.1	15, 96
G4-7	Report the nature of ownership and legal form	1.1, 6.1	12, 96
G4-8	Report the markets served	1.1.2, 6.1	15, 96
G4-9	Report the scale of the organization	1.1.1, 6.1, 6.2	14, 96, 99
G4-10	Report the total number of employees	4.1.1, 6.1	66, 96
G4-11	Report the percentage of total employees covered by collective bargaining agreements	4.3.1	73
G4-12	Describe the organization's supply chain	1.1.2, 6.1	15, 96
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	1.1.2, 6.1	15, 96
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization	1.4, 6.2.2	22, 101
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	1.5.2, 2.2.3, 6.2.2	28, 39, 101
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations	1.5.3	31

Indicator	Description	Chapter and Note	Pages
Identified Material Aspects and Boundaries			
G4-17	List all entities included in the organization's consolidated financial statements or equivalent documents	About This Report	1
G4-18	Explain the process for defining the report content and the Aspect Boundaries	1.5.2	28
G4-19	List all the material Aspects identified in the process for defining report content	1.5.2	28
G4-20	For each material Aspect, report the Aspect Boundary within the organization	1.5.2	28
G4-21	For each material Aspect, report the Aspect Boundary outside the organization	1.5.2	28
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	About This Report	1
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	1.5.2	28
Stakeholder Engagement			
G4-24	Provide a list of stakeholder groups engaged by the organization	1.5.3, 6.1.1, 6.2.5	31, 97, 109
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	1.5.1	28
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process	1.5.3	31
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	1.5.3	31

Indicator	Description	Chapter and Note	Pages
Report Profile			
G4-28	Reporting period (such as fiscal or calendar year) for information provided	About This Report	1
G4-29	Date of most recent previous report	About This Report	1
G4-30	Reporting cycle	About This Report	1
G4-31	Provide the contact point for questions regarding the report or its contents	About This Report	1
G4-32	Report the 'in accordance' option the organization has chosen	About This Report, 7.1, 7.2	1, 110, 111
G4-33	Report the organization's policy and current practice with regard to seeking external assurance for the report	About This Report	1
Governance			
G4-34	Report the governance structure of the organization, including committees of the highest governance body	1.2.3, 1.3.3	17, 20
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	1.3.3	20
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	1.3.3	20
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	1.3.3	20
G4-38	Report the composition of the highest governance body and its committees	1.2.3	17
G4-39	Report whether the Chair of the highest governance body is also an executive officer	1.2.3	17
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	1.2.3	17
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed and whether conflicts of interest are disclosed to stakeholders	1.2.3	17
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	1.3.1	19
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	1.3.1	19
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment	1.3.3	20
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	1.3.3	20
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics	1.3.3	20
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	1.3.3	20
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered	1.3.3	20
G4-49	Report the process for communicating critical concerns to the highest governance body	1.3.3	20
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	1.3.3	20
G4-51	Report the remuneration policies for the highest governance body and senior executives	4.1.3	68
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization	4.1.3	68
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals	4.1.3	68
G4-54	Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	4.1.3	68
G4-55	Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	4.1.3	68

Indicator	Description	Chapter and Note	Pages
Ethics and Integrity			
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	1.1, 1.2.4	12, 18
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	1.5.3	31
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	1.5.3	31

Specific Standard Disclosures

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Economic				
Economic Performance	Disclosures on Management Approach (DMA)		1.4.2, 1.4.3, 1.4.4, 4.2.3	23, 24, 25, 73
	G4-EC1	Direct economic value generated and distributed	1.1.1, 6.1, 6.2.1	14, 96, 100
	G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	1.4.5, 6.2.2	26, 101
	G4-EC3	Coverage of the organization's defined-benefit plan obligations	4.2.3	73
	G4-EC4	Financial assistance received from government	Total government subsidies in 2015： NT$ 5,341,000 (including subsidies for energy conservation NT$ 2,140,000, subsidies for employment of disabled NT$ 92,000, and other item of NT$ 3,109,000.)	
Procurement Practices	Disclosures on Management Approach (DMA)		1.4.2, 2.4	23, 44
	G4-EC9	Proportion of spending on local suppliers at significant locations of operation	2.4	44

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Environmental				
Materials	Disclosures on Management Approach (DMA)		3.3.1	58
	G4-EN1	Materials used by weight or volume	3.3.1	58
	G4-EN2	Percentage of materials used that are recycled input materials	3.3.1	58
Energy	Disclosures on Management Approach (DMA)		3.2.1, 6.2.2	49, 101
	G4-EN3	Energy consumption within the organization	3.2.1, 6.2.2	49, 101
	G4-EN4	Energy consumption outside of the organization	3.2.1, 6.2.2	49, 101
	G4-EN5	Energy intensity	3.2.1, 6.2.2	49, 101
	G4-EN6	Reduction of energy consumption	3.2.1, 6.2.2	49, 101
	G4-EN7	Reductions in energy requirements of products and services	2.2.3, 6.2.2	39, 101
	G4-CRE1	Building energy intensity	6.2.2	101
Water	Disclosures on Management Approach (DMA)		3.2.3, 6.2.2	55, 101
	G4-EN8	Total water withdrawal by source	3.2.3, 6.2.2	55, 101
	G4-EN9	Water sources significantly affected by withdrawal of water	3.2.3, 6.2.2	55, 101
	G4-EN10	Percentage and total volume of water recycled and reused	3.2.3, 6.2.2	55, 101
	G4-CRE2	Building water intensity	6.2.2	101
Biodiversity	Disclosures on Management Approach (DMA)		6.2.4	107
	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	6.2.4	107
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	6.2.4	107
	G4-EN13	Habitats protected or restored	6.2.4	107
	G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	No relevant issue.	

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Emissions	Disclosures on Management Approach (DMA)		3.2.2, 6.2.2	53, 101
	G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	3.2.2, 6.2.2	53, 101
	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	3.2.2, 6.2.2	53, 101
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	3.2.2, 6.2.2	53, 101
	G4-EN18	Greenhouse gas (GHG) emissions intensity	3.2.2, 6.2.2	53, 101
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	3.2.1, 6.2.2	49, 101
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Related substances are not used. This indicator is not applicable.	
	G4-EN21	NO_x, SO_x, and other significant air emissions	3.4.1, 6.2.2	59, 101
	G4-CRE3	Greenhouse gas emissions intensity from buildings	6.2.2	101
	G4-CRE4	Greenhouse gas emissions intensity from new construction and redevelopment activity	No new construction in 2015	
Effluents and Waste	Disclosures on Management Approach (DMA)		3.4, 6.2.2	59, 101
	G4-EN22	Total water discharge by quality and destination	3.4.2, 6.2.2	60, 101
	G4-EN23	Total weight of waste by type and disposal method	3.4.3, 6.2.2	60, 101
	G4-EN24	Total number and volume of significant spills	No relevant issue, 3.3	58
	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	No transport, import, export or treat hazardous waste. This indicator is not applicable.	
	G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	No relevant issue, 3.4.2	60

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Products and Services	Disclosures on Management Approach (DMA)		2.2.3, 3.5, 6.2.2	39, 62, 101
	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	2.2.3, 3.5, 6.2.2	39, 62, 101
	G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	3.3.2	58
Compliance	Disclosures on Management Approach (DMA)		1.4.1, 1.4.2, 6.1.1, 6.2.2	22, 23, 97, 101
	G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	1.4.1	22
Supplier Environmental Assessment	Disclosures on Management Approach (DMA)		2.4.1, 6.1.2	45, 98
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	2.4.1	45
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	2.4.1	45
Environmental Grievance Mechanisms	Disclosures on Management Approach (DMA)		1.5.3, 6.2.5	31, 109
	G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	1.5.3, 6.2.5	31, 109
Land Degradation, Contamination and Remediation	Disclosures on Management Approach (DMA)		6.2.4	107
	G4-CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations	6.2.4	107
Social - Labor Practices and Decent Work				
Employment	Disclosures on Management Approach (DMA)		4.1	66
	G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	4.1.2	67
	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	4.2.2	71
	G4-LA3	Return to work and retention rates after parental leave, by gender	4.2.2	71

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Labor/ Management Relations	Disclosures on Management Approach (DMA)		4.3	73
	G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4.3.2	73
Occupational Health and Safety	Disclosures on Management Approach (DMA)		4.5.1	79
	G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs	4.5.1	79
	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	4.5.2	83
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	4.5.1	79
	G4-LA8	Health and safety topics covered in formal agreements with trade unions	4.5.1	79
	G4-CRE6	Percentage of the organization operating in verified compliance with an internationally recognized health and safety management system	4.5.1	79
Training and Education	Disclosures on Management Approach (DMA)		4.4, 4.5.1	74, 79
	G4-LA9	Average hours of training per year per employee by gender, and by employee category	4.4.2, 6.2.1, 6.2.4	75, 100, 107
	G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	4.4.2, 6.2.4	75, 107
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	4.4.1	74
Supplier Assessment for Labor Practices	Disclosures on Management Approach (DMA)		2.4.1, 6.1.2	45, 98
	G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	2.4.1	45
	G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	2.4.1	45

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Labor Practices Grievance Mechanisms	Disclosures on Management Approach (DMA)		1.5.3, 4.3.2	31, 73
	G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	1.5.3, 4.3.2	31, 73
Social - Human Rights				
Freedom of Association and Collective Bargainings	Disclosures on Management Approach (DMA)		4.2.1, 4.3.1	70, 73
	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	4.3.1	73
Child Labor	Disclosures on Management Approach (DMA)		4.2.1	70
	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	4.2.1	70
Supplier Human Rights Assessment	Disclosures on Management Approach (DMA)		2.4.1, 6.1.2	45, 98
	G4-HR10	Percentage of new suppliers that were screened using human rights criteria	2.4.1	45
	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	2.4.1	45
Human Rights Grievance Mechanisms	Disclosures on Management Approach (DMA)		1.5.3, 4.2.2, 4.3.2	31, 71, 73
	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	1.5.3, 4.2.1	31, 70
Social - Society				
Local Communities	Disclosures on Management Approach (DMA)		3.6, 6.2.5	64, 109
	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	3.6, 6.2.5	64, 109
	G4-SO2	Operations with significant actual or potential negative impacts on local communities	3.6, 6.2.5	64, 109
	G4-CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project	FERD owns the land, no relevant issue.	

Aspect	Indicator	Indicator and Description	Chapter and Note	Pages
Anti-corruption	Disclosures on Management Approach (DMA)		1.2.4, 1.4.2, 1.5.3	18, 23, 31
	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	1.2.4	18
	G4-SO4	Communication and training on anti-corruption policies and procedures	1.2.4	18
	G4-SO5	Confirmed incidents of corruption and actions taken	1.5.3	31
Anti-competitive Behavior	Disclosures on Management Approach (DMA)		1.2.4	18
	G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No relevant issue.	
Compliance	Disclosures on Management Approach (DMA)		1.4.1, 1.4.2	22, 23
	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	1.4.1	22
Supplier Assessment for Impacts on Society	Disclosures on Management Approach (DMA)		2.4.1, 6.1.2	45, 98
	G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	2.4.1	45
	G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	2.4.1	45
Grievance Mechanisms for Impacts on Society	Disclosures on Management Approach (DMA)		1.5.3	31
	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	1.5.3	31
Social - Product Responsibility				
Customer Health and Safety	Disclosures on Management Approach (DMA)		6.2.3	106
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	6.2.3	106
	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	6.1.1, 6.2.2	97, 101
Compliance	Disclosures on Management Approach (DMA)		1.4.1, 1.4.2	22, 23
	G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	1.4.1	22

7.3 Response to Sustainable Development Goals, Guidance and Principles

UN Sustainable Development Goals

	Description	Chapter
Goal 5	Achieve gender equality and empower all women and girls	4.1, 4.2, 4.3, 4.4
Goal 6	Ensure availability and sustainable management of water and sanitation for all	3.2.3, 3.4.2, 5.2.3, 6.2.2
Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	2.1, 2.2, 3.5, 4.1, 4.2, 4.3, 4.5
Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	2.1, 2.2, 3.5, 6.2
Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	3.3, 3.4, 6.2
Goal 12	Ensure sustainable consumption and production patterns	2.2, 2.4, 3.2, 3.3, 3.4, 3.5, 4.5, 5.1, 5.2, 6.2
Goal 13	Take urgent action to combat climate change and its impacts	1.4, 6.2
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	3.4, 5.1
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	6.2
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	1.2, 1.4, 1.5

Guidance on Social Responsibility ISO 26000

	Description	Chapter
Organizational Governance	The system by which an organization makes and implements decisions in pursuit of its objectives.	1.2, 1.3
Human Rights	Due diligence	1.2, 1.4, 1.5, 2.4, 4
	Human rights risk situations	
	Avoidance of complicity	
	Resolving grievances	
	Discrimination and vulnerable groups	
	Civil and political rights	
	Economic, social and cultural rights	
	Fundamental principles and rights at work	
Labor Practices	Employment and employment relationships	4
	Conditions of work and social protection	
	Social dialogue	
	Health and safety at work	
	Human development and training in the workplace	
The Environment	Prevention of pollution	1.4, 3, 6.2
	Sustainable resource use	
	Climate change mitigation and adaptation	
	Protection of the environment, biodiversity and restoration of natural habitats	

	Description	Chapter
Fair Operating Practices	Anti-corruption	1.2, 1.4, 2.4
	Responsible political involvement	
	Fair competition	
	Promoting social responsibility in the value chain	
	Respect for property rights	
Consumer Issues	Fair marketing, factual and unbiased information and fair contractual practices	2.2, 2.3, 6.2.3
	Protecting consumers' health and safety	
	Sustainable consumption	
	Consumer service, support, and complaint and dispute resolution	
	Consumer data protection and privacy	
	Access to essential services	
	Education and awareness	
Community Involvement and Development	Community involvement	2.1, 2.4, 3.6, 4.1, 4.2, 4.4, 5, 6.2.5
	Education and culture	
	Employment creation and skills development	
	Technology development and access	
	Wealth and income creation	
	Health	
	Social investment	

Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies

Description	Chapter
Chapter I General Principles	Chairman's Message, FENC's Sustainable Development, 1.3
Chapter II Exercising Corporate Governance	1.2, 1.3, 1.5
Chapter III Fostering a Sustainable Environment	2.2, 3.2, 3.3, 3.4, 3.5, 6.2.2
Chapter IV Preserving Public Welfare	1.4, 2.2, 2.3, 2.4, 4.1, 4.2, 4.3, 4.4, 4.5, 5.1, 5.2, 6.2.3, 6.2.5
Chapter V Enhancing Disclosure of Corporate Social Responsibility Information	FENC's Sustainable Development, 1.3, 1.4, 1.5, 2.4, 7.1
Chapter VI Supplementary Provisions	1.5

Published by

Far Eastern New Century Corporation

Publisher

Douglas Tong Hsu

Directors

Johnny Shih, Peter Hsu, Y.H. Tseng, Eric Hu, K.S. Wu, Humphrey Cheng

CSR Committee Convener

Humphrey Cheng

CSR Committee Members

JH Ding, Tzu-Chieh Fang, Jianling Wang, Roy Wang, Mark Wang, Jerry Wang, Weiwen Wang, Lei Wang, Lapeng Wang, Vincent Wang, Huan-Ta Tien, Cliff Chu, Li-Hua Chu, Harry Jiang, Patrick Ho, Jack Wu, Benson Leu, Shenghan Lu, Zhanjun Li, Cheng Hua Lee, Hejun Li, Lin Li, Tony Lee, Carol Wang, Kunlung Shen, Allen Sha, Angus Chou, Amy Zhou, Chun Chieh Chou, Ying Zhou, Kenny Chou, Qiang Zhou, York Chou, Gilbert Yi, Daniel Lin, David Lin, Wen-Hsiung Lin, Chi-Feng Lin, Yushyuan Lin, Norman Lin, Peggie Lin, Anne Lin, Bi Hwang Lin, Isa Lin, Nina Chiu, Wei Jin, Chin-Kuei Hung, Shirley Shih, Fengqi Shi, WeiMing Hu, Yiqin Xia, Eric Sun, Amos King, Simon Wong, Rodge Ma, Y.J. Lou, Andy Lou, Sam Chang, Stanley Chang, Steve Chang, Rex Chang, Tasha Chang, Hui-Long Chang, Weihua Zhang, Jassie Zhang, Kavin Chang, Shuangjun Cao, David Chuang, Doris Chuang, Liangwei Hsu, Xin Xu, Jiingchyi Hsu, Aifang Xu, David Chen, Simon Chen, Liang-Yi Chen, James Chen, Chun-Long Chen, Leo Chen, Andy Chen, Ching-Feng Chen, Zhensheng Chen, Titan Chen, Chen Lu, Nico Peng, Jason Peng, Chunsong Jing, Hwa-Horng Tseng, Tsengen Tseng, Tsung Chieh Ho, Bruce Huang, Simon Huang, Duke Huang, Alan Huang, ZhongPing Yang, Alan Yang, Ming-Mou Yang, Terry Yang, Yu-Yuan Yang, Luke Yang, Michelle Yeh, Chun-Hui Jan, Shaoping Shou, Teresa Liao, Arnold Liao, Jason Chao, Wilson Liu, CH Liu, Wei Liu, Louie Liu, Max Ou, Andrew Tsai, Jung-Kwai Tsai, Martin Cheng, Yen Ping Cheng, I-Hsiung Li, YM Lai, James Chu, Yupin Tai, Tzu Wen Hsieh, Rock Chien, Wen Chih Yen, Charles Wei, Mark Wei, Maggie Lo, FT Lo, Chichao Lo

Executive Unit

Corporate Staff Office

Allen Sha, Julia Chao, Amebr Huang, Kelly Huang

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