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About This Report

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

Significance of Report Subjects to FENC

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

Reporting Period



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

[FENC Corporate Sustainability Website](#) 

Report Preparation Unit and Contact Information

Report preparation unit: Corporate Staff Office

Contact: Corporate Staff Office Mr. Allen Sha or Ms. Julia Chao


 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.

Reporting Guidelines

1. Corporate Sustainability Performance:

The reporting is in accordance with the Global Reporting Initiative (GRI) Universal Standard 2021 and has been assessed by third-party verification as AA1000 Assurance Standard v3 Type I moderate level. For details, please refer to [7.5 Assurance Statement](#) . The reporting also referenced Task Force on Climate-related Financial Disclosures (TCFD), Sustainability Accounting Standards Board (SASB) on Chemicals, Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, ISO 26000 Guidance on Social Responsibility, Exposure Draft IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and Exposure Draft IFRS S2 Climate-related Disclosures.

2. Corporate Financial Performance:

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

Scope of Disclosure

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

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

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

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Scope of 2022 FENC Sustainability Report

Far Eastern New Century Corporation (FENC)	<ul style="list-style-type: none"> Headquarters Kuanyin Chemical Fiber Plant 	<ul style="list-style-type: none"> Far Eastern Group R&D Center Kuanyin Dyeing and Finishing Plant 	<ul style="list-style-type: none"> Hsinpu Chemical Fiber Plant Hukou Mill
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC)	<ul style="list-style-type: none"> Plant 1 Plant 2 	Far Eastern Apparel (Suzhou) Co., Ltd. (FEAZ)	
Far Eastern Fibertech Co., Ltd. (FEFC)		Far Eastern Polytex (Vietnam) Ltd. (FEPV)	<ul style="list-style-type: none"> Polyester Plant Knitting and Dyeing Plant
Oriental Green Materials Limited (OGM)		Far Eastern Apparel (Vietnam) Ltd. (FEAV)	
Oriental Petrochemical (Shanghai) Corp. (OPSC)		Far Eastern New Apparel (Vietnam) Ltd. (FENV)	
Far Eastern Industries (Shanghai) Ltd. (FEIS)		Far Eastern Ishizuka Green PET Corporation (FIGP)	
Wuhan Far Eastern New Material Ltd. (WHEF)		APG Polytech, LLC	
Oriental Industries (Suzhou) Ltd. (OTIZ)		Far Eastern Resources Development Co., Ltd. (FERD)	
Far Eastern Industries (Wuxi) Ltd. (FEIW)		Far Eastern Memorial Foundation	
Far Eastern Dyeing & Finishing (Suzhou) Ltd. (FEDZ)		Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation	

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

Corporate Sustainability Websites of Companies under Far Eastern Group



**Far Eastern
New Century**



Asia Cement



**Far Eastern
Department Stores**



**U-Ming
Marine Transport**



**Oriental Union
Chemical**



**Pacific SOGO
Department Stores**
(Chinese Website)



Everest Textile



**Far Eastern
International Bank**



**Far EasTone
Telecommunications**



**Click the LOGO to
Enter the Website**

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

Information for Readers

The chapters on [Enabling Unlimited Innovation](#), [Navigating a Green Future](#) and [Creating Inclusive Society](#) correspond to Production Business; [Advocating Balanced Coexistence](#) corresponds to Property Development Business; the remaining chapters cover both Businesses.

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

Chapter	Detail
Enabling Unlimited Innovation	Corrections to 2021 FENC Sustainability Report: Funds for R&D and Innovation
Navigating a Green Future	<p>Corrections to 2021 FENC Sustainability Report: Energy consumption, water withdrawal and water consumption, water discharge</p> <p>Updates on previously disclosed data and reference factors:</p> <ul style="list-style-type: none"> The 2021 GHG emissions were updated to reflect the data verified by external audits. The conversion factor for GHG emissions is updated to reflect the latest version. Estimates were updated to reflect the actual data.
Creating Inclusive Society	<p>Corrections to 2021 FENC Sustainability Report:</p> <ul style="list-style-type: none"> Salary comparison by gender, application of parental leave and returning statistics in Taiwan, training for safety and health personnel, statistics on occupational injury, the number and purchase amount percentage of suppliers signing "Supplier Corporate Social Responsibility Commitment Statement", percentage of procurement from local suppliers, procurement of main raw material
Cultivating Compassionate Bonds	Corrections to 2021 FENC Sustainability Report: Amount invested in social engagement and percentage to profits after tax
Advocating Balanced Coexistence	<p>Updates on reference factors:</p> <ul style="list-style-type: none"> The conversion factor for GHG emissions is updated to reflect the latest version.

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Message from the Chairman



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

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

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

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

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

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

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

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

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

Chairman of Far Eastern New Century Corporation

Douglas Tong Hsu
徐旭東

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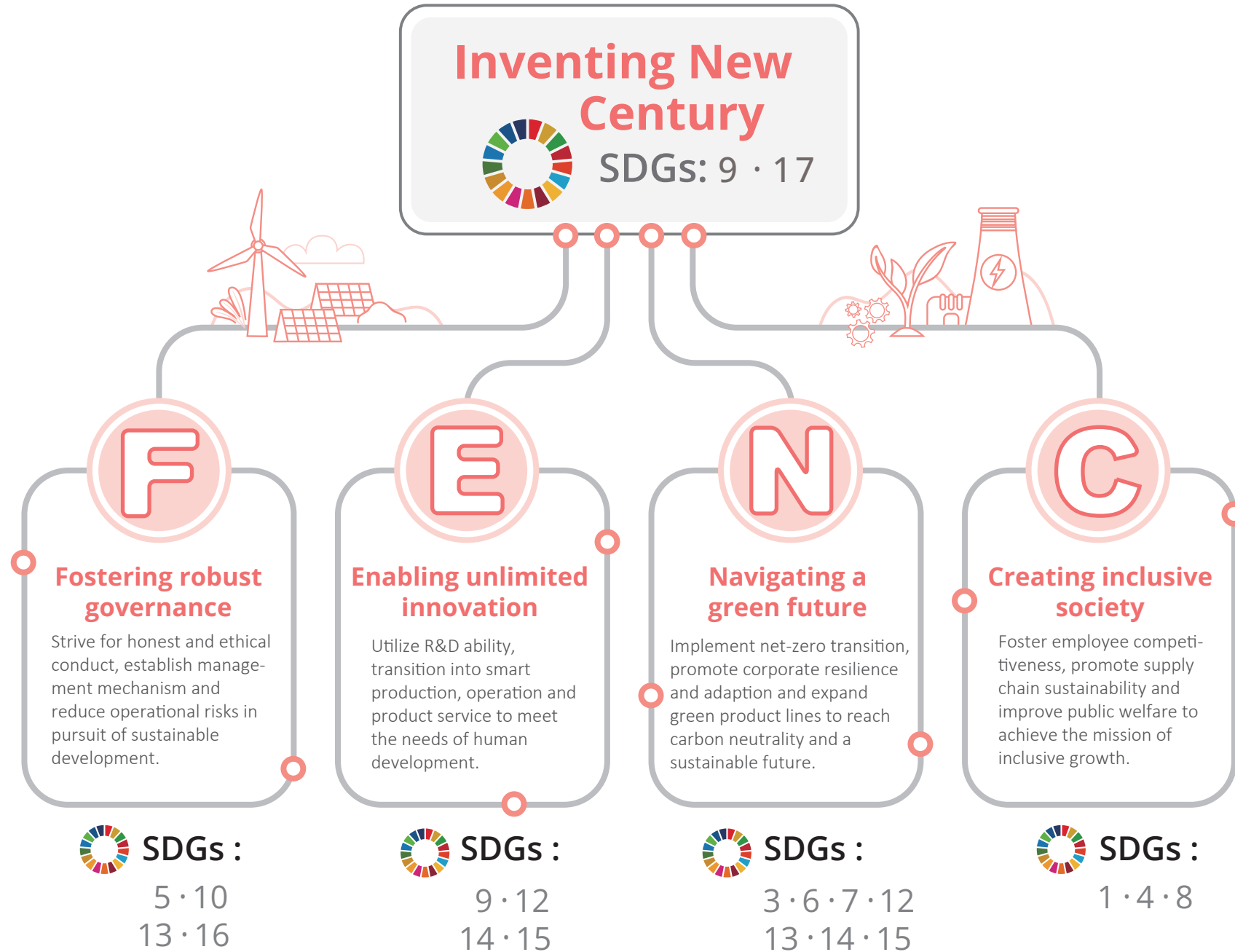
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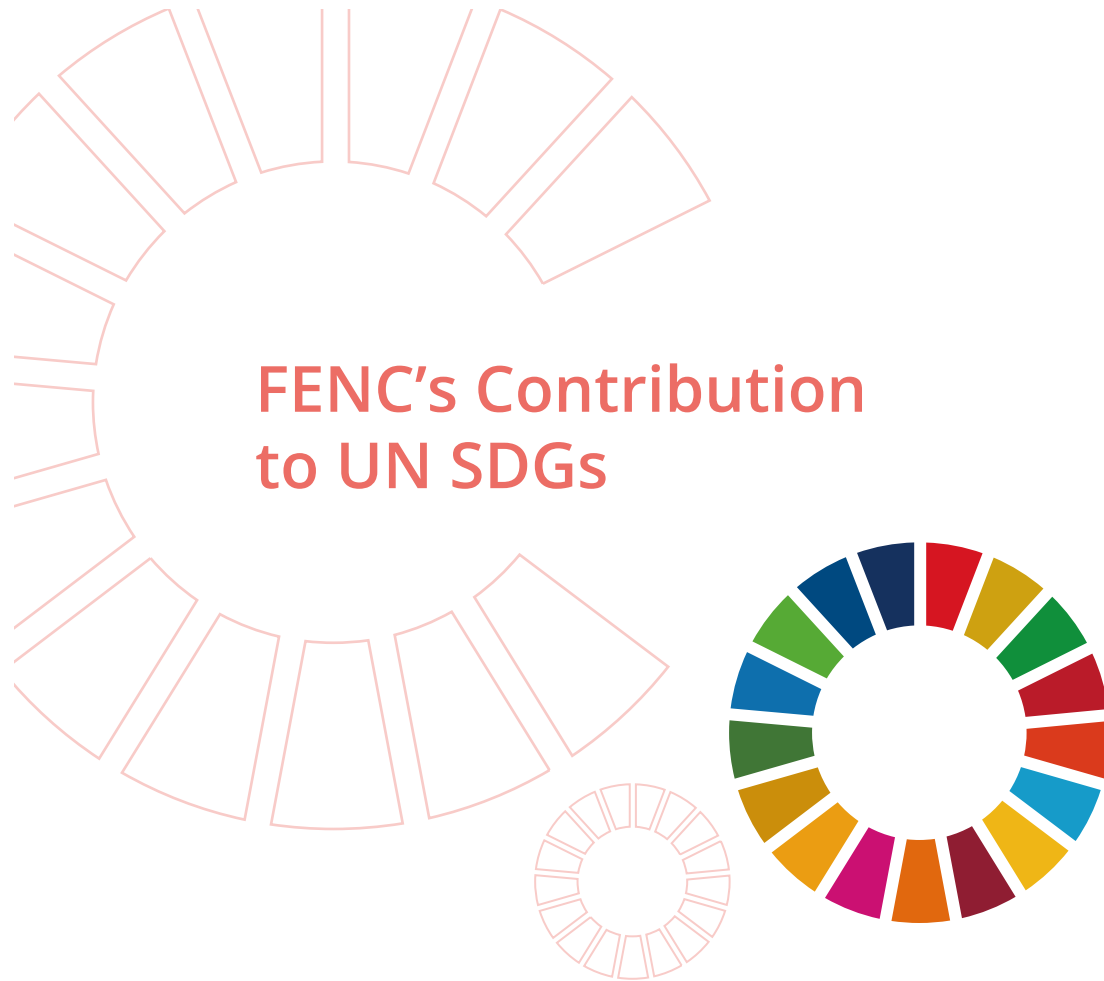
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1. FENC makes regular cash donations to not-for-profit organizations and participates in outreach programs for the disadvantaged, devoting NT\$110 million in social engagement. [P.141](#)
2. FEPV made donations to support 5,444 children orphaned due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



1. FERD held ten charity pop-up markets. [P.157](#)
2. APG Polytech donated Thanksgiving feasts. [P.141](#)



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



1. FENC offered 119 ESG Series courses, accumulating 10,620 in the attendance count. [P.121](#)
2. Asia Eastern University of Science and Technology established the Malaysia High-Tech Talent Incubator. [P.146](#)
3. The 14th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. [P.147](#)
4. Y. Z. Hsu Innovation Forum generated approximately 5,800 views from the online live stream and 960,000 impressions from online coverages. [P.148](#)



1. Comprehensive deputy and family care leave systems increase female employees' willingness to return to work after maternity leave with an 83% retention rate. [P.110](#)
2. FENC values gender equality with a 66% increase in female managers in the past decade. [P.110](#)
3. FENC promoted the Maternal Health Care Program. [P.133](#)



1. Plant 2 of OPTC received the third-party verification for the ISO 46001 water efficiency management systems. [P.87](#)
2. The dyeing and finishing plant of FEPV conserved 596,848 kiloliters of water annually by recycling the effluent through the reverse osmosis purification system. [P.88](#)
3. Kuanyin Dyeing and Finishing Plant conserved 45,828 kiloliters of water annually by installing five new high-temperature low-liquor ratio dyeing machines with smart and speed control. [P.88](#)



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

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



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



1. FENC conducted human rights due diligence with mitigation and remediation measures. [P.11](#)



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



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



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



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



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



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



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

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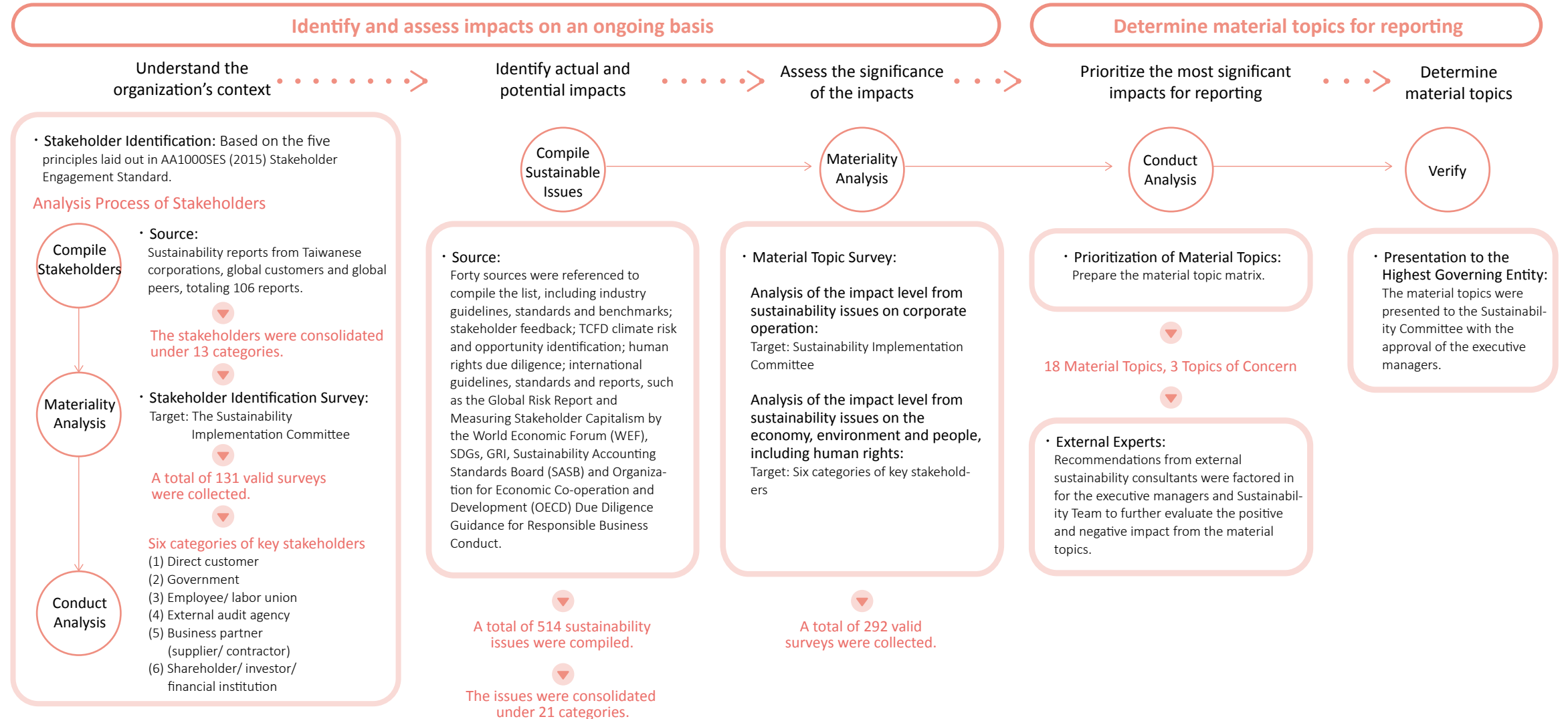
Identification of Stakeholders and Material Topics

Identification of Materiality

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

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

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



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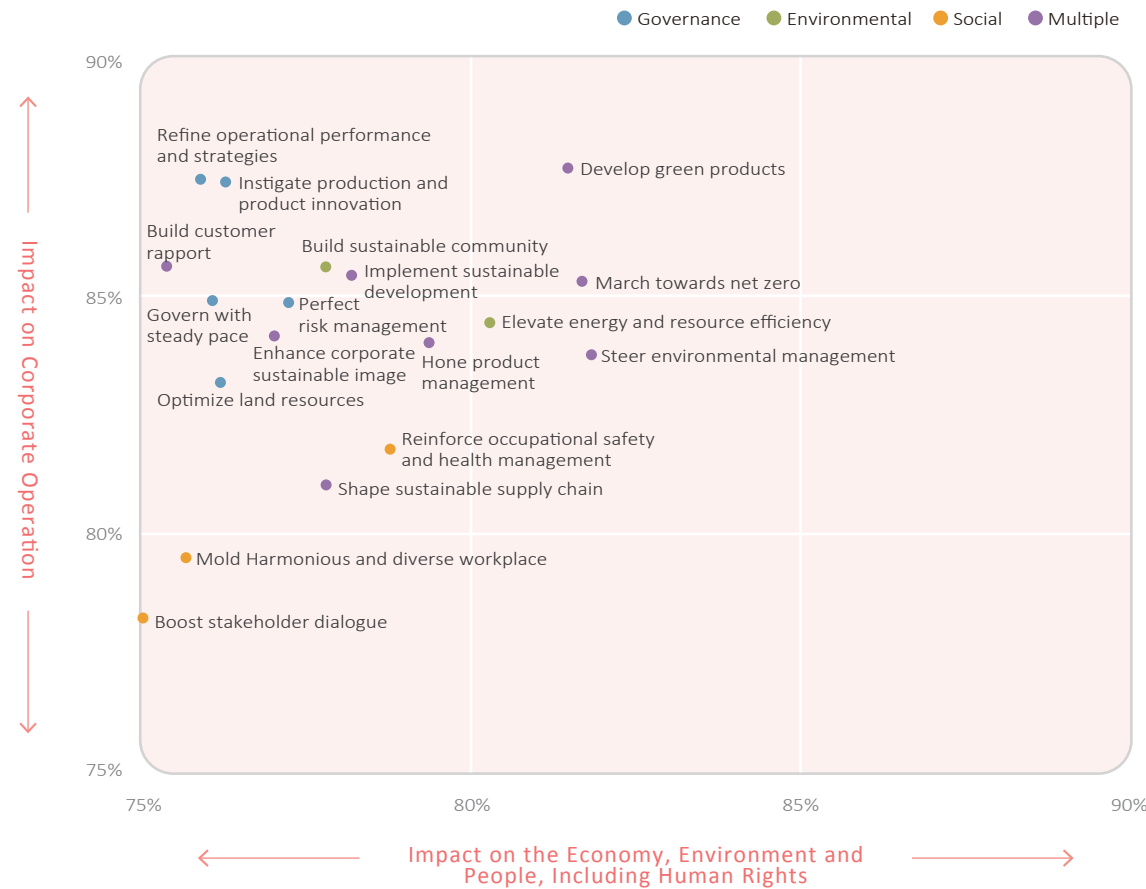
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FENC applied the principle of double materiality proposed by the European Commission and identified 18 material topics with significant impact regarding corporate operation as well as the economy, environment and people, including impacts on human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

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

Matrix of FENC Material Topics



Note:

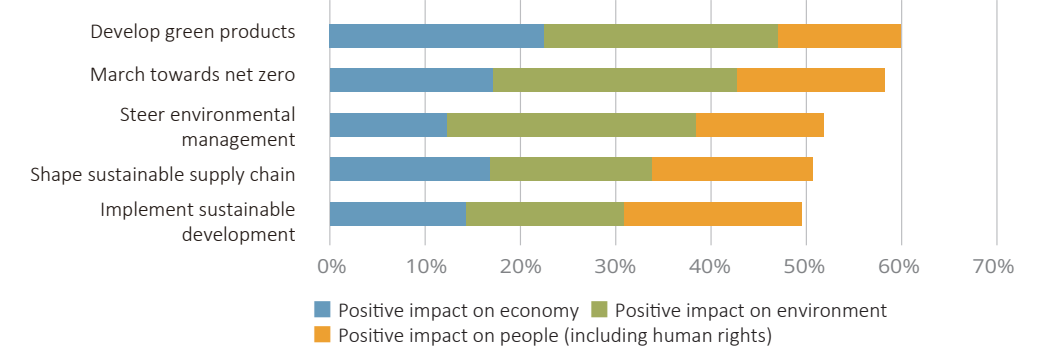
1. The threshold for materiality is 75%.
2. The significance of each material topic to FENC and management guidelines will be elaborated in each chapter. Please refer to [7.1 Sustainability Issues Corresponding Table](#).
3. Three topics of concern are also identified. They are “Foster employee career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

FENC Sustainability Survey

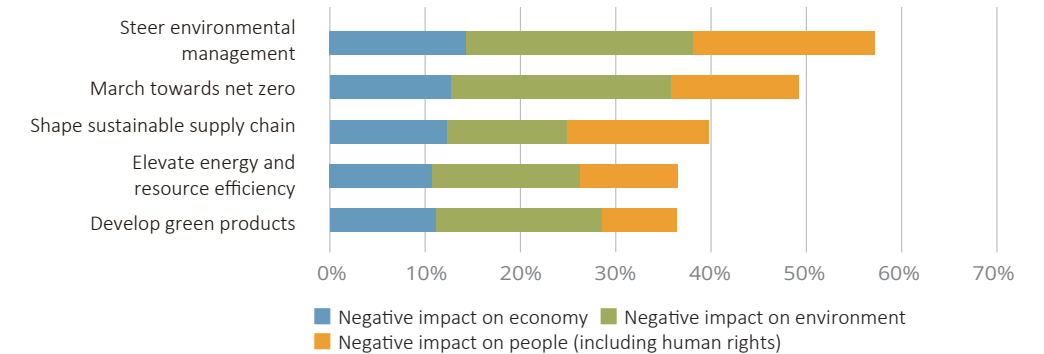
Positive and Negative Impact and Scope of Value Chain Impact

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

Top Five Issues with Positive Impact



Top Five Issues with Negative Impact



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

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

Note: For the value chain impact assessment posed by material topics, please refer to [7.1 Sustainability Issues Corresponding Table](#).

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Boosting Stakeholder Dialogue

With integrity and transparency as the guiding principles, FENC utilizes multiple channels of disclosure and stakeholder engagement to strengthen the relationships. Throughout the process, issues significant to stakeholders are documented, and Company policies are modified accordingly to respond to their expectations. Progress of stakeholder engagement is reported to the Board periodically. The 2022 report was presented to the Board on November 9, 2022 by the convener of the Sustainability Committee.



Six categories of key stakeholders

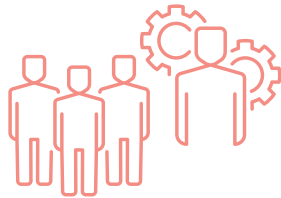
33,968 times
604,993 participants



Employees / Labor Union

Significance to FENC

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



6,260 times
305,818 participants

Issues of Concern

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

Communication Channel and Frequency

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

Conducting Human Rights Due Diligence with Mitigation and Remediation Measures

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

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



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Direct Customers

Significance to FENC

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



16,333 times
116,841 participants

Issues of Concern

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

Communication Channel and Frequency

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

2022 Raw Material Operational Excellence Award from lululemon

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

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

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



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Government

Significance to FENC

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



479 times
2,976 participants

Issues of Concern

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

Communication Channel and Frequency

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

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

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

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

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

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



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Business Partners (Suppliers / Contractors)

Significance to FENC

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



10,470 times
174,215 participants

Issues of Concern

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

Communication Channel and Frequency

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

Enhancing Supplier Knowledge and Skills with Corporate Carbon Reduction Workshop

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

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



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External Audit Agency

Significance to FENC

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



91 times
523 participants

Issues of Concern

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

Communication Channel and Frequency

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

FDA Approval on the Recycling and Upcycling of Production Technology

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

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

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



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Shareholder / Investor / Financial Institution

Significance to FENC

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



335 times
4,620 participants

Issues of Concern

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

Communication Channel and Frequency

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

Answering FSC's Call for Virtual Shareholder Meetings

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

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

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

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



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Contact and Grievance Channel

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

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

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

Grievance Channel and Procedure for Issue-Specific Claims

Regulatory Compliance and Anti-Corruption



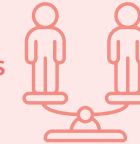
Process

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

Channel

- ✉️ Audit Committee email: auditcommittee@fenc.com 🗨️
- ✉️ Audit Department email: feaudit@fenc.com 🗨️
- ✉️ Legal Compliance email: legalcompliance@fenc.com 🗨️

Labor and Human Rights



Process

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

Channel

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

Customers and Products



Process

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

Channel

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

Environment



Process

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

Channel

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

2022 Claims and Outcome

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

Employee Benefits
23

1-16. FEPV – Knitting and Dyeing Plant

Twelve claims were filed regarding the comfort of dining and working areas and four regarding the vacation policy. All cases were closed after the issues were thoroughly discussed.

17-21. FENV

Five claims were filed regarding the comfort of dining and working areas. All cases were closed after the issues were thoroughly discussed.

22-23. FENC

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

Salary
5

1. FEPV – Knitting and Dyeing Plant

Employees raised questions regarding the salary calculation. The case was closed after the questions were thoroughly discussed and explained.

2-3. FENV

Employees raised questions regarding the salary adjustment and payroll schedule. The case was closed after the questions were thoroughly discussed and explained.

4-5. FENC

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

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Enhancing Sustainable Corporate Image

2022 Constituent of Sustainability Indexes



MSCI ESG Leaders Indexes



FTSE4Good Emerging Indexes

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

Recognitions from 2022 Sustainability Ratings

Taiwan Corporate Sustainability Awards (TCSA)

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

First Among Traditional Manufacturing

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



Global Corporate Sustainability Awards (GCSA)

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



Asia Responsible Enterprise Awards (AREA)
Most Awarded

- Corporate Sustainability Reporting Category
- Corporate Governance Category
- Investment In People Category
- Circular Economy Category

2022 Corporate Governance Evaluation Top 5%

Five Consecutive Years



Global Views Monthly CSR & ESG Award

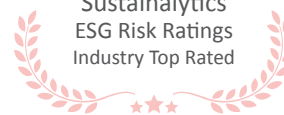
- First Prize at Circular Sustainability
- Model Award at Manufacturing Industry



CDP

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

Sustainalytics ESG Risk Ratings Industry Top Rated



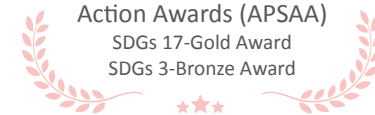
Ecovadis Silver Medal



CommonWealth Magazine Excellence in Corporate Social Responsibility Award Large Enterprises

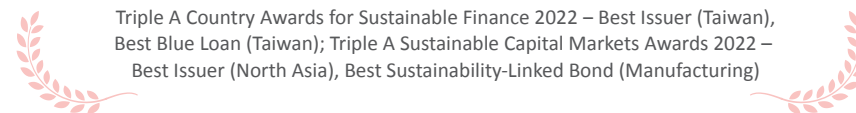


Asia-Pacific Sustainability Action Awards (APSAA) SDGs 17-Gold Award SDGs 3-Bronze Award

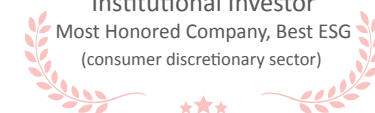


The Asset

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



Institutional Investor Most Honored Company, Best ESG (consumer discretionary sector)



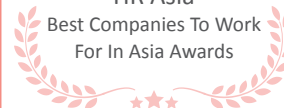
Taiwan Corporate Sustainability Awards (TCSA) Corporate Sustainability Lifetime Achievement Award

Chairman of FEG

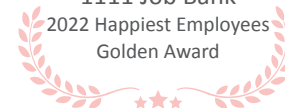
Douglas Tong Hu 涂旭東



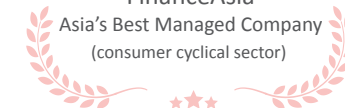
HR Asia Best Companies To Work For In Asia Awards



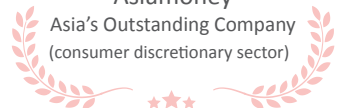
1111 Job Bank 2022 Happiest Employees Golden Award



FinanceAsia Asia's Best Managed Company (consumer cyclical sector)



Asiamoney Asia's Outstanding Company (consumer discretionary sector)



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2022 March 25

FENC was invited to the SDGs International Forum held by the CommonWealth magazine. The theme of the forum was eco-fashion. Judy Lee, Acting President of Textile Business, spoke on behalf of the Company on the subject Far Eastern's new fashion economy model. She shared the eco-fashion concept and stressed the green supply chain as its core. FENC has been supplying the major fashion brands with sustainable materials through non-stop green innovations and sharing the responsibility of protecting the environment. As the green wave sweeps the world, FENC focuses on creating sustainable values through the circular economy, building eco-fashion as Far Eastern's new economic model.



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

2022 March 28

The Global Views Monthly interviewed K.S. Wu, President of Petrochemical Business, and Donald Fan, Acting President of Polyester Business, who made two key points during the interview. First, sustainability started flowing through FENC's DNA as early as the oil crisis half a century ago. It prompted FENC to take actions towards energy conservation by encouraging employees to create proposals tailored to their industry characteristics and applying them to the production process. The energy and carbon reduction efforts have been further enhanced in recent years while the Company embraces artificial intelligence. Second, as the world marches towards net zero, FENC has been channeling its R&D momentum towards recycling technologies, developing green products with waste collected from the land, ocean and air. FENC has successfully turned waste PET bottles, textiles, ocean plastics and even industrial exhaust into raw materials for new products, significantly cutting the product carbon footprint.



Source: Global Views Monthly

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

2022 August 4

The National Yang Ming Chiao Tung University and Global Views Monthly co-hosted the ESG Enterprise Technology Leadership Seminar. A total of 64 participants, among whom many corporate executives, attended the event. Humphrey Cheng, President of Corporate Management, spoke during the seminar on Leading Green Transformation with Circular Economy and shared FENC's experience in integrating sustainable development with its core strengths, and how a traditional textile manufacturer blossomed into the leader in green manufacturing. FENC dived into the recycling industry in 1988. Despite early losses, the Company persisted with a conviction in environmental sustainability and reusing recycled resources. FENC has spent over 30 years developing the circular economy, helping build the recycling system in Taiwan and internalizing the recycling technology as its core capability. Such ability has been driving product evolution and perpetuating its sustainable business model.



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

2022 June 24 to 25

FENC took part in the first ESG expo in Taiwan – the 2022 ESG Summit. The Company took the opportunity to showcase its ESG targets and performance. Aside from demonstrating the comprehensive recycling and remanufacturing technologies, the Company also provided innovative solutions to the recycling of waste textile and industrial gas. FENC's sustainability strategies are holistic, including aligning with the world's focus on net zero with low-carbon transition; providing comprehensive benefits and a happy workplace to cultivate talents; embodying core corporate values by issuing sustainable financial products; engaging communities and society through marathon events. During the expo, FENC presented the recycling and remanufacturing process as well as the products through 3D installations. The audience also got to inspect and repair the pipelines through the immersive VR experience. Humphrey Cheng, President of Corporate Management, presented FENC's recycling technologies and ESG implementations to demonstrate the Company's determination and achievement in sustainable development, hoping to create lasting influence.



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