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

Inventing New Century

2023 Sustainability Report

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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 11th edition, which discloses corporate sustainability performance from 2023.

Significance of Report Subjects to FENC

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

Reporting Period

This report was issued in August 2023 with the reporting period spanning from January 1, 2023 to December 31, 2023. The content encompasses specific actions and quantitative data on the sustainability performance at FENC regarding economics, governance, society and environment. For past sustainability performances, please refer to FENC's sustainability website.

FENC Corporate Sustainability Website

Reporting Guidelines

1. Corporate Sustainability Performance:

The reporting is in accordance with the Global Reporting Initiative (GRI) Universal Standard 2021 and has been assessed by third-party verification as AA1000 Assurance Standard v3 Type 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 and Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

2. Corporate Financial Performance:

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

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Scope of Disclosure

FENC has diversified businesses ranging from production, property development and investment. The scope of the 2023 FENC Sustainability Report encompasses 26 FENC sites, which is identical to that from the previous year. The report discloses 98% of the revenues on the 2023 consolidated statement. The scope of the disclosure for each Business is described as follows:

1. Production Business:

With materiality in mind, subsidiaries of the Production Business covered within the report are those reaching NT$2 billion in annual revenues (see note). The combined disclosure accounts for 98% of the 2023 revenues from the Production Business.

2. Property Development Business:

FERD, a subsidiary of FENC, develops and manages the Company's real estate for investment purposes. Please refer to Advocating Balanced Coexistence for details.

3. Investment Business:

The primary targets of investment at FENC are the listed companies under Far Eastern Group (FEG). These companies have published their own reports on sustainability performance. Please refer to the corresponding sustainability websites under FEG for details.

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

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Scope of 2023 FENC Sustainability Report

Far Eastern New Century Corporation (FENC)	• Headquarters	• Far Eastern Group R&D Center	• Hsinpu Chemical Fiber Plant
	• Kuanyin Chemical Fiber Plant	• Kuanyin Dyeing and Finishing Plant	• Hukou Mill
Oriental Petrochemical (Taiwan) Co., Ltd. (OPTC) • Plant 1 • Plant 2		**Far Eastern Apparel (Suzhou) Co., Ltd. (FEAZ)**	
Far Eastern Fibertech Co., Ltd. (FEFC)		**Far Eastern Polytex (Vietnam) Ltd. (FEPV)** • Polyester Plant • Knitting and Dyeing Plant	
Oriental Green Materials Limited (OGM)		**Far Eastern Apparel (Vietnam) Ltd. (FEAV)**	
Far Eastern Industries (Shanghai) Ltd. (FEIS) • Petrochemical Business • Polyester Business		**Far Eastern New Apparel (Vietnam) Ltd. (FENV)**	
		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**	

Corporate Sustainability Websites of Companies under Far Eastern Group

Far Eastern New Century | Asia Cement | Far Eastern Department Store | U-Ming Marine Transport | Orientral 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:
1. The companies are listed in chronological order of their establishment.
2. The link to each company's sustainability website may change. Please use the link provided on the company's official website.

Information for Readers

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

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

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

Chapter	Detail
Navigating a Green Future	Corrections to 2022 FENC Sustainability Report: • energy consumption, GHG emissions Updates on estimates to actual data: • carbon quotas and emissions of FEIS Updates on previously disclosed data and reference factors: • Updates on calculation methods for production capacity
Creating Inclusive Society	Corrections to 2022 FENC Sustainability Report: • application of parental leave and returning statistics in Taiwan, human resource statistics, number and rate of new employee hires, number and rate of employee turnover, average number of training hours and training days of regions, average number of training hours of ranking and gender, the number and purchase amount percentage of suppliers signing "Supplier Corporate Social Responsibility Committee Statement"

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Message From the Chairman

Chairman of Far Eastern New Century Corporation

Douglas Tong Hsu

徐旭東

The world was rattled by political and economic volatility in 2023. With Russia and Ukraine still locked in battle, the geopolitical tension was escalated to a new height by the conflict between Israel and Hamas. Aggressive interest rate hikes by major central banks impeded consumer spending as the effects of trade barriers and climate change continued in a downward spiral. The Economic Outlook Report published by the International Monetary Fund (IMF) in January 2024 shows the 2023 global economy grew at the pace of 3.1%, down by 0.4% from 2022. Amid these severe challenges, FENC is treading steadily, bolstering the bedrock on which its sustainable operation flourishes with agility in its business model and strategies. Looking into the future, three challenges lie ahead of us. To prevail, we must stay mindful of external changes and prepare to strike pre-emptively. The first challenge to overcome is the economic environment. According to the IMF, the forecast for 2024 is clouded with uncertainties, overcast by the real estate crisis in mainland China, fluctuations in commodity prices, geopolitical fragmentation and shifts in international monetary policies. On the political front, 2024 is marked by a record number of elections that are set to alter the course of economic policies, diplomatic relations and global cooperation. We must observe closely and respond accordingly.

The second challenge is brought by the race towards net zero. Worsening climate conditions prompted the world to legislate net zero 2050 into laws, including Taiwan, which enacted the Climate Change Response Act in 2023. In the European Union, the transitional phase of the Carbon Border Adjustment Mechanism has started. Operating with a price tag on carbon emissions and a supply chain disrupted by the climate change and extreme weather patterns, businesses are faced with a precarious path. To excel, corporations should seek aggressive actions towards decarbonization, transforming the challenge into strength in order to take the lead in the race to net zero.

The third challenge arrives with the rise of AI. As the world of technology leaps at an unprecedented pace, it is vital to embrace AI as a competitive edge. According to McKinsey & Company, the economic potential of AI could reach US$25.6 trillion, surpassing a quarter of the world's GDP. In other words, regardless of the industry, the impact will be felt. We must embody a digital mindset, harnessing AI and other digital innovations to address challenges derived from emerging technologies.

FENC is a multi-national conglomerate. Anchored in Taiwan, its operation arms are spread across mainland China, Japan, Vietnam, Malaysia, the Philippines and the U.S., forming robust supply chains in Asia and the American continent. Mitigating impacts from fluctuating raw material prices and diversifying risks in regional operation with a vertically integrated and agile production, sales and distribution network, FENC is well prepared for the economic challenges.

To tackle climate issues, FENC has set short, medium and long-term carbon reduction targets while aligning itself with international standards. The year 2023 was the year that FENC released its first TCFD Report. It was also the year that FENC incorporated an internal carbon pricing mechanism, taking carbon reduction performance into consideration when making investment decisions. Determined to advance the circular economy, FENC has engineered recycling and remanufacturing technologies that transform waste from the land, ocean and air, working with major brands to create a green business model.

To keep pace with the explosive growth of AI applications, FENC has readied itself with an extensive set of digital strategies, integrating AI throughout the production, sales and administrative operations. Specifically, FENC is building smart factories that incorporate smart drone inspection and logistics management systems as well as quality forecasting and energy management platforms. Meanwhile, we are taking full advantage of generative AI, creating an internal knowledge base and AI-assisted decision-making system, setting FENC apart from the competition with technological prowess.

FENC was the recipient of the National Sustainable Development Award in 2023. In addition, the year brought FENC the fourth consecutive Top Ten Taiwanese Companies Sustainability Model Award, the highest honor from Taiwan Corporate Sustainability Awards, and for the fifth consecutive year, FENC ranks among the top 5% in the Corporate Governance Evaluation. FENC also ranked fifth among the companies listed on the Taiwan Stock Exchange with 4.1 in FTSE Russell's ESG score and among the top 3% in Sustainalytics' ESG risk rating for the global chemicals industry.

Aligning growth strategies with the evolving trends, FENC braces itself for the future with an extensive production network, the determination to reach net zero and a competitive stance through the power of AI. Standing upon the time-tested bedrock cultivated for over 70 years, we are charting a blueprint for sustainable growth, taking strides towards the vision, FENC's centennial.

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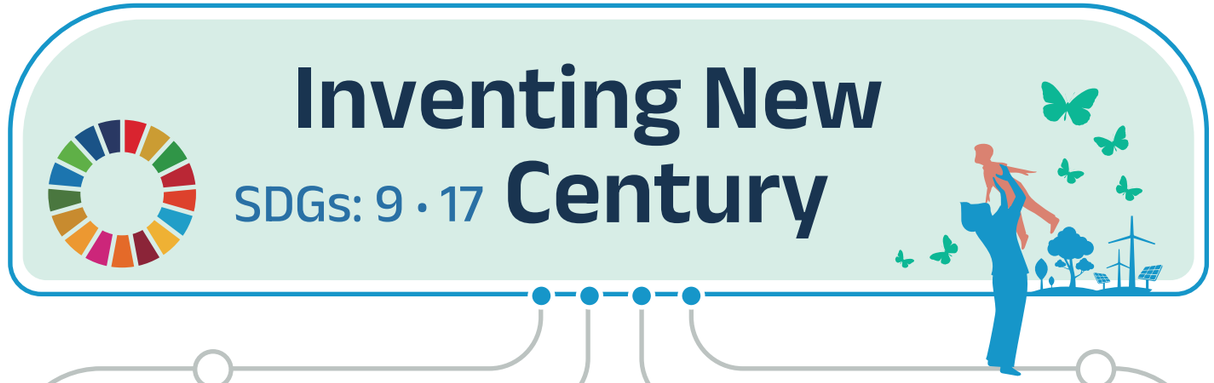
Sustainability Strategy Blueprint



F — Fostering robust governance

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

SDGs : 5 • 10 13 • 16

E — Enabling unlimited innovation

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

SDGs : 9 • 12 14 • 15

N — Navigating a green future

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

SDGs : 3 • 6 • 7 • 12 13 • 14 • 15

C — Creating inclusive society

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

SDGs : 1 • 4 • 8

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FENC's Contribution to UN SDGs

1 NO POVERTY

1. FENC makes regular cash donations to not-for-profit organiz ations and participates in outreach programs for the disadvantaged, devoting NT$80 million in social engagement. P.133
2. OGM donated scholarships to disadvantaged students in ten junior high and elementary schools in the remote areas in Guanyin and Xinwu Districts, Taoyuan City. P.135
3. FENV donated new year gifts to low-income households and households near the poverty line in Bình Phước Province, Vietnam. P.135

2 ZERO HUNGER

1. FERD held a Christmas charity market. P.150
2. APG Polytech donated Thanksgiving feasts. P.135

3 GOOD HEALTH AND WELL-BEING

1. Hsinpu Chemical Fiber Plant implemented a bonus system to encourage zero-occupational disaster hours with a total of NT$1,017,912 awarded in 2023. P.123
2. FENC Classic Marathon drew over 4,000 runners, who were invited to donate to the "Love for the Elderly" campaign. P.134

4 QUALITY EDUCATION

1. The Transformative Magic of Circularity, a free on-campus environmental education program co-developed with B Corporations, benefited 2,204 students through 42 sessions as of the end of January 2024. P.30
2. The USR Program co-hosted with Yuan Ze University drew 266 students in participation. P.139
3. The 15th Taiwan Young Student Physicists' Tournament helps improve English debate and physics skills among youths in Taiwan. P.139

5 GENDER EQUALITY

1. FENC engaged in sexual harassment prevention training with key case analysis. P.112
2. FENC values gender equality with a 74% increase in female managers in the past decade. P.99

6 CLEAN WATER AND SANITATION

1. FENV and FEAV installed the water purification system for Tan Hoa Elementary School, providing healthy and hygienic environment for students. P.134

7 AFFORDABLE AND CLEAN ENERGY

1. FENC installed approximately 18.6 MW of solar power generators, purchased 160 GWh of renewable electricity and used a total of 180 GWh of renewable electricity. P.77
2. The Kanto Plant of FIGP purchased renewable electricity and reached RE100. P.78

8 DECENT WORK AND ECONOMIC GROWTH

1. FENC has been listed on the Taiwan Stock Exchange for 56 years, with annual profits and dividends. P.37
2. Mid-level managers and above may participate in the employee stock ownership plan with 30% contribution from the Company. P.104
3. FENC issued a total of 20 sustainable financial products, most of which are the first in Asia or Taiwan. As of the end of 2023, the products have raised over NT$60 billion. P.52

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

1. FENC devoted NT$1,040 million in forward-looking R&D. P.58
2. FENC received 912 patent approvals to date. P.58
3. FENC won the Red Dot Design Award in Germany for its fusion of the proprietary 3D weaving technology, rPET materials made of recycled waste gas and the water-conserving nylon production technique. P.22
4. Multiple FENC innovations were awarded at the ISPO Textrends in Germany. P.58

10 REDUCED INEQUALITIES

1. FENC was recognized out of over 300 corporations and certified by the Taipei City Government as an enterprise friendly to the middle-aged and elderly. P.104

11 SUSTAINABLE CITIES AND COMMUNITIES

1. FERD developed the sustainable city financing project, Saving Planet! The project marks a first in the real estate development industry in Taiwan by linking green building and energy conservation as performance targets. P.145

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1. FENC took the top spot in the global petrochemical industry with the Circularity score for its comprehensive range of recycling and remanufacturing technologies. P.21
2. FENC developed and mass produced 100% rPET tire cord fabrics. P.22

13 CLIMATE ACTION

1. FENC established the short-, mid- and long-term GHG reduction targets. P.26
2. FENC cut the 2023 GHG emissions by 25% from 2020, the base year, reaching the short-term target. P.26
3. FIGP became the world's first carbon neutral rPET plant. P.78
4. FENC conducted the TCFD impact assessment. P.69

14 LIFE BELOW WATER

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 pioneered the use of recycled ocean polyester filament for the sports jerseys in FIFA Women's World Cup and UEFA Champions League. *P.22*

15 LIFE ON LAND

1. FENC addressed the textile waste issues by developing textile recycling technologies. P.22
2. OTIZ initiated a family mountain cleaning campaign. P.136
3. FENV started the campaign, Waste Batteries for Reusable Bags. P.136

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1. FENC ranked among the top 5% in the 2023 corporate governance evaluation. P.40
2. FENC established the Speak Up Policy with a 24-hour grievance channel and enhanced the whistle-blower protection system. P.17
3. FENC established a robust and resilient information security governance and management system. P.49

17 PARTNERSHIPS FOR THE GOALS

1. FENC promoted the Efficient Smart Recycling Machines in northern Taiwan through an exclusive partnership with the President convenience store chain, 7-ELEVEN. P.23
2. FENC constructed the fabric-to-fabric loop with IKEA. P.23

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Identification of Stakeholders and Material Topics

Identification of Materiality

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

FENC follows the procedures for the identification of material topics in the 2021 version of the GRI Standards, developing the framework for materiality analysis based on the principles of identification, analysis and verification. In 2022, surveys were administered to internal and external recipients with a total of 423 valid surveys collected. In 2023, in light of the rapidly changing external environment and to increase stakeholder participation, another round of survey was administered to 98 stakeholders. The outcome was combined with that from the 2022 survey for analysis. External experts were consulted regarding the process and result of stakeholder and material topic identification, which were then presented to the executive managers for confirmation. The Sustainability Committee members, which consist of regular and independent Board members, gave the final approval.

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

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

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

Analysis Process of Stakeholders

Compile Stakeholders

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

The stakeholders were consolidated under 13 categories.

Materialit Analysis

- **Stakeholder Identification Survey:** Target: The Sustainability Implementation Committee

A total of 131 valid surveys were collected.

Conduct Analysis

Six categories of key stakeholders

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

Compile Sustainable Issues

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

A total of 514 sustainability issues were compiled.

The issues were consolidated under 21 categories.

Materiality Analysis

- **Material Topic Survey:**

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

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

A total of 390 valid surveys were collected.

Conduct Analysis

- **Prioritization of Material Topics:** Prepare the material topic matrix.

14 Material Topics

- **Assessment of Positive and Negative Impacts:** Executive managers and the Sustainability Team assessed the positive and negative impacts of material topics.

Verify

- **Presentation to the Highest Governing Entity:** The material topics were presented to the executive managers for confirmation. The Sustainability Committee members, which consist of regular and independent Board members, gave the final approval.

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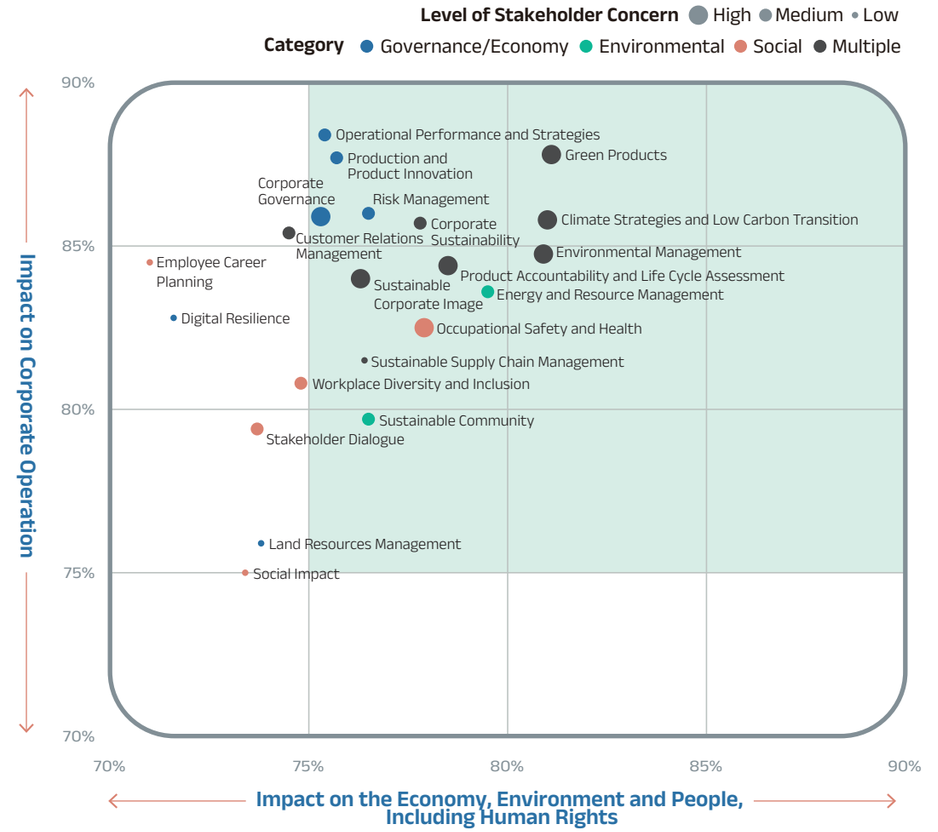
FENC renamed the sustainability issues in 2023 to provide ease for stakeholders to evaluate their positive and negative impacts on the external economy, environment and people, including human rights. By applying the principle of double materiality proposed by the European Commission, a total of 14 material topics were identified as posing significant impacts regarding corporate operation as well as the economy, environment and people, including impacts on human rights. The materiality of four topics was downgraded. They are "workplace diversity and inclusion," "customer relations management," "land resources management" and "stakeholder dialogue."

Matrix of FENC Material Topics



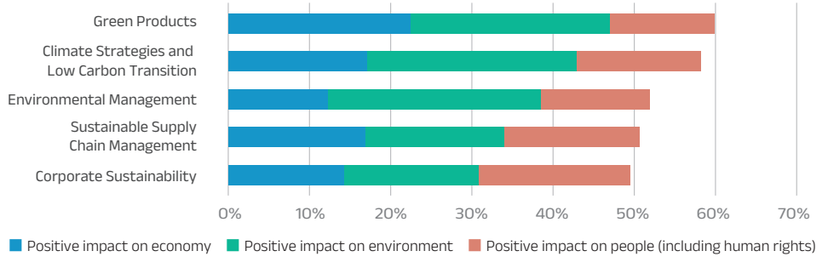
Note: The threshold for materiality is 75%.

FENC Sustainability Survey

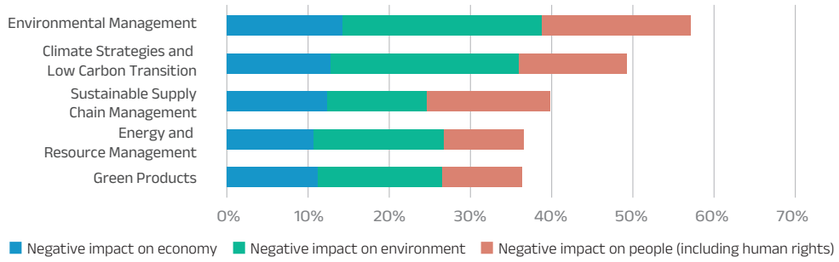
Positive and Negative Impact and Scope of Value Chain Impact

Refer to the material topics identified in 2022, executive managers and the Sustainability Team conducted impact analysis to assess their positive and negative impact as well as the scope of value chain impact. Each material topic was assessed against current corporate strategies and management guidelines to measure the positive impact and likelihood of occurrence regarding the aspects of economy, environment and people, including human rights. The assumption for the assessment of the negative impact, no action, would lead to the inability to prevent or mitigate the negative impact, and was used to assess the likelihood of occurrence and severity regarding the three aspects.

Top Five Issues with Positive Impact



Top Five Issues with Negative Impact



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.

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Impacts of Material Topics and Value Chain Impact Assessment

Material Topics	Impacts on External Economy, Environment and People, Including Human Rights	Value Chain Impact Assessment					Management Methods and Related Information Corresponding to Chapters
		Suppliers	FENC			Customers	
			Production Business	FERD	Foundations		
Green Products	The development of green products may fulfill FENC's green commitment to brand customers, promote economic growth and mitigate environmental impacts.	V	V			V	Special Report 1 2.2 Developing Green Products
Climate Strategies and Low Carbon Transition	The inability to effectively control GHG emissions will lead to worsening climate conditions and business environments.	V	V	V		V	Special Report 2 3.1 Marching Towards Net Zero
Environmental Management	Business operations may lead to air pollution, waste and impacts on biodiversity.	V	V	V			3.3 Steering Environment Management
Operational Performance and Strategies	With steady refinement of business strategies, FENC maintains the industry-leading status, drives industry evolution and promotes economic development.		V	V			Message from the Chairman 1.1 Refining Operational Performance and Strategies
Corporate Sustainability	By establishing a comprehensive governance framework, FENC balances the sustainable development of the environment, society and corporate governance to create values for all stakeholders.		V	V	V		Message from the Chairman 1.5 Implementing Sustainable Development
Production and Product Innovation	Leveraging its R&D capabilities, FENC develops forward-looking products and transitions to smart production, operation and product services to promote industry growth.	V	V			V	Special Report 1 2.1 Instigating Production and Product Innovation
Energy and Resource Management	Environmental impacts may be reduced by monitoring the current energy and resource usage and adopting a host of conservation measures.		V	V			3.2 Elevating Energy and Resource Efficiency
Product Accountability and Life Cycle Assessment	Impacts on the environment and human health may be mitigated by gauging the scale and significance of potential environmental impacts with product life cycle assessments and improvements from the management and R&D perspectives.	V	V				2.3 Honing Product Management
Risk Management	The establishment of a sound risk management mechanism may reduce the degree and likelihood of impacts from environmental and man-made factors.		V	V			1.3 Perfecting Risk Management
Corporate Governance	With integrity as the highest guiding principle, FENC builds a robust governance system to facilitate corporate management and maximize the interests of all shareholders.		V	V			1.2 Governing with Steady Pace
Occupational Safety and Health	Implementing occupational safety and health management may reduce occupational risks and improve the physical and mental health of the employees and contractors.	V	V	V			4.3 Reinforcing Occupational Safety and Health Management
Sustainable Corporate Image	FENC may examine the direction of sustainable development and elevate stakeholders' willingness to invest in the Company by participating in global sustainability ratings, forums and conferences to engage and interact with stakeholders.		V	V	V		Enhancing Sustainable Corporate Image Special Report 5 Cultivating Compassionate Bonds
Sustainable Supply Chain Management	FENC ensures that goods and services provided by suppliers are in line with quality, economic, environmental and human rights requirements.	V	V	V			4.4 Shaping Sustainable Supply Chain
Sustainable Community	With environmental protection and low-carbon operation as the goal, FENC strikes a dynamic balance between the man-made and natural environment, building a smart industrial park through advanced technologies to foster a sustainable ecosystem.			V			6.2 Building Sustainable Community

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

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Boosting Stakeholder Dialogue

With integrity and transparency as the guiding principles, FENC utilizes multiple channels of disclosure and stakeholder engagement to strengthen the relationships. Throughout the process, issues significant to stakeholders are documented, and Company policies are modified accordingly to respond to their expectations. Progress of stakeholder engagement is reported to the Board periodically. The Sustainability Implementation Committee presented the 2023 stakeholder engagement to the Sustainability Committee and the Board on April 11 and May 9, 2024, respectively.

Six categories of key stakeholders

22,656 times
253,311 participants

Employees / Labor Union

4,471 times
196,119 participants

Significance to FENC

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

Issues of Concern

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

Communication Channel and Frequency

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

Global Online Satisfaction Survey for Current and Departing Employees

FENC implemented a global employee satisfaction survey in 2023 with a total of 18,576 employees participating. The survey was divided into eight key aspects, including job duties and environment; employee development; organizational climate; supervisor support; communication and interaction; performance management; strategies, vision and goals; culture and systems. The scope of this survey was expanded to measure employee satisfaction throughout FENC's global locations for the first time. Covering a wide spectrum of assessments, the results provided profound insights into employees' thoughts and feelings.

With an overall satisfaction rating of 78.4%, FENC plans to further analyze the results by region to establish specific improvement plans with the aim to ensure employee satisfaction.

FENC launched an online survey system for departing employees in 2023, hoping to solicit suggestions for improvement from the employee perspective. The results identified "the plant environment," "the relationship between female employees and the company culture" and "welfare" as the top three areas of dissatisfaction. To address these issues, FENC has responded with welfare enhancement, continuous promotion of a female-friendly workplace, career development training for female employees and improvement of plant environment.

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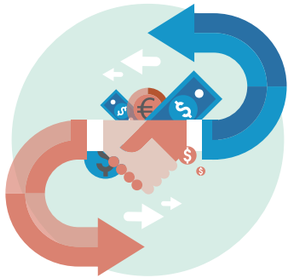


Direct Customers

8,259 times
24,397 participants

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.

Issues of Concern

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

Communication Channel and Frequency

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

World's First Partnership Award From Nike for 40 Years of Collaboration

FENC is a main supplier of Nike. The partnership began in 1982 with Nike's first pair of "André Agassi" denim tennis shorts. Since then, 40 years have passed. Through effective communication, this close partnership continues to flourish and deliver quality products. In 2010, the collaboration transformed waste PET bottles into recycled polyester filament, which debuted as the national team uniform during the FIFA World Cup. Sports jerseys made of this eco-friendly material also received great consumer reaction, making it a trendy product. In addition to team uniforms at the FIFA World Cup, the recycled polyester filament has also been chosen for sportswear used during additional major international sports events, such as the Olympics and NBA, shining bright on the world stage.

On April 23, 2023, as a celebratory gesture marking four decades of collaboration and a move to enhance this partnership, Nike sent a team of executives, including the vice president overseeing the supply chain, to visit FEAZ. While showcasing its vertically integrated dyeing, finishing and garment production operation, FEAZ also presented its digital management systems, including the production line visual dashboard and production automation, to highlight FENC's modernized capabilities.

During this visit, Nike presented a trophy to FEAZ as a token of gratitude and to commemorate the first 40-year partnership with an apparel supplier. The trophy is inscribed with "Win As A Team." As the words suggest, FENC intends to form powerful teams with customers, creating quality products through trustworthy relationships.

Content

Government

900 times
2,845 participants

Significance to FENC

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

Issues of Concern

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

Communication Channel and Frequency

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

Carbon Reduction Recommendations for Climate Change Administration

Taiwan's Climate Change Response Act went into effect on February 15, 2023, and the government continues to engage agencies and industry associations for discussions, which will serve as a reference for the delegated legislation to ensue. On October 12, 2023, the Climate Change Administration of the Ministry of Environment held a meeting with the Taiwan Man-made Fiber Industries Association and its members to discuss carbon fees and the voluntary reduction plan. As the convenor of the textile industry working group under the Industrial Development Administration, which undertakes net zero promotion, FENC has been assisting the government with the implementation of carbon reduction, thus assuming the role of the event host.

Among the key issues discussed during the meeting are the exemption cap and payment methods for carbon fees. In addition, enterprises submitting a voluntary reduction plan and meeting the reduction targets are eligible for a preferential rate. Therefore, the discussions focused on reduction target-setting, the base year for carbon emissions and carbon fees due for unmet targets. FENC proposed several recommendations on behalf of the industry, such as taking prior carbon reduction performance into consideration when establishing reduction targets; increasing the average time period between the base years for carbon emissions; adding the circular economy measures to reduction targets for the voluntary reduction plan considering the significant contribution to carbon reduction from the circular economy. FENC's recommendations were affirmed by the Climate Change Administration, which has increased the average time period between the base years for carbon emissions. Other recommendations are also being evaluated as potential provisions of the delegated legislation.

Content

Business Partners (Suppliers / Contractors)

8,206 times
22,019 participants

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.

Issues of Concern

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

Communication Channel and Frequency

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

Building Low-Carbon Supply Chains to Co-Create Biomass Raw Materials

In December 2023, FENC's Petrochemical Business signed a letter of intent on the supply of biomass materials with Marubeni Taiwan Co., Ltd. (Marubeni) and Idemitsu Kosan Co., Ltd. (Idemitsu Kosan). The cooperation involves the extraction of Bio-PX from biomass-derived naphtha by Idemitsu Kosan, and Plant 2 of OPTC under FENC converts the Bio-PX into Bio-PTA. Marubeni is responsible for establishing the biomass supply chain and facilitating product sales by coordinating with the upstream and downstream customers. Compared to products made of virgin materials, those produced from biomass materials cut carbon emissions and contribute towards a low-carbon society.

FENC strives to create innovative sustainable materials. Plant 2 of OPTC became the first among its peers in Taiwan to successfully develop Bio-PTA. In 2024, the plant is expected to be certified by the International Sustainability & Carbon Certification, ensuring the traceability and sustainability of its biomass materials as well as the supply chain in order to achieve its environmental goals and fulfill its sustainable commitment to stakeholders.

Content

External Audit Agency

413 times
3,710 participants

Significance to FENC

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

Issues of Concern

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

Communication Channel and Frequency

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

Sharing Success in Sustainability Implementation at Forums Held by Sustainability Rating Agencies

Over the years, FENC has never wavered in its commitment to ESG. The Company scrutinizes policy integrity, perfects corporate operation and enhances competitiveness by participating in a host of sustainability ratings. In 2023, FENC became the first corporation in Taiwan with two top ESG awards from the Global Views Monthly. The Company also received the Corporate Governance Award from the SGS ESG Awards, and the accolades continued with eight TCSA Awards. Additional details about FENC's award records are included in Enhancing Sustainable Corporate Image.

Being a frequent recipient of ESG awards, FENC's sustainability performance is reflected in the recognitions given by sustainability rating agencies. The Company was thus invited to speak at the sharing sessions organized by these organizations. Allen Sha, Executive Vice President and the executive convenor of the Sustainability Implementation Committee, shared FENC's success stories in sustainability endeavors with its partners and the public during these events. On September 7, he attended the ESG and USR Model Sharing Session held by the Global Views ESG Alliance to discuss the project that won the first prize in the Low-Carbon Operation category. He also spoke on the topic, "Net-zero Solutions Through Sustainable Business Model." On November 2, he gave a lecture on FENC's corporate governance performance at the ESG Seminar held by SGS Taiwan Ltd. On December 20, during the Sharing Session of Corporate Excellence in Environmental Sustainability held by Taiwan Institute for Sustainable Energy, he shared the Company's innovative environmental solutions through the circular economy. He also explored solutions to textile waste with interactive audience engagement. Drawing over 1,000 participants during the three events, it is FENC's hope to engage and collaborate with more stakeholders to build a circular ecosystem.

Content

Shareholder / Investor / Financial Institution

407 times
4,221 participants

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.

Issues of Concern

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

Communication Channel and Frequency

- External Meetings: Yearly, Quarterly, Irregular
- Internal Meetings: Yearly, Irregular
- Promotional Campaign: Irregular
- Visits/Exchanges: Monthly, Irregular
- Review/Evaluation/Audit: Yearly
- Other: Irregular

Recognitions From Three International Investor Rankings for Providing Long-Term and Stable Communication Channels

In 1988, FENC created the IR Team to be in charge of investor relations. Over 26 years have passed, and the team now provides services to approximately 100,000 shareholders. Its services have diversified as the Company expands and as the world of investment evolves, and the mode of delivery has also transformed from the conventional office briefing to the dynamic multimedia presentation of special projects and new products using mediums such as videos. The IR Team provides customized communication formats to meet the needs of its audience while ensuring transparency. When appropriate, the team invites managers and experts to provide the information needed, hoping to deliver tailored services to the participants through team efforts.

Being highly awarded by three major international investment rankings, FENC grabbed the international spotlight two years in a row. The Institutional Investor magazine presented FENC with the title, Most Honored Company (Rest of Asia, ex-Mainland China) along with Best Board, Best CEO, Best ESG, Best CFO, Best Investor Relations Professional and Best IR Team. FENC is also the winner of Best Overall Company in Taiwan in the Best Companies Poll by the internationally renowned financial media, FinanceAsia. Another authoritative financial magazine, Asiamoney, presented FENC with the title, Asia's Outstanding Company.

The three awards are decided through polls held among investors. FENC was distinguished out of over one thousand peers as the only winner in the sector it represented in Taiwan. Rankings conducted by Institutional Investor, in particular, are regarded as the benchmark of excellence in the global investment arena and hailed as "the Oscars in the foreign investment circle." FENC's win represents a vote of confidence for the management team, recognizing its ability to establish long-term and stable bilateral relationships with stakeholders amid times of change and uncertainty. It is also a call for more attention to corporate sustainability.

Content

Contact and Grievance Channel

FENC maintains open dialogues with stakeholders. The Company established Speak Up Policy, encouraging comments and suggestions from all stakeholders. Communication and grievance channels are accessible 24-7 and available in Chinese, English, Japanese, Vietnamese and Malay to meet the needs of FENC's diverse workforce locations and demographics. The Company accepts anonymous claims and has an independent investigation mechanism in place. An investigation team is established within 5 days of receiving the claim documents. Under general circumstances, a ruling shall be established, and the investigation report shall be compiled within 3 months of accepting the claim. Separate grievance channels and procedures are in place for claims concerning regulatory compliance, anti-corruption, labor, human rights, products and the environment. In September 2023, FENC amended the Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management to include provisions on whistle-blower protection and submitting investigation reports based on the position of the reported individual to protect the rights of individuals filing grievance claims.

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

Grievance Channel and Procedure for Issue-Specific Claims

Regulatory Compliance and Anti-Corruption

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

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

2023 Claims and Outcome

FENC received five grievance claims in 2023, including two regarding labor issues and three concerning the environment. Details are included as follows:

Labor Issue 2	Odor 2	Noises 1
1-2. FENC Employees filed two claims regarding the employee welfare and performance review. FENC took immediate action and communicated with the employees thoroughly. The issues have been resolved and the cases are closed.	**1. OPTC** A claim was filed by the neighboring factory regarding the odor spreading in the vicinity. An on-site inspection was conducted and the production process was examined. No unusual occurrences were detected. OPTC assigned staff to patrol the areas between the west side of the unloading station and the security room, and it was confirmed that OPTC was not the source of the odor. After thorough communication, the case was closed. **2. OPTC** A claim was filed by the local residents regarding a chemical odor. An on-site inspection was conducted, and no unusual occurrences were detected. It was concluded that OPTC was not the source of the odor. After thorough communication, the case was closed.	**1. OPTC** A claim was filed by the neighborhood chief from the local community against the noise occurring late at night. After inspection, the chain plate on the tank truck was identified as the source of the noise. As a result, late night operation was suspended immediately, and OPTC conducted further inspection and followed up with improvement. With immediate action and thorough communication, the issue was resolved and the case was closed.

Content

Enhancing Corporate Sustainable Image

2023 Constituent of Sustainability Indexes

MSCI ESG Leaders Indexes

Emerging Indexes

FTSE4Good TIP Taiwan ESG Index

TWSE Corporate Governance 100 Index

Recognitions from 2023 Sustainability Ratings

National Sustainability Development Award
Corporations

Global Views Monthly - the 19th Annual ESG Award
First Prize at Manufacturing Industry
First Prize at Low-Carbon Operation
The Only Double First Prize Winner in Taiwan

Taiwan Corporate Sustainability Awards (TCSA)
- Top 10 Taiwanese Companies Sustainability Model Award
- Platinum for Corporate Sustainability Report Award
- Climate Leadership Award
- Circular Economy Leadership Award
- Growth through Innovation Leadership Award

Four Consecutive Years
- Information Security Leadership Award
- Workplace Well-being Leadership Award
- People Development Leadership Award

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

2023 Corporate Governance Evaluation
Top 5%
Five Consecutive Years

Sustainalytics ESG Risk Ratings
Industry Top Ratings
Top 3% of the Chemicals Industry

CDP
Climate Change – Management
Water Security – Management
Supplier Engagement - Management

CommonWealth Magazine - Excellence in Corporate Social Responsibility Award
Large Enterprises

SGS ESG Awards
Corporate Governance Award

HR Asia
Best Companies to Work for in Asia Diversity,
Equity & Inclusion Awards,
Most Caring Company Awards,
Digital Transformation Awards

1111 Job Bank
2023 Happiest Employees Golden Award

LinkedIn
Outstanding Learning Culture Adward

Ecovadis
Silver Medal

21st Century Foundation
Net Zero Competitive Excellence Award

The Asset
Triple A Country Awards for Sustainable Finance -
Best Issuer for Sustainable Finance (Taiwan),
Best Blue Loan Taiwan)
Triple A Sustainable Capital Market Awards -
Best Issuer (North Asia),
Best Sustainability-Linked Bond (Manufacturing)

FinanceAsia
Asia's Best Managed Companies

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

Asiamoney
Asia's Outstanding Companies Poll

Adam Smith Awards Asia
Best Sustainable Treasury Solution

Content

KPMG Business Leader Academy Forum

FENC was invited to participate in the 2023 Business Leader Academy Forum co-organized by KPMG and the Taiwan Institute of Directors on April 13, 2023. The forum featured the theme, "Opportunities and Challenges Amid the Net Zero Rush." Humphery Cheng, President of Corporate Management, joined the panel discussion and shared his insights with over 150 corporate executives. Speaking on "Net-Zero Solutions Through Sustainable Business Model," he explained how FENC evolved from a traditional textile factory to the trailblazer that developed green innovative materials with a business model balancing sustainability and corporate growth. With unyielding determination to decarbonize, the Company channels its R&D efforts to developing comprehensive recycling and remanufacturing technologies as well as cutting-edge solutions for polyester products. While satisfying brand customers' quest for green raw materials, FENC has co-created a sustainable value chain.

FENC's Assistance to Students of College of Management, National Taiwan University for the Hult Prize Final

In August 2023, FENC met with students of the RiiVERSE team from the Entrepreneurship and Innovation MBA and Global MBA programs of the College of Management, National Taiwan University. During the exchange, the Company provided inputs from a professional perspective regarding solutions to the textile waste dilemma, RiiVERSE's pitch as the 2023 Hult Prize finalists. FENC touched on technological bottlenecks for scaling the recycling and remanufacturing of textile waste and shared the carbon reduction benefits of the green products it produced from waste PET bottles.

FENC has a long-standing presence in developing the circular economy. Aside from recycling PET bottles, the Company has also been diving into the development of textile recycling technologies. Being well aware of the challenges and opportunities posed by this issue, FENC provided a unique insight into the 2023 Hult Prize challenge. The exchange was also an opportune moment for FENC to engage the students on the concept of circularity. The team was named one of the six global finalists and finished second at the final competition held in Paris.

Lecturer at YZU x Global Views Monthly ESG Program

On May 13, 2023, the YZU x Global Views Monthly ESG Program, a collaboration between the Global Views Monthly and Yuan Ze University (YZU), was launched. Considering FENC's leading-edge practice and benchmark status in ESG performance, the Global Views Monthly invited Humphrey Cheng, President of Corporate Management, to lead one of the sessions with a 40-minute lecture entitled "Leading Green Transition With Circular Economy." During the talk, he shed light on how FENC embraced the urgency of sustainability within the polyester industry and led the industry transformation with recycling technologies, low-carbon production and supply chain partnerships, advancing sustainable development through a robust governance framework, risk management system and sustainable financial products.

Publication of Best Practices in Sustainability

Taiwan Institute for Sustainable Energy (TAISE) is dedicated to promoting sustainable development, and each year, TAISE presents the TCSA Awards to acknowledge corporate sustainability. To make exemplary models known by more corporations, the institute collected best practices in sustainability implementation from five winners of the Top 10 Taiwanese Sustainable Manufacturing Companies Award and five of the Top 10 Taiwanese Sustainable Service Businesses Award. These exemplary practices, including FENC's experience, are published in Corporate Sustainability Model 3.0: From ESG Concept to Practice. FENC accepted an interview conducted on March 3, 2023. Led by Humphrey Cheng, President of Corporate Management, a team of managers from the Sustainability Team under Corporate Staff Office, Finance Department, Human Resources Department and the Solid State Polymer SBU under the Polyester Business shared FENC's ESG practice and performance across multiple sectors.

FENC transforms PET bottles recycled from the ocean into brand-new products. Its ocean recycled anti-bursting jersey was chosen for major international sports events such as the 2022 FIFA World Cup, 2023 UEFA Champions League and FIFA Women's World Cup. Its ability to convert marine debris into eco-friendly fashion caught the attention of the Center for General Education of National Taichung University of Science and Technology, which included FENC as a case study in its publication, Practices of SDGs From Corporations in Taiwan. This project is an echo to the UN SDG 14: Life Below Water, ensuring marine biodiversity and preventing the deterioration of marine habitat.

By sharing its experience through interviews and publications, FENC is showing stakeholders its dedication to the circular economy and low-carbon transition. Meanwhile, it is the hope to appeal for efforts from more corporate peers to co-create common prosperity.

Content

Special Report

Content

Special Report 1

Living Sustainably Through Circular Economy

FENC is the leading force in developing green PET materials and promoting the circular economy. Based on its production capacity, it is estimated that the Company transformed over 22 billion PET bottles it recycled into brand-new products in 2023. According to the Plastic Waste Makers Index 2023 published by the Minderoo Foundation in Australia, FENC stood out among 400 global corporations with its remarkable efforts in the circular economy, ranking no. 1 in the global petrochemical industry with its Circularity score, and taking the lead in various categories. FENC has shown the world its unparalleled strength in promoting circular economy.

FENC is maximizing its leadership role in the industry. With an innovative spirit as the building block for technological research, development and advancement, the Company is co-constructing a sustainable supply chain with major brands, making green products an integral part of life and creating a paradigm of sustainability.

《Plastic Waste Maker Index 2023》

Timeline of Advancement in FENC's Global rPET Production Capacity

2024
- Production is scheduled to begin at the rPET plant in Vietnam and the plant in the Kansai region, Japan.
- The expansion of production capacity at Phoenix Technologies' rPET plant will be completed during the first half of the year.
- The groundbreaking ceremony for the rPET plant in Malaysia was held, and production is scheduled to begin in 2025.

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

2022
- Resin production began at Plant 2 of Oriental Green Materials Limited.
- The production capacity of Phoenix Technologies International, LLC was expanded.

2021

2020
- FIGP built the second production line.

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

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

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

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

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

Milestones of Collaboration Between FENC and Major Brands

2024

2023
- Supplied rPET to Coca-Cola Taiwan, which introduced the first 100% rPET water bottle produced in Taiwan - bonaqua.
- Development of shrinkable film products containing 50% rPET and the world's first Scientific Certification Systems (SCS) certification with Kao.
- Production of tennis clothing for Australian Open using fabrics made of captured waste gas with adidas.

2022
- Pioneered the first FIFA World Cup national team uniform with the recycled polyester filament manufactured from ocean waste PET bottles.
- Supplied rPET to Suntory PepsiCo Vietnam Beverage, which released Vietnam's first soft drink bottle made of 100% rPET.
- Textile-to-textile recycling system with IKEA.
- Promotion of the circular economy and closed-loop recycling system with Uni-President Enterprises Corporation.

2021
- Pioneered the low-carbon polyester fabric made of waste gas with lululemon.
- Developed the tire cord fabric made of recycled polyester yarn with Continental AG, an industry breakthrough.

2020
- Developed chemical recycling for polyester with Coca-Cola Bottlers Japan Inc. and launched the world's first commercialized PET bottle with chemically recycled content.

2019
- Developed the 100% PET Closed Loop model with Coca-Cola and 7-ELEVEN in Japan.

2016
- Transformed waste PET bottles from the ocean into new consumer products with adidas and Parley for the Oceans.

2012

2010
- Created recycled polyester filament from post-consumer PET bottles, which debuted at FIFA World Cup as national team uniforms.

1988

Content

Making Full Circularity a Reality

Having dedicated over 30 years to the cultivation of circular economy, FENC has developed exceptional recycling and remanufacturing know-how and accrued extensive experience. Aside from applying its core competencies to the development of recycling technologies and their innovative applications, FENC also strives to promote inter-disciplinary technological partnerships. The Company has successfully developed technologies that recycle and remanufacture waste from the land, ocean and air, providing cutting-edge solutions that enhance the circular economy. While contributing to environmental protection, FENC has transformed waste into products with economic values, creating the model of a sustainable business.

Land Advanced Deployment With Technological Breakthroughs

Commercializing chemical textile recycling

Polyester textiles account for 2/3 of all polyester applications. To address the difficulty of recycling textile waste, FENC focuses its R&D efforts on the development of textile recycling technologies. By incorporating both chemical and mechanical recycling, the Company developed the recycled fiber, FENC®TOPGREEN®rTEX. Chemical recycling, a recycling approach with high technological thresholds, is effective in processing waste textiles containing a complex mix of materials and colors. A 2023 collaboration between FENC and Yuan Ze University led to the development of a smart textile sorting system powered by AI. The system quickly identifies the content of waste textiles by integrating its automated facilities with AI models, which further increases the efficiency of textile recycling. The pilot plant for the chemical recycling segment of FENC®TOPGREEN®rTEX is scheduled to be completed in 2024. Its commercialization and applications will be expanded to meet customer needs and sustainability development goals.

Developing and scaling 100% rPET tire cord fabrics

OTIZ focuses on the manufacturing of automotive products. As the world focuses intently on the carbon and environmental issues, the plant is also taking aggressive strides by developing low-carbon automative yarns and tire cord fabrics. The joint labor of the research and technical teams have borne fruit, delivering high-performance tire cord fabrics using 100% rPET, a product unmatched in the industry. The dimensional stability of the tire cord fabric is recognized by Continental AG in Germany, thus forming a strategic partnership with OTIZ to commercialize the fabric. The new tire cord fabrics perform as well as those made of virgin materials, and more significantly, they cut carbon emissions by 28%. Mass production began in August 2022, and the production and delivery continued to grow in 2023. This innovative and sustainable product has been attracting global attention, pulling in international partnerships with major tire manufacturers from Germany, Italy and Japan. These collaborations are underway and heading towards commercialization. While the product generates corporate profits, it is taking FENC closer to its sustainable development goals.

Ocean Unrivaled Globally in Waste Regeneration

Ocean recycled anti-bursting jerseys, a sensation at international games

Marine plastic pollution is a matter of serious global concern. Back in 2016, FENC began a collaborative endeavor with adidas and the NGO, Parley for the Oceans, to convert ocean recycled PET bottles into brand-new products. FENC pioneered the world's first sports jerseys made of its recycled ocean polyester filament, and the jerseys have been worn by the national teams competing in FIFA World Cup. The Company's proprietary weaving technology creates the most ideal fabric structure that is more malleable and stretch resistant. This eco-friendly and high-performance jersey was chosen by nine national teams at the FIFA World Cup, including the champion team, Argentina. In 2023, FENC's ocean recycled anti-bursting jerseys once again became the focal point at international sports events, including UEFA Champions League and FIFA Women's World Cup. Athletes from 16 national teams competed on the fields wearing the newly upgraded ocean recycled anti-bursting jerseys, including the reigning champion of FIFA Women's World Cup, Spain. During the same year, FENC's rPET chips made of ocean recycled PET bottles was certified by the Ocean Bound Plastic Recycling Standard (OBP). This is a testament to FENC's high-quality standards. Such emphasis on quality also attracted partnership opportunities with additional international brands, including Helly Hansen, the well-known manufacturer and retailer of wear and gear for outdoor activities such as sailing and skiing. The brand is expected to take advantage of FENC's recycled ocean polyester filament for specific sports events, and team up with FENC's downstream textile businesses to develop sustainable products that meet the market demand.

Air Trendsetting with Green Fashion

Winning Red Dot with waste gas recycling technology

FENC manufactures low-carbon polyester using captured waste gas with its groundbreaking technology. The waste gas captured from steel mills is first turned into ethanol through microbial fermentation during a special bio-treatment, and then transformed into PET products. In 2022, FENC®TOPGREEN®Bio3 PET, a product made of recycled waste gas, caused an international sensation, and was recognized with awards such as the Sustainability and Innovation Award from International Textile Manufacturers Federation (ITMF) and the Best Product award from the ISPO Textrends Award. In 2023, FENC was chosen out of over 100,000 global competitors as the Product Design Winner in the Red Dot Design Award, a competition with less than 2% chance of winning. The award-winning design is an innovation inspired by green fashion. With 3D knitting and ingenuity, the fabric creates the effect of sunlight being reflected on the sea. Aside from using waste gas as the material, a water-conserving dyeing technology is incorporated during the production. Both the raw material and production technology are ingrained with the sustainable DNA. This innovation also echoes the concept of sustainable fashion. The quality and sustainability of this green fashion product has attracted brands such as ZARA, H&M and Craghoppers, which have been introducing dresses, functional sportswear and thermal tops made of this material. A partnership with adidas also showcased products made of this material during international sports events, such as tennis apparel for the Australian Open. FENC has set a new benchmark of sustainability in the industry.

Content

Advancing Circular Economy in Taiwan

As FENC propels Taiwan onto the international stage with its superb recycling and remanufacturing technologies, it is infusing international momentum that boosts the circular economy in Taiwan. The Company has taken significant strides towards industry upgrade and transformation while protecting the environment, continuing to hone the power of circular economy in Taiwan.

Introducing Taiwan's first bottled water in food contact rPET through brand collaboration

The Taiwanese government has permitted and established the application procedure for the production of rPET food contact materials using recycled PET bottles. FENC is the first in Taiwan to obtain the letter of no objection from Taiwan Food and Drug Administration to produce rPET food contact materials. It is also dedicated to promoting the applications of such materials. In March 2023, Coca-Cola Taiwan launched bonaqua, the first bottled water sold in a 100% PET bottle produced in Taiwan, and the material is supplied by FENC. Additionally, FENC collaborated with food packaging businesses and developed packaging materials that contain 30% rPET. These materials are used to produce food containers for convenience stores, such as salad boxes, providing consumers with green solutions essential to environmental sustainability.

Implementing PET Closed Loop in Taiwan

Since 2022, FENC has teamed up with the President convenience store chain, 7-ELEVEN, and President Packaging Ind. Corp. on an exclusive partnership to promote the use of Efficient Smart Recycling Machines in northern Taiwan and convert PCR PET bottles into rPET. As of the end of 2023, FENC has helped 7-ELEVEN process over six million waste PET bottles. The application of this innovative model is still growing. Among them, in November 2023, FENC joined forces with Zhubei City Office and additional businesses to implement a project that facilitates zero emissions and smart environment. The Company turns waste PET bottles collected from smart recycling machines installed in the Zhubei region into rPET, helping the government foster the circular economy and reducing environmental pollution. Through collaboration with downstream businesses such as bottling and sheet production plants, FENC is turning waste PET bottles into new products that comply with the food safety regulations, which are then looped back to the retail locations as green products, and back into people's lives.

Establishing the first closed-loop textile recycling system in Taiwan

Since 2022, FENC has been collaborating with the Industrial Development Administration of Ministry of Economic Affairs and IKEA on the development of the first closed-loop textile recycling project in Taiwan. IKEA collects and sorts expiring products from its retail locations. FENC then applies its textile recycling technology, transforming waste textiles into recycled fiber after crushing, melting, palletizing, spinning and false twisting. The entire recycling process is free from the use of any chemical solvents and decolorization process, and the fabric production does not involve dyeing, which cut energy and resource consumption significantly. In 2023, IKEA produced handbags from recycled fabric as gifts with purchase for its members, completing the IKEA-to-IKEA closed loop. Through collaborative efforts, FENC has turned its entire industry chain into a circular supply chain, creating a win-win that balances economic growth and environmental protection.

Recycling and processing over 50% of waste PET bottles in Taiwan

FENC's circular economy journey began in 1988 with the establishment of Taiwan Resources Recycling Corporation , the first PET bottle recycling plant in Taiwan. The plant has been renamed Oriental Green Materials Ltd. (OGM). After its founding, the business suffered over 20 years of losses due to the lack of matured technology and market. As the co-founders and shareholders pulled out, FENC persisted. Bolstered by its belief in environmental protection and sustainability, FENC fueled the operation with even more investments. Today, OGM is the largest PET bottle recycling business in Taiwan, recycling over 50% of the total transparent PET bottles. This accomplishment in boosting the circular economy has won wide acclaims. In the fourth quarter of 2023, FENC received a series of recognitions, including the 2023 Excellent Enterprise Award from the Department of Economic Development of Taoyuan City Government, and the Circular Economy Outstanding Enterprises Award from the Resource Circulation Administration of the Ministry of Environment.

Content

Environmental Achievements Driven by Green Momentum

Production Sites

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

Future expansion: Malaysia

rPET Industry Scale

World's **No.1** in Food-Grade rPET
World's **No.1** in Recycled Polyester Filament
World's **No.2** in rPET

Product Certification

Recycled Content Certification: Global Recycle Standard, SCSglobal, The Association of Plastic Recyclers

Green Mark

Food-Grade Approval: FDA, efsa European Food Safety Authority, 厚生労働省, Health Canada, FDA

Waste Reduction

FENC's contribution to waste reduction annually :
22 billion PET bottles, which may circle the earth **126** times.

As of the end of 2023, FENC has prevented over **15,000** metric tons of plastic waste from polluting the ocean, and upcycled the waste into **82 million** pairs of high-end athletic footwear and **50 million** pieces of functional apparel.

Note:
1. The estimate is based on FENC's 2023 rPET production capacity.
2. The data collection period ends in 2023.

GHG Reduction

rPET resins cut GHG emissions by **↓ 63%**
FENC's contribution to carbon reduction annually : **↓ 650,000** tCO_2e
Equivalent to carbon absorbed by **66,000** hectares of forests.
Equivalent to annual carbon emissions from **430,000** households.

Note:
1. The comparison is made between PET resins sourced from recycled PET bottles and fossil fuels using the product life cycle assessment report. The data is verified externally by TÜV Rheinland. The estimate of annual carbon reduction is based on FENC's 2023 rPET production capacity.
2. According to the 2021 Taiwan Greenhouse Gas Inventory Report, the carbon sequestration rate of each hectare of forest is 9.8 tCO_2e. According to the Ministry of Economic Affairs' plan for 6.5 GW of installed solar capacity by 2020, the annual electricity consumption for each household is 3,504 kWh. The electricity carbon emission factor is 0.495 kg CO_2e/kWh.

2023 Recognitions

Global Views ESG Corporate Sustainability Award
Outstanding Project–Low-carbon Operation–First Prize

Taiwan Corporate Sustainability Awards (TCSA)
Circular Economy Leadership Award
Seven consecutive years

Minderoo Foundation, Australia
No. 1 in Circularity Plastic Waste Makers Index 2023

INDEX™23, Geneva
INDEX™ Innovation Award for Raw Materials or Components

reddot winner 2023
materials and surfaces design

Red Dot Design Award, Germany
Product Design Winner

ISPO Textrends
Top 10 and Selection

The Excellent Enterprise Award in Taoyuan City
The Environment Award

Circular Economy Outstanding Enterprises Award
Silver Award, Resource Circulation Division

Content

Creating a Bright Future With Sustainable Mindsets

FENC is the developer of pioneering recycling technologies and a diverse lineup of green products. It is also a devotee of external engagement, strengthening multi-lateral partnerships and increasing sustainability awareness through exchanges, exhibitions and international exposures. It is FENC's goal to continue its influence to foster sustainability and promote the circular economy. By sharing its experience in recycling and remanufacturing, FENC is creating a bright sustainable future with its supply chain partners and the world.

May 11, 2023

Speaker at Business Weekly Live Stream Program

FENC was invited to the live stream program of the magazine, Business Weekly, and shared the topic, "Waste to Green Gold from the Land, Ocean and Air," with over 300 viewers online. The talk featured FENC's sustainable undertakings, such as its comprehensive lineup of recycling and remanufacturing technologies, global deployment and low-carbon transition. The audience of this program is comprised mostly of mid- and high-level executives. FENC took the opportunity to discuss how the Company grew with the customers and evolved into the go-to partner for major brands to reach their green goals. By sharing its field experience, FENC also helped the public gain a deeper understanding in FENC as a green and sustainable corporation.

May 29, 2023

Participating in 2023 Resource Circulation International Conference

To keep the resource circulation policies in Taiwan aligned with the international standards, the Ministry of Environment co-hosted the 2023 Resource Circulation International Conference with the European Union. The conference focuses on resource circulation policies, plastic resource circulation, eco-design and business models of sustainable products, and waste-to-energy technologies. FENC was invited to speak at the conference on "Sustainable Materials and Circular Economy at FENC." The Company introduced its recycling and remanufacturing technologies targeting waste from the land, ocean and air, as well as how it built a life of sustainability and circularity with international brands through projects such as "PET Closed Loop." During the conference, FENC presented its sustainability endeavors to the world, helping Taiwan form international partnerships to promote resource circulation.

2023 Resource Circulation International Conference

June 1-2, 2023

Attending Taoyuan Resource Circulation Expo

OGM was invited to the Taoyuan Resource Circulation Expo held by Taoyuan City Government. With "the circular industry supply chain" as the theme, OGM joined its peers in the resource recycling and treatment industry and presented its technological innovation, design technology and sustainable development in the circular industry. The expo attracted nearly 600 participants. The focus of OGM's exhibits included rPET made of ocean recycled PET bottles as well as functional sports jerseys and athletic footwear made of recycled ocean polyester filament. They affirmed FENC's success in integrating the circular economy and promoting partnerships across the circular industry chain, working together towards a life of sustainability and circularity.

June 8, 2023

Hosting Product Launch for Sustainable rPET

At the end of 2022, Taiwan estab lished the application procedure for the use of rPET in food contact materials, and since then, FENC has been taking progressive steps to expand the applications of recycled food contact packaging. The Company collaborates with the Plastics Industry Development Center (PIDC) on the promotion and certification of recycled materials and eco-friendly products, aiming to achieve sustainability and circularity while safeguarding food safety, a key consumer concern. FENC commissioned PIDC to organize the product launch of its sustainable rPET. The event was held on June 8, 2023 and representatives from companies in the beverage and food packaging sector were invited, including Coca-Cola Taiwan and President Packaging Ind. Corp. During the event, FENC presented the recycling and remanufacturing technologies that went into the production of recycled food contact materials, and built a solid bedrock for future collaboration with its supply chain partners to accelerate the sustainable development of food contact packaging materials in Taiwan.

December 20, 2023

Speaker at TAISE Sustainable Environmental Excellence Enterprise Sharing Session

FENC was awarded the Circular Economy Leadership Award from the 2023 TCSA, taking the top spot among its peers in the manufacturing and energy sectors. This award marks the seventh consecutive TCSA recognition for FENC's brilliant performance in promoting the circular economy, and the Company was invited to speak at the TAISE Sustainable Environmental Excellence Enterprise Sharing Session on "Building a Life of Sustainability Through Circularity." During the session, FENC highlighted the close connection between PET manufacturing and the circular economy as well as the Company's sustainable business model, which incorporates 3Rs (recycle, redesign, reduce) and 2Es (ecosystem, education) to balance corporate growth and the transition to net zero. FENC also looks forward to engaging with various stakeholders on a wider level, and working together towards an ecosystem of circularity.

Content

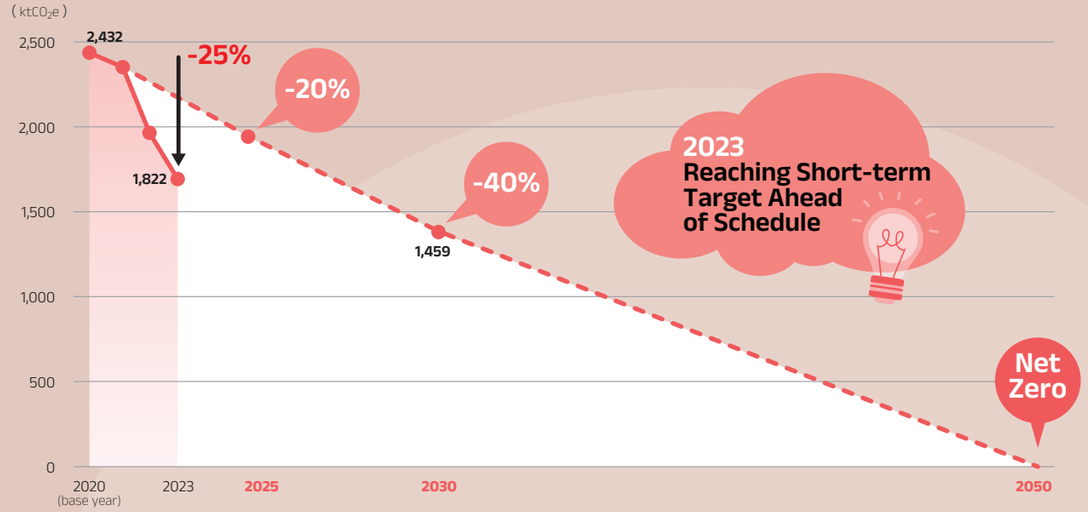
Special Report 2

Reaching Zero Carbon Through Low-Carbon Transition

As of the end of 2023, over 100 countries and 1,000 global companies have made the pledge to reach net zero. Achieving this goal takes stronger actions and more powerful decarbonization programs. Meanwhile, implementation is vital. During the 2023 United Nations Climate Change Conference (COP 28), consensus was reached to scale up renewable energy capacity and energy efficiency to catalyze energy transitions. Nearly 200 countries have committed to transitioning away from fossil fuels, positioning the renewable energy as a key solution that will tame global warming.

Net-Zero Pathway

In 2022, the Board of FENC approved the short-, mid- and long-term GHG reduction targets, kicking off the net-zero pathway through five major strategies and actions coordinated by the Energy Task Force, the designated environmental and energy management entity at FENC.



Note:
1. The emissions include scopes 1 and 2 emissions from all production sites within the scope of this report.
2. Carbon credits are excluded from contribution towards the GHG reduction targets of FENC.

Scopes 1 and 2 GHG emissions reached 1,822 $ktCO_2e$ in 2023, down by 25% from the base year. This drop also surpassed the short-term target, which is at a pace well ahead of schedule. To continue its alignment with international trends and boost competitiveness in the net-zero era, the Company is exploring higher 2030 reduction targets. FENC is leading the industry on the march towards net zero with more determination and aspirations. Once all FENC production sites commit to specific action plans, and after taking the internal carbon pricing system into consideration, the targets will be adjusted pragmatically. When the adjustments are determined, they will be announced.

Internal Carbon Pricing System

To accelerate the pace of decarbonization within the Company and complete the net-zero transition, FENC incorporated the internal carbon pricing system in 2023 as a management tool. FENC reviewed international carbon pricing trends and reports such as “World Energy Outlook” from the International Energy Agency (IEA) and “State and Trends in Carbon Pricing” published by the World Bank, examined internal and external carbon costs from its global production site, and consulted the pricing approaches and strategies within the industry to arrive at NT$1,500/$tCO_2e$ as the internal carbon pricing for developed economies, and NT$1,000/$tCO_2e$ for emerging economies, effective in 2024 after the Board review.

The carbon pricing system is implemented through two approaches. First, the system is included as a criterion that improves carbon efficiency during the review of carbon reduction projects to incentivize decarbonization. Second, the system is used to calculate the carbon costs of all Businesses for the monthly management reports as a decision-making reference.

Content

Five Major Low-Carbon Transition Strategies and Progress

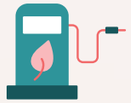
FENC takes pragmatic steps towards carbon reduction, establishing five major carbon-reduction strategies and building green operation through carbon reduction pathways. To reach the 2030 GHG reduction targets, the Company is investing an estimated NT$19.4 billion between 2022 and 2030 with an estimated 1.32 MtCO_2e in carbon avoidance. The performance of 2023 energy and carbon reduction projects is included in 3.1.1 GHG Management.

Improve Energy Efficiency

Progress
In 2023, FENC reduced a total of 36,573 tCO_2e in carbon emissions through production improvement, equipment enhancement and energy management.

Future Plan
A 35MW cogeneration system will be constructed in Vietnam in 2026. The thermal energy produced from the fuel will be captured to generate steam and electricity to improve fuel efficiency.
Production improvement will be completed at OPTC in 2026. The improvement will allow electricity to be generated during production, which will avert 80,000 tCO_2e in annual carbon emissions.

Adopt Low-Emission Fuel Alternatives



Progress
In 2023, Kuanyin Chemical Fiber Plant replaced the slurry boilers with the natural gas models, a low-carbon alternative that reduces 22,667 tCO_2e in carbon emissions. The polyester plant and the knitting and dyeing plant of FEPV added wood pellets to coal, which reduced 15,048 tCO_2e in carbon emissions.

Future Plan
FEPV will increase the use of biomass fuel alternatives.
Research and development efforts will continue to focus on applications of hydrogen and biomass fuels.

Develop Renewable Energy

Progress
As of the end of 2023, 13 FENC production sites in Taiwan, mainland China and Vietnam had installed solar power generators with 18,622 kW in capacity, generated 18,300 MWh of self-use solar power and purchased over 160 GWh of renewable energy. In total, these efforts avoided 90,819 tCO_2e of carbon emissions. In addition, FIGP's Kanto Plant was powered 100% by renewable electricity in 2023.

Future Plan
FENC will continue to acquire renewable energy through means such as long-term power purchase agreements and expand the self-generated renewable energy capacity at its global sites for self-use. The goal for renewable energy is to account for 20% of the energy mix at FENC's global sites by 2025.

Utilize CCUS

Progress
The new carbon reduction technology team was established to continue the efforts in collecting and researching relevant information and approaches.

Future Plan
The future plan is to capture carbon emissions directly from the exhaust and transform carbon dioxide into functional products.

Foster Raw Material Transition

Progress
FENC uses low-carbon alternatives, including recycled substances and biomass, as the raw material. The Company recycles PET bottles and remanufactures them into rPET. In 2023, OPTC pioneered Bio-PTA through R&D collaboration with supply chain partners, and signed the letter of intent with suppliers. FEIS also purchased MEG as the alternative material to produce low-carbon rPET.

Future Plan
FENC will continue to maximize its core strengths in technological advancement to develop new low-carbon and environmental materials, and expand product applications.

- Recycled materials: As a leading enterprise in the global rPET industry, FENC is materializing the vision of a circular economy by turning waste into usable materials and new products. Additional details are included in Special Report 1. Living Sustainably Through Circular Economy.
- Biomass materials: Research and development efforts will be channeled towards scalable biomass PTA materials. Additional details are included in 2.2 Developing Green Products.

Content

Value Chain Engagement

The Advocate

FENC is committed to corporate sustainability for the long haul. To stay on par with the best in the world and engage industry peers to create climate solutions, FENC signed the declaration to support Task Force on Climate-Related Financial Disclosures (TCFD) on August 21, 2020. As of the end of November 2023, close to 5,000 corporations around the globe had signed the declaration, and FENC is the first traditional manufacturing business in Taiwan to do so. Its TCFD disclosures began in 2019 as part of the annual sustainability report. On March 2023, the Company issued its first TCFD Report.

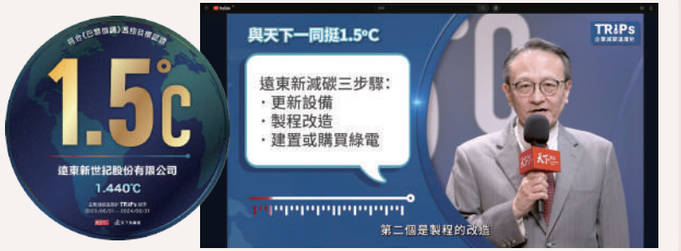
FENC's Polyester Business and OTIZ, a subsidiary, also submitted the commitment letter to the Science Based Targets Initiative (SBTi) in March 2023, pledging to be net-zero committed and reach its near-term targets that align with the 1.5°C pathway. The commitment letter has been accepted by SBTi. The reduction targets were submitted in January 2024. Those submitted by the Polyester Business are currently under review, and those from OTIZ have been approved by SBTi in March 2024. In July 2023, FENC joined the Manufacturer Climate Action Program (MCAP) developed by Sustainable Apparel Coalition (SAC). The Company has submitted science-based scopes 1 and 2 reduction targets, joining global enterprises on the path towards net zero.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Public

The Temperature Rising Index for Pathways released by CommonWealth Magazine analyzed the carbon reduction targets set by 725 Taiwanese corporations pledging to limit global warming and estimated that only 94 have made sufficient commitment to meet the 1.5°C Paris Agreement goal. FENC is leading the industry with its 1.440°C pathway. The Company was invited to produce a video to advocate the cause, calling for more corporations to join in and protect Earth from the threat of global warming. In the video, Humphery Cheng, President of Corporate Management, presented FENC's carbon reduction targets, the process for target establishment and carbon reduction strategies. He also appealed for following advanced countries, including the European Union, with a required percentage of recycled raw materials in packaging products to create a green and circular lifestyle.



Supporting 1.5°C | FENC: Follow EU With Required Percentage of Renewable Raw Materials in Packaging (Chinese)

The Government

In August 2023, Taiwan Supervisory Commission R.O.C. (Taiwan) issued Roadmap for Taiwan listed companies to align with IFRS Sustainability Disclosure Standards. Listed companies are required to complete and disclose scopes 1 to 3 GHG emission inventory and verification in accordance with the stipulated timeline. FENC took immediate actions and planned accordingly. It is anticipated that scopes 1 to 3 GHG inventory and verification for all FENC subsidiaries on the consolidated financial statement will be completed in the first quarter of 2026, which is two years ahead of the required timeline. FENC is supporting governmental policies with actions.

Suppliers and Customers

In 2023, FENC started collecting annual GHG emission data and reduction targets from the suppliers of main raw materials. The suppliers that have been providing the data account for 40% of the upstream emissions in scope 3, and their progress towards reaching the targets will be reviewed regularly. FENC will also continue with supplier engagement to expand the influence. On the customer front, FENC has been boosting efforts to promote low-carbon products to downstream suppliers as raw materials. The products are accompanied by product life cycle assessments to validate the carbon-reducing quality. FENC also formed R&D partnerships with downstream customers on the development of innovative and sustainable products. The knitting and dyeing plant of FEPV is increasing engagement efforts with brand customers such as Nike and adidas, providing information such as energy consumption data each month on the platform established by customers. The plant also developed carbon reduction strategies, committing to replacing 70% of coal with biomass fuels in 2024.

Content

Special Report 3

Cultivating Circular Economy Through Environmental Education

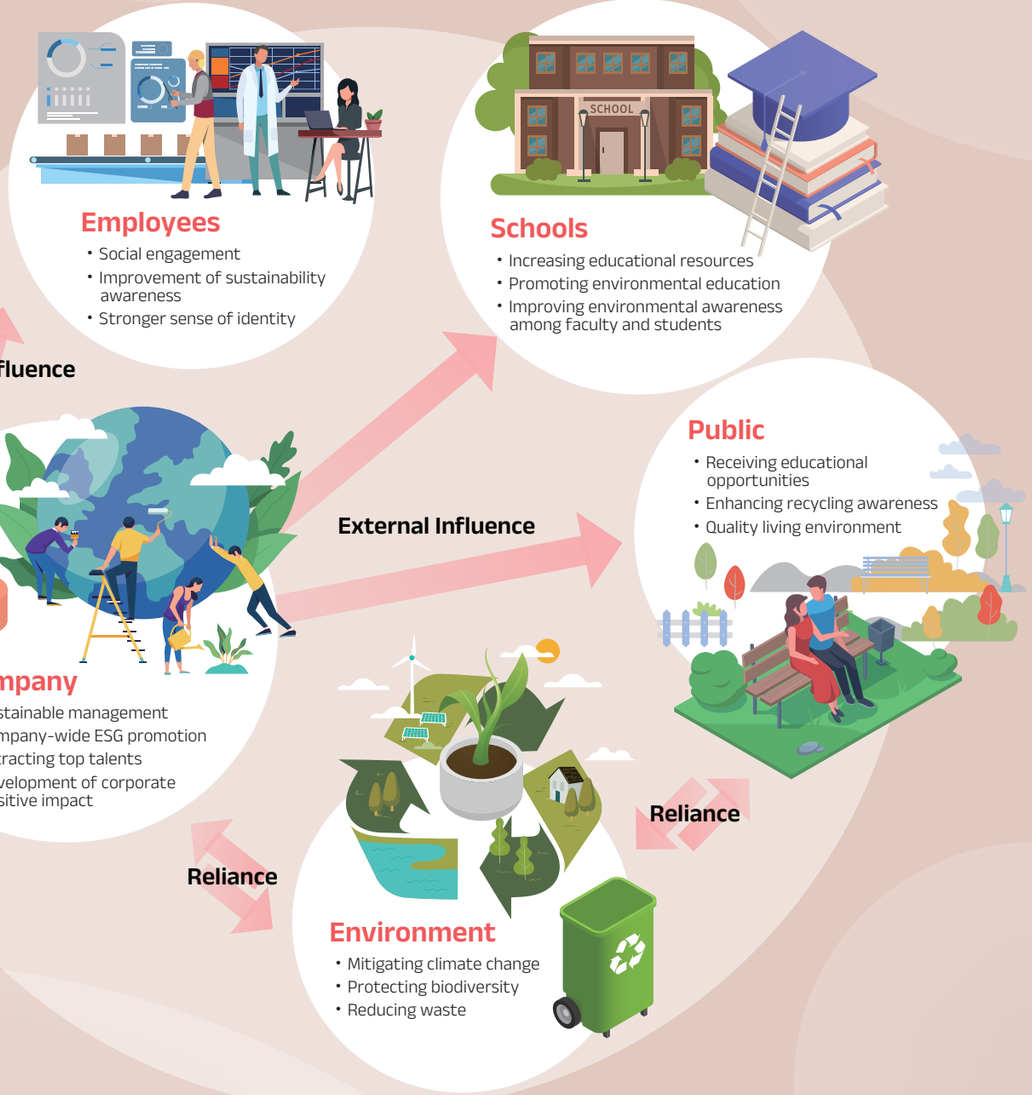
Raising Recycling and Environmental Awareness Through Corporate Core Strengths

Having dedicated over three decades to the recycling of PET bottles, FENC has risen as a leading global enterprise, taking Taiwan onto the world stage with its innovative products. It is FENC's conviction that a robust recycling system is the backbone of a recycling business, and such robustness relies upon a widespread recycling awareness in the civil society. FENC focuses on the circular economy, its core strength, during stakeholder engagement to form deeper bonds and wider reach between the production sites and local communities through educational programs.

The Company expands upon this conviction and continues promoting environmental education and the circular economy in Taiwan and Vietnam. The campaigns include "The Transformative Magic of Circularity," a free on-campus environmental education program; environmental education displays for Beitou Refuse Incineration Plant; co-hosting the Recycling Waste – Protecting the Future Festival with retailers in Vietnam. During each campaign, FENC presented high-value products made of waste PET bottles, including beverage bottles, sports apparel and athletic footwear. Participants experienced first-hand the economic value of reusing waste materials, which motivated them to recycle.

FENC has built a circularity and recycling coalition with value chain partners. With each step forward, the Company is integrating these concepts into everyday life, maximizing its social influence and core corporate values.

Internal and External Influence and Value Generated by FENC



Content

The Transformative Magic of Circularity

FENC has been collaborating with Friendly Seed Co., LTD (Friendly Seed) since 2022 on the development of "The Transformative Magic of Circularity," an on-campus program for elementary schools featuring the circular economy. All the expenses for program development and implementation are paid for by FENC, and the priority targets are elementary schools adjacent to FENC production sites in Taoyuan and Hsinchu, Taiwan. Competency-based education (CBE), which has been the educational focus in Taiwan since the implementation of the 12-year compulsory education system, echoes the philosophy and objectives of environmental education. "The Transformative Magic of Circularity" is able to mitigate the gaps in current school education while broadening and diversifying the learning experience for students.

Pilot Program

Prior to the official launch, FENC conducted the pilot program twice within the Company and once on campus. The on-campus pilot run was conducted at Hsinchu County Hsin-Pu Elementary School on December 15, 2022. The teaching team formed by FENC and Friendly Seed consists of nine staff and four teachers, who provided inputs on refining the course content, curriculum design and teaching methods. Specifically, the suggestions include increasing the connection between the case studies and students' lives; adding more displays of products made of recycled PET bottles; enhancing video content.

Program Content

The program is designed with a magical world as the backdrop, and students learn about the circular economy concept through card games and group discussions. The instructors then provide additional explanations and share applications of circular economy in the real world. The program gives students a profound understanding of the finitude of resources, and how circularity and reuse benefit the environment. It encourages them to integrate the circular economy into their lives, and through behavioral changes, it may lead to higher resource efficiency and less waste, which minimize the threats to the environment.

During the program, a table is set up with displays of products made of recycled PET bottles, which allow students to witness personally the transformative magic that turns waste PET bottles into sports apparel, footwear, beverage bottles and storage containers with quality and appearances that rival those made of virgin materials. To enrich the program content, FENC produced the animated video, "What is the Circular Economy?" The animation exemplifies FENC's insistence on the quality and originality of the program content. It is also an effective means of conveying complex technical knowledge to the young students.

What is the Circular Economy?

Program Performance

FENC has been offering this free educational program since 2023 at schools near its production sites in Taiwan. The program has been so popular that the registration fills up very quickly. FENC increased the program sessions from the initial 20 to 42, bringing educational benefits to 2,204 students as of the end of January 2024.

Through this program, FENC hopes to instill in students the concept of protecting the environment through recycling and reuse, and inspire them to be creative with reusing resources and putting it to practice. The program outreach is extended further by giving families the opportunity to learn together as they ponder the impact of human activities on the environment, acknowledge the finitude of resources and understand the possible consequences and risks if human consumption continues to increase without recycling and reuse. The program aims to cultivate a sense of civic value and responsibility that would prompt the public to take action towards fostering environmental sustainability.

Video Documentary on "The Transformative Magic of Circularity"

Program Evaluation

FENC values bilateral communication with and feedback from everyone involved in this program. Therefore, three surveys were designed to assess evaluation and solicit suggestions from the school teachers, students and FENC staff who observed the program proceedings.

The results show that students were impressed by the program design, "learning through gaming," indicating the effectiveness of gamification in engaging student interests towards learning. The achievement rate reached 91.4% for all learning objectives.

Over 90% of the teachers recognized the originality of the program. Most of them also acknowledged the gamified and situated learning approach with a 100% satisfaction rating.

Content

Recycling Waste – Protecting the Future Festival at AEON Mall, Vietnam

Eunomia Research & Consulting in England released Beverage Packaging in Vietnam: Recycling Rate & Recycling Cost: Final Report in 2022, which shows a 50% recycling rate for PET bottles in Vietnam. As opposed to 90% in Taiwan, the percentage indicates there is still room for raising the recycling awareness among Vietnamese residents.

FEPV, a subsidiary of FENC, invests in rPET plants in Vietnam by introducing advanced PET bottle recycling and remanufacturing technologies from Taiwan. To raise the awareness of environmental protection and recycling among local residents, FEPV collaborated with AEON Vietnam Co., Ltd. (AEON) and co-hosted Recycling Waste – Protecting the Future Festival. FEPV promoted recycling during the event in the hope of increasing the recycling rate of PET bottles. FEPV also signed a memorandum of understanding with AEON to implement the first closed-loop recycling project in Vietnam. Through this partnership, FEPV would transform PET bottles recycled by AEON into high-quality rPET as the raw material for new products.

The festival debuted in southern Vietnam in 2022 and was expanded northward in 2023. The activities were held at four AEON Malls locations throughout Vietnam. FEPV prepared lectures, videos, quiz games and exhibition booths to interact with local residents and share the information and technologies regarding the recycling and remanufacturing of PET bottles. The smart recycling machine placed on site showed the public how recycled PET bottles were crushed into flakes, giving them a deeper understanding of the recycling process. FENC provided 9,700 pairs of eco-friendly socks made of recycled PET bottles as the reward for participants who recycled ten PET bottles or took part in the quiz game. In 2022 and 2023, a total of 38,125 participants attended the events and recycled 44,284 PET bottles.

Furthermore, FEPV staff conducted training for the suppliers of AEON's retail branches, encouraging them to implement recycling. By forming partnerships with stakeholders, FEPV is planting the seeds of circularity and recycling through environmental education.

FEPV and AEON's Collaborative PET Recycling Program

Environmental Education at Beitou Refuse Incineration Plant

FENC created displays that showcase the recycling process and applications of PET bottles, and provided them for free to Beitou Refuse Incineration Plant of the Department of Environmental Protection, Taipei City Government in April 2015. The displays are installed as part of the exhibits at the Egret Academy, the environmental education center at the plant to illustrate how waste PET bottles are transformed into products such as beverage bottles, packaging materials and sports apparel after recycling, classification, crushing, rinsing, and remanufacturing. The displays help visitors from Taiwan, Hong Kong, Singapore and other parts of the world understand the process and environmental benefits of PET bottle recycling and remanufacturing. The visitors were enthralled by Taiwan's accomplishments in waste classification and recycling. Since the displays were installed in 2015, nearly 4,000 visitors have benefited from them at the Egret Academy.

FENC also produced the animated video, "What is the Circular Economy?" The animation is shown at the Egret Academy in both Chinese and English, which provides additional information about the recycling of PET bottles to visitors from home and abroad. The displays also include quizzes to test visitors' understanding at the end of the tour led by the environmental education staff, helping them retain the knowledge and recognize the significance of recycling.

To keep the displays current, FENC examines the relevance of the materials annually. Within the eight years since the displays were installed, they have been updated twice, bringing the most up-to-date information to all visitors.

Content

Exerting Positive Impact

Increasing Circularity Awareness for a Future of Possibilities

"The Transformative Magic of Circularity" is an on-campus program that focuses on five major environmental education objectives – awareness, knowledge, attitude, skill and action. The aim is for students to elevate their awareness of environmental pollution caused by waste materials; acquire the knowledge of circular economy; establish environmental values. Through interactive quizzes, the students develop action skills related to the circular economy, and the ultimate goal is to inspire them to take action and make changes. The program will be continued on a long-term basis and 107 sessions have been planned until the end of 2024, which will bring educational benefits to over 6,000 students and faculty members.

Enhancing Recognition and Expanding the Circle of Sustainability

FEPV provides learning opportunities through venues accessible to the public, such as department stores. As parents visit FEPV's booth with their children, it is an opportunity to learn about the recycling and remanufacturing of PET bottles as well as the recycled products. The families also have the opportunity to operate the PET bottle recycling machine, which encourages family interaction. Additionally, FEPV gives out eco-friendly socks as gifts to the visitors so that they can relate to products manufactured from recycled resources.

FENC created displays that showcase the recycling and remanufacturing process of PET bottles to supplement environmental education at the Egret Academy of Beitou Refuse Incineration Plant. The displays are a part of the "Waste into Gold" program, where participants visit the refuse storage pit to see the waste treatment process and get a realistic sense of the massiveness of waste materials accumulated from day to day. After listening to staff and seeing it in person, the participants would understand that recycling produces resources, while disposal produces trash. When they recognize the importance of recycling, they will be able to make it a routine practice.

Increasing Sustainability Awareness and Cohesion Through Employee Engagement

FENC involves employees in environmental education programs and festivals, engaging them through brainstorming, program design, activities and observation, or communicating with the public at the exhibition booth. These opportunities help them acquire the knowledge of circular economy, learn about the environmental benefits generated by FENC's long-term dedication, and identify key stakeholder concerns. Such involvement helps enhance cohesion, which translates to support for ESG implementation at FENC.

Content

1 Fostering Robust Governance

Target Readers:

Employee / Labor Union	Business Partner (Supplier / Contractor)
Direct Customer	Shareholder / Investor / Financial Institution

Content

2023 Highlight

56 years on TWSE
Uninterrupted Profiting and Dividend Sharing Streak

Top 5%
Corporate Governance Evaluation
Among TWSE/TPEx Listed Companies

Supporting eNotice Service From TDCC
With **E-Voting & E-Meeting Option for Shareholders**

Conducting
Board Performance Evaluation
Through External Agencies

Incorporating
Taiwan Intellectual Property Management System
With
Level A Certification

Integrated Application of
Customer Profit Contribution System

Zero Default in 2023
With AI Risk Control

Stabilizing Long-term Funding
Through
Flexible Financial Operation

Strengthening Domain Security and Resilience
Through Information Security Training

Accumulating
↑20 Sustainable Financial Products
Raising **↑NT$600 billion**

Content

Target and Progress

	Industry Leading Status	Corporate Governance Evaluation	Risk Management System	Management of Information Security	Exemplary Sustainable Corporation
2030 Target	Maintaining industry leading status with key products	Top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	Zero occurrences of major information security incidents that impact operations	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2025 Target	Maintaining industry leading status with key products	Top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	Zero occurrences of major information security incidents that impact operations	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2024 Target	Maintaining industry leading status with key products	Top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of 3 social engineering drills and 3 training sessions annually to enhance overall security awareness	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2023 Target	Maintaining industry leading status with key products	Top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of 3 social engineering drills and 3 training sessions annually to enhance overall security awareness	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2023 Progress	Completed Maintaining industry leading status with key products.	Completed Top 5%	Completed • External agencies were commissioned to conduct board performance evaluation. • The risk ranking project was completed. • The digital risk management platform was established.	Completed In 2023, 3 social engineering drills and 17 training courses were conducted with 480 participants in attendance, enhancing overall security awareness.	Completed For details on implementation, please refer to the 2023 Sustainability Report.
Action Plan	• Expand production capacity and diverse production base. • Research and develop innovative products. • Elevate employee competency.	• Learn from the results of Corporate Governance Evaluation and best practices around the world. • Make continuous improvements based on corporate conditions.	• Expand the scope of risk control systems. • Optimize risk control systems with dynamic adjustments. • Establish risk control platforms. • Take stock of major risks regularly with tracking and improvement. • Report risk control progress to the Board.	• Update the email templates for phishing drills annually and develop the platform for AI social engineering drills in house. • Conduct regular information security training using the most up-to-date training materials.	• Continue stakeholder dialogue, engagement and feedback. • Engage heavily in sustainability campaigns and stay on top of current trends. • Strive for domestic and international sustainability awards. • Improve international ESG ratings.

Content

Material Topics

Operational Performance and Strategies

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

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

Corporate Governance

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Corporate Governance Officer
- Corporate Governance Task Force

Risk Management

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Corpoarte Management
- FENC sites

Digital Resilience

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Information Security Department
- FENC sites

Corporate Sustainability

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Sustainability Implementation Committee

Content

1.1 Refining Operational Performance and Strategies

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

Plant 1 of OPTC was reclassified as an investment property in 2023, and production at FEIS-Petrochemical Business was halted temporarily. The purpose is to avoid business risks caused by destructive competition while optimizing performance and management.

FENC's Organization Chart

Mission Statement

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

Core Value

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

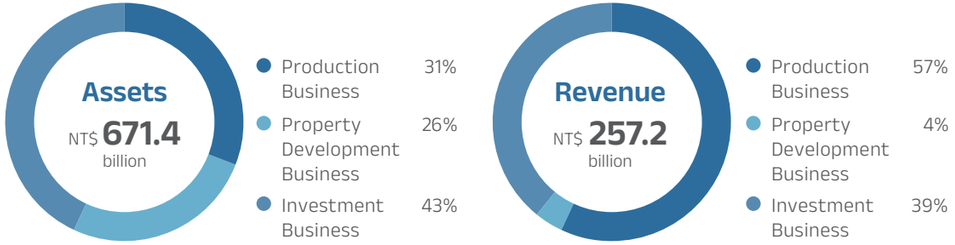
樸 Thrift
The Far Eastern Group's firmly held goal is to constantly create new value for customers and shareholders. The Group's highest ideal is to make every enterprise under its flag a leading company in its industry.

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

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

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

Assets and Revenue in 2023



1.1.1 Financial Performance

Healthy financial performance is the cradle of success for sustainability projects. It is also the key to sustainable corporate development. Each year, FENC sets the annual operating and capital expenditure budgets. Once the budgets are approved by the Board of Directors, the Accounting Department presents the Company's financial performance during each Board meeting. The presidents of each business reports on the state of operation at the Board meetings and the monthly operation review meetings, which enables the highest governing entity to monitor budget status. FENC chooses professional, accountable and independent certified accountants to audit the Company's finance and internal control. The accountants' independence and qualification are evaluated and reported to the Board annually based on The Norm of Professional Ethics for Certified Public Accountant of the Republic of China issued by CPA Association R.O.C. (Taiwan) and FENC's Corporate Governance Principle. The certified public accountants selected for 2023 were evaluated and approved by the Board on March 5, 2024.

twA
Taiwan Ratings (2023)

Financial Performance

Unit: NT$ Million

	2020	2021	2022	2023
Total Assets	616,955	635,324	657,957	**671,417**
Total Liabilities	347,531	365,913	386,265	**361,775**
Shareholders' Equity	269,425	269,415	271,692	**309,642**
Operating Revenues	206,769	238,806	263,945	**257,204**
Net Income (Attributable to Parent Company)	8,063	9,685	8,166	**8,229**

Note: FENC consolidated financial statement

Content

Economic Values Distributed to Stakeholders

Unit: NT$ Million

	2020	2021	2022	2023
Operating Cost	166,374	192,321	213,924	**210,143**
Employee Wages and Benefits	19,790	23,318	24,745	**24,566**
Payments to Investors (Interest Expense and Dividends)	17,700	16,665	18,124	**18,705**
Payments to Government (Income Tax)	3,143	2,983	3,803	**3,439**
Investments in Community	238	108	106	**76**

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

Accrued Income Tax Expense

Unit: NT$ Million

	2020	2021	2022	2023
Taiwan	2,241	2,338	2,932	**2,765**
Mainland China	859	389	405	**342**
Malaysia	15	4	10	**7**
Hong Kong	11	50	18	**53**
U.S	6	6	201	**115**
Bermuda	6	7	(5)	**(1)**
Vietnam	5	(7)	53	**96**
Singapore	5	4	6	**9**
Netherlands	-	-	-	**-**
Japan	(6)	193	184	**46**
Tailand	-	-	-	**8**
Income Tax	**3,143**	**2,983**	**3,803**	**3,439**
Ratio of Income Tax to Revenue	**1.5%**	**1.3%**	**1.4%**	**1.3%**

Tax Governance

To align with international trends on tax governance, comply with tax laws and fulfill corporate sustainability, FENC established Tax Governance Policy in 2020 to govern tax affairs at FENC as well as all subsidiaries. The policy encompasses regulatory compliance, transparency, risk control, integrity-based communication and professional training.

Policies on tax governance are fully implemented at FENC. All FENC sites must comply with local tax laws and transactions among the affiliates must be conducted under the arm's length principle. The Company does not engage in colorable transactions or transactions without economic substance, nor does it evade taxes by reporting profits at a low-tax-rate country or tax haven. All tax matters are disclosed to stakeholders as open information through means such as financial reports and information regarding corporate sustainability to increase transparency.

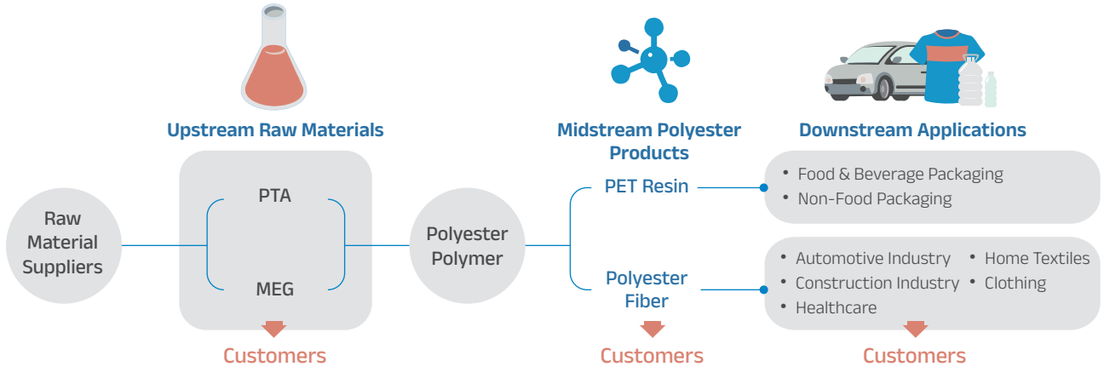
To avoid risks associated with regulatory changes, the Company established tax risk identification mechanism. When tax laws are amended, the mechanism facilitates assessment, prepares necessary response and considers gaps in tax obligations in a timely fashion. FENC also designated a tax affairs team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

The Board of Directors serves as the highest decision-making and supervisory entity for tax governance at FENC. All major transactions and policy decisions are preceded by tax risk assessments. Compliance is ensured through internal audits in accordance with the tax law. Prior to the end of a calendar year, the Company files country-by-country reports and transfer pricing reports for the previous year per regulatory requirements.

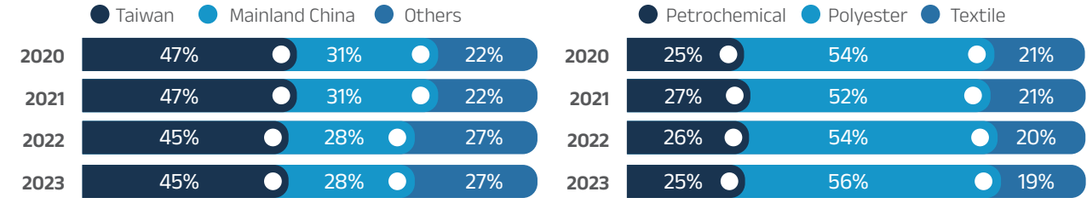
FENC Annual Report Financial Report Tax Governance Policy

1.1.2 Production Business

Main Products and Value Chain



Sales Ratio



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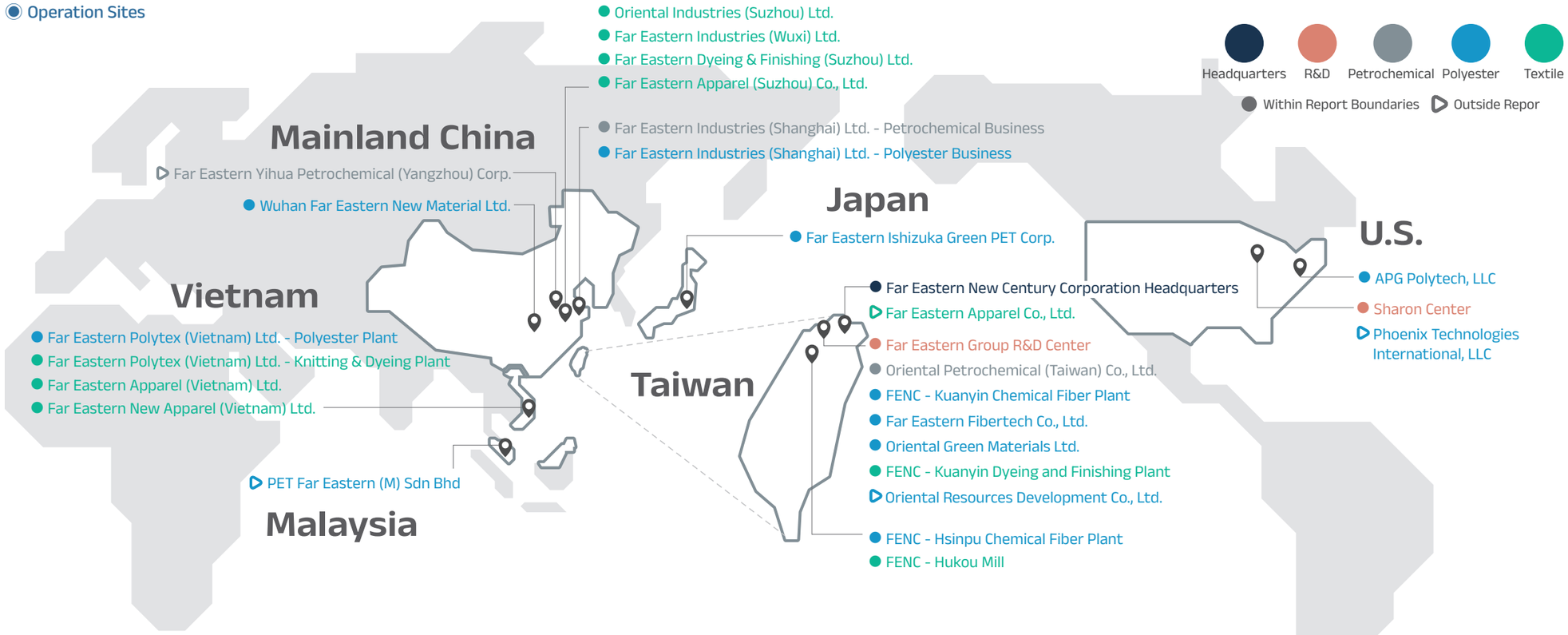

Overview of Market Environment and Industry Summary in Production Business

Marked by unpredictability and instability, the geopolitical and economic climate in 2023 had turned out to be precarious. With no end in sight for the war between Russia and Ukraine, the Israel-Hamas war erupted, triggering the Red Sea crisis. Meanwhile, international trade continued to shrink in a world pounded by rising inflation and interest rate hikes, slowing the global GDP growth to 3.1%. (Source: International Monetary Fund) The 2024 outlook remains uncertain amid a sluggish global recovery. In the U.S., the federal deficit continues to climb, high interest rates are weighing borrowers down, and the risk of non-performing loans is looming over the financial industry. In mainland China, a real estate crisis is brewing as the momentum that fuels economic growth wanes. Politically, the election year could lead to shifting power structures in many regimes and a reshuffling of the world order, pivoting economic policies and global cooperation. The path to economic recovery remains challenging.

FENC is ready to embrace these challenges with unmatched competitive advantages. The Company has established a vertically integrated production and sales network that spans worldwide as well as partnership diversity and reliability with a host of international brands. While reducing operational risks, these strengths are marks of FENC's organizational resilience, which is unrivaled by its industry peers. Having spent decades developing the circular economy, FENC has risen as the leader in the global green supply chain. While marching with the global community towards net zero by 2050, FENC is expanding the breadth and depth of green manufacturing by leveraging these key advantages, aiming to become the benchmark of sustainability at a global scale.

The business environment is greeted by uncertainties in 2024, and only the fittest will survive the coming wave of mergers and acquisitions. With its roots firmly anchored and nourished for over seven decades, its vision and foresights bolstered by the core strengths and strategic deployment, FENC is generating the next surge of growth momentum, paving the way for sustainable development.

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1.2 Governing With Steady Pace

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

FENC referenced Corporate Governance Evaluation to finetune the management system for the year 2023. Key projects are as follows:

1. FENC issued the electronic notification of dividend distribution through the Taiwan Depository and Clearing Corporation (TDCC) eNotice Platform.
2. Intellectual property management was reinforced by introducing the Taiwan Intellectual Property Management System (TIPS). FENC's TIPS, which optimized the attainment, protection, maintenance and utilization of intellectual property, received the level A certification.
3. External agencies were commissioned to conduct the Board performance evaluation.
4. Operational standards related to the financial operation with related parties were established.
5. Key questions and replies between shareholders and FENC were added to the minutes of shareholder meetings.
6. FENC filed the changes in insider shareholding on the Market Observation Post System before the 10th of each month.
7. The Board evaluated the independence and competency of certified public accountants with the Audit Quality Indicators as references.
8. FENC provided resources for the cultural development in Taiwan with active engagement in arts and cultural programs.

Supporting TDCC eNotice of Dividend Distribution and Adopting E-Voting and E-Meeting Options for Shareholders

FENC adopted the eNotice Platform developed by TDCC in 2023 for sending electronic notifications of dividend distribution to shareholders. The electronic operation significantly reduced carbon emissions and shipping costs derived from the paper options. During the reporting year, the dividend distribution notifications from the eNotice Platform were accessed 2,324 times.

FENC will continue to expand digital shareholder services, including e-voting, e-meeting options and e-notices for dividend distribution, building a comprehensive range of digital services for its shareholders.

Incorporating TIPS with Level A Certification

To reinforce intellectual property management and improve the performance in corporate governance evaluation, FENC introduced the Taiwan Intellectual Property Management System (TIPS) in 2023 and obtained the level A certification.

FENC has a reserve of abundant R&D resources. Far Eastern Group R&D Center, a designated research and development institute, forms internal and external partnerships that generate innovative momentum. Internally, Far Eastern Group R&D Center provides business units with assistance that aligns with corporate plans for market expansion. Externally, the center establishes strategic alliances with major international brands to develop products and technologies and facilitate technological transfer. Additionally, FENC has devoted long-standing efforts to developing the circular economy and the Company excels in pioneering recycling and remanufacturing technologies. Among them is the famed TOPGREEN® product series. To meet the goals of developing, deploying and protecting its intellectual property, including patents and trademarks, FENC implemented the Taiwan Intellectual Property Management System (TIPS) and established the management system based on the Plan-Do-Check-Act (PDCA) cycle. FENC reached level A on its first application for the TIPS certification and obtained the qualification for the next tier, level AA, boosting its competitiveness in the management of intellectual property.

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1.2.1 Integrity and Anti-corruption

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

Integrity and Anti-corruption System

Highest Guiding Principle	Integrity
Code of Conduct	Best Practice Principles of Ethical Corporation Management and Code of Ethics approved by the Board
System	1. Conflict of interest stipulated in the Rules of Procedure for Board of Directors – Donations from stakeholders or major donations to non-stakeholders: Rules of Procedure for Board of Directors stipulates that such conduct shall be reported to the Board; 2. The whistle-blowing and disciplinary method of violating ethical conduct and ethical management; 3. Provisions of anti-money laundering measures under Control System on Preventing Economic Sanction from Financing of Terrorism; 4. Remuneration system; 5. Internal control system and provisions governing its implementation, including management policy, authorization system and segregation of duties; 6. Anti-bribery clauses included in procurement contracts to strictly forbid the acceptance of kickbacks, handling charges or financial gains in any form.
Scope	Corrupt conducts subject to FENC anti-corruption policy include unlawful conducts that cause embezzlement of corporate assets or infringement of shareholder rights, such as corruption, money laundering, bribery, kickback, commission, facilitating payment, illegal political donation, inappropriate charitable donation, unreasonable presents, improper conduct and unfair trade.
Audit System	1. Integrity and anti-corruption practice are listed under mandatory audit in the internal audit system. 2. Self Evaluation on Corporate Corruption is conducted quarterly based on the scope of anti-corruption policy. The result is presented to the Board for review to ensure the implementation of the anti-corruption policy. 3. FENC shall conduct investigation in the presence of the likelihood that suppliers and subcontractors, including agents and trade companies, violate integrity practice. Once verified, said company will be removed from FENC's list of eligible suppliers.
Training and Promotion	1. A minimum of one anti-corruption training for Board members and all employees to promote the scope of FENC anti-corruption policy and possible effects at the individual and corporate levels. 2. Prior to being included in FENC's list of eligible suppliers or engaging in business transaction with FENC, suppliers and subcontractors, including agents and trade companies, must undergo anti-corruption training or education. 3. Internal publication, meetings, signage at the plants.

2023 Implementation

1. FENC revised the Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management, adding provisions on submitting investigation reports based on the position of the reported individual and protection measures for whistleblowers to strengthen ethical management and protection.
2. Quarterly compliance audits were conducted at all FENC sites, including the completion of self-assessment forms and on-site audits, to ensure a full understanding of FENC's ethical corporate management and anti-corruption policies across all production and operation sites.

2023 Results

1. The implementation of ethical management was presented to the Board, including online self-evaluation on regulatory compliance and training outcomes to fulfill the Company's belief in corporate integrity.
2. The anti-corruption training was conducted for FENC employees with 100% coverage.
3. Among the new employee hires, 100% have signed the declaration pledging to abide by the FENC Best Practice Principles of Ethical Corporate Management and Code of Ethics.
4. FENC promotes anti-corruption among suppliers and contractors through the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. A total of 6,569 suppliers, which account for 94%, have signed the statement.

Articles of Incorporation
Corporate Governance Principles
Best Practice Principles of Ethical Corporation Management
Implementation of Ethical Management
Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management
Code of Ethics

1.2.2 Board Structure and Remuneration

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

Four Board meetings were held during the reporting year with a total of 76 resolutions discussed regarding management strategies, risk control, product innovation, carbon reduction, talent incubation and sustainable development. The Board continues to thrive under a robust system.

Profile of Board Direct
Board Regulations
The diversity policy and implementation of the Board of Directors' composition

Functional Committees

Remuneration Committee Established in 2011	Independent Board members serve as the convening body of the Remuneration Committee, which provides assistance to the Board in the establishment of performance review policies governing Board members and managers. The Committee is also responsible for establishing remuneration policy, system, standards and structure. FENC conducts regular performance reviews of employees, managers and Board members through the Remuneration Committee and determines salary, bonus and other forms of compensation. The Committee conducts industry payroll survey and provides recommendation to the Board for discussion. In 2022, the Remuneration Committee convened 2 times. Remuneration Committee
Audit Committee Established in 2015	Audit Committee is composed of all independent Board members and convenes quarterly. The objective of this committee is to monitor the appropriateness of financial reporting, implementation of internal control, compliance with company regulations, management of potential or existing risks, as well as selection and evaluation of the independence and performance of certified public accountants. The Audit Committee convened 4 times in 2022. Audit Committee
Sustainability Committee Established in 2020	Independent Board members serve as the convening body of the Sustainability Committee, which actively fulfill the following responsibilities granted by the board of directors, including "Promote and strengthen the corporate governance and integrity", "Implement and develop matters related to corporate sustainability" and "Supervise other matters related to corporate sustainability approved by the Board". In 2022, the Sustainability Committee convened 2 times. Sustainability Committee

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Board Management and Performance Review

1 Nomination

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

2 Independent Supervision

The Board exercises its power and fulfills its duties in accordance with the Articles of Incorporations, Rules of Procedures for Board of Directors and all applicable regulations. Based on the provisions regarding conflicts of interest in Meeting Rules of Board of Directors, Board members or the juristic persons they represent with conflicts of interest regarding agenda items shall explain to the Board the essential contents of such interest. In the presence of potential damages to the Company's interest, said Board members shall recuse themselves from discussing or voting on the agenda item in question, and from voting on behalf of another Board member. There were no incidences of conflicts of interest among the Board members in 2023.

3 Training

Each year, FENC invites external experts to hold two training sessions for the Board members. The 2023 courses include "The Present and Future of Industry 'AI-Fication': Impacts From ChatGPT and Corporate Response" and "Challenges and Opportunities Amid the Global Net-Zero Transition." The attendance count among Board members reached 17, and all members completed a minimum of six training hours in the reporting year.

4 Remuneration and Evaluation

Annual self-evaluations on the performance of the Board, Board members and functional committees are conducted in accordance with FENC Board Performance Evaluation Rule. In 2023, the results of all self-evaluations are "exceptional," which is the highest level.
A Board performance evaluation is conducted at least once every three years by an independent external agency or a team of experts and scholars. In 2023, FENC commissioned EY Transaction Advisory Services Inc. to conduct the review, evaluating the Board performance in "structure," "people" and "process and information." The ratings the Board received are "advanced," "advanced" and "benchmark," respectively.
According to the provisions of the Articles of Incorporation, the Remuneration Committee makes recommendations to the Board regarding the actual ratio and amount of profit distribution for Board members and a report of such distribution shall be presented at the shareholder meeting. The 2023 profit distribution for the Board remuneration accounts for 1.87% of the net profit after tax.

Performance Evaluation of Board Directors

Core Competency	Environment	Society	Governance
Properly exercise its rights and full obligations, including comprehension of corporate objectives and missions; understanding of Board duties; degree of participation in corporate operation; communication and management of internal relations; professional capability and training for Board members.	Establish and provide supervision on environmental goals, including energy and resource management; report on GHG emissions; pollution prevention and control; creating sustainable production process.	Establish and provide supervision on social goals, including disaster relief for communities; non-profit and charitable programs; management of supply chain; occupational safety and health; human resources; employee competitiveness and welfare.	Establish and provides supervision on governance goals, including examination of operational budget and planning; review of systems and reports on accounting, finance, R&D, production and sales, integrity practice, risk control and internal audit.

Board Performance Evaluation by External Agency

In 2018, FENC amended the FENC Board Performance Evaluation Rules, mandating the Board performance evaluation to be performed once every three years at a minimum by an independent external agency or a team of experts and scholars. In 2023, FENC chose EY Transaction Advisory Services Inc. for the task, relying on its independent, professional and seasoned qualities, which matched FENC's selection criteria for external agencies to carry out the performance evaluation.

The Board performance is divided into three levels: "benchmark," "advanced" and "basic." The Board received the rating of "advanced," "advanced" and "benchmark" for its performance in "structure," "people" and "process and information," respectively. The report, completed in January 2024, was presented to the Remuneration Committee on February 26 and the Board on March 5, 2024. The results also serve reference purposes in terms of the remuneration for as well as the nomination and renewal of the Board members. The recommendations from and responses to the evaluation are listed below:

	Recommendation	Response
Board members	At least one-third of the Board should be constituted by independent Board members, and the diversity of the Board and independent Board members should be considered.	After the 2024 Board election, one-third of the seats on the Board will be held by independent Board members, and the diversity of the Board will be enhanced.
Board motions	The material issues concerned by external stakeholders should be reported in higher frequency.	The Board will continue to focus on issues of concern for stakeholders and report such issues more frequently.

1.2.3 Shareholder Benefits

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

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

Meeting Rules of Stockholders

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1.3 Perfecting Risk Management

Risks and opportunities are two sides of the same coin. Where one goes, the other follows. As the war between Ukraine and Russia raged on throughout 2023, another geopolitical crisis broke out at the Red Sea while the global inflation persisted. At a time like this, the presence of a robust risk management mechanism is of vital importance, and only through which can operational risks be minimized and growth opportunities be fostered to fulfill corporate sustainability.

1.3.1 Risk Control Policy

To reinforce corporate governance and establish sound risk control to reach corporate targets, the Board approved Risk Control Policy on November 12, 2021. The objective is to ensure sustainable management, reduce damages and enhance corporate profit. Risks and opportunities should be evaluated accordingly for all business conducts to identify, evaluate, monitor and control risks, keeping risks within manageable range to rationalize risks and benefits.

Risk Management Policies

Risk control at FENC is governed by a 3-tierd framework that spans throughout the Board, the administrative department as well as the business departments and units. The obligations of each applicable entity are outlined within the Risk Control Policies. In the event of unanticipated major risks, an emergency response team shall be established to formulate immediate responses and handle the risk conditions to ensure regulatory compliance while minimizing potential damages and impacts. Monthly risk control briefings are presented to the Board members and senior management. Risk issues discussed include management, sales, industry operation as well as energy and carbon reduction to keep the Board members and senior management informed while making policy decisions.

◉ Structure of Risk Control Organization

Board of Directors	The Board of Director serves as the highest decision-making entity regarding risk control. The Audit Committee and Sustainability Committee oversee the control management of business risks as well as sustainability risks, respectively, to ensure the effectiveness of the risk control process and outcome.
Administrative Department	Administrative Department is responsible for the overall risk control and establishment of management standards. Monthly task:The units conduct regular meetings to review and examine the risk control status, monitor risk control implementation and coordination on the overall operation. Yearly task: The units shall present the risk control report to the Board at least once a year. The 2023 report was represented to the Audit Committee on November 7, 2023 and to the Board on November 10, 2023.
All Businesses and Applicable Units	All units shall identify major risks and conduct risk planning, implement essential risk assessment and control, and report the status of risk control to the Administrative Department on a regular basis.

1.3.2 Identification and Management of Major Risks

Major Risks

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

◉ Major Risk and Response

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

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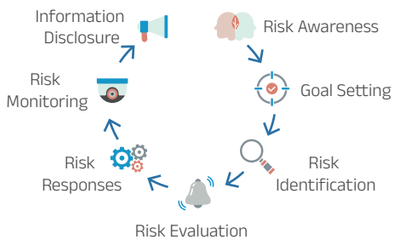
Risk Management Principles, Mitigation and Control Measures, and Identification and Management Procedures

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

6 Principles

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

7 Processes



Performance Enhancement and Risk Reduction Through Integrated Application of Customer Profit Contribution System

Aiming for maintaining robust governance, FENC established the customer profit contribution system to improve operational performance and reduce risks:

1. Total integration between the parent company and subsidiaries: FENC has accomplished seamless integration with its worldwide subsidiaries by establishing consistency in the customer profit contribution management to boost corporate performance and efficiency.
2. Connection to customer credit ratings: The system is connected to information concerning customer credit ratings, which reduces the risk of account defaults and ensure capital liquidity.
3. Pricing and cost review: Comprehensive pricing and cost information is provided to help sales staff modify pricing strategies with agility to maximize profitability.
4. Real-time response and adjustment to market changes: The system provides insights into changes in product sales and costs as well as market evaluation to facilitate swift production calibration and responses.

Although the market outlook remains murky, FENC stays unfaltering, maintaining rapport with customers and suppliers, ensuring strong governance and generating breakthroughs amid an evolving world to create win-wins for all.

Embracing a World of Changes With Agile Financial Operations and Stabilized Long-Term Funds

The year 2023 was marked by a beleaguered world economy dented by crises and challenges from a geopolitical balance tilted by the Red Sea crisis and conflicts between Israel and Hamas; an economic outlook dampened by the Chinese property sector crisis; the uncertain course of the U.S.-China relations. These crises are highlighting the significance of managing risks associated with the management of interest rates and liquidity.

FENC is embracing a world of changes with agile financing strategies. For the short term, the Company utilizes structured financing with varied maturities while monitoring trends in market interest rates. For the medium and long terms, the aim is to secure long-term capital by issuing eight corporate bonds totaling NT$20.9 billion, which puts FENC ahead of the pack among companies with the same rating. Green bonds issued by FENC have amounted to NT$5.85 billion, which helps the Company gain preferential rates and cut interest expenses. The approach also aligns FENC with its sustainable development strategies, values and image.

By leveraging the bill market, long-term credits and hedging while monitoring the interest rate, FENC is minimizing impacts on financing costs resulting from future fluctuations in interest rates. With the flexible use of financing tools, the Company has successfully reduced capital costs and operational risks.

1.3.3 Risk Control Mechanism

Regular Meetings

■ Environment ● Social ◆ Governance

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

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Risk Alert System: Advanced Response with Regular Tracking

FENC established Risk Alert System in 2015. The administrative units conduct monthly follow-ups and examine corporate risks. In 2023, the Company held 12 risk control meetings, establishing advanced indicators and responses to avert risks, and address irregularities in the indicators with corresponding measures, improvements and optimization for prevention.

Priority tasks for 2023
(1) Reinforcing information security monitoring and control to prevent and address internet fraud.
(2) Reducing capital costs and improving the financial structure.
(3) Evaluating the impact of the Israel-Hamas war and adopting necessary measures to secure accounts receivable.
(4) Planning for insurance renewal across the entire production business amid rising insurance premiums.
(5) Implementing GHG inventory and reduction.
(6) Assessing the impact of aligning with international sustainable disclosure standards.

Starting from 2019, risk indicators are implemented in a systematic approach with risk management platform. For instance, the Company introduced credit rating and instant credit calculator to address credit risks and crediting management. The system automatically conducts the calculation to determine reasonable credit limits, which enhances the quality of credit decisions.

In 2023, FENC completed three major digital projects, including the establishment of the Global Overdue Information Platform as well as the optimization of the Global Customer Credit Management Platform and Credit Customer Information Management Platform.

Process of Risk Alert System

Risk Alert Process

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

Achieving Zero Defaults in 2023 by Integrating AI, Big Data and Risk Control

The year 2023 was challenging for the global market. Slowing demand from terminal brands, rising inflation and geopolitical instability compromised the equilibrium of the global economy and supply chains. FENC responded with continued efforts in securing accounts receivable, controlling credit risk exposure and monitoring national risks. The management guidelines are adjusted as appropriate to respond to changes in global risks.

FENC continues to implement the digitization of account management through the integration of big data and AI. In 2023, the Company established the Global Overdue Information Platform and optimized the Global Credit Management Platform and Credit Customer Information Management Platform. The three major digital projects expanded the Company's ability to determine risks, strengthen risk alert, predict and identify at-risk customer groups and carry out effective overdue collection. FENC's prudent efforts accomplished zero defaults during the reporting year. Specific measures are listed below:

1. The Global Overdue Information Platform was established to prepare daily compilations of worldwide overdue accounts. Individual alerts are sent with collection status monitored to enhance the efficiency of account collection and refine risk exposure management.

2. The Global Credit Management Platform was optimized to monitor global credit risk exposure and conduct in-depth analysis and data interpretation as a reference for management and decision-making.

3. The Credit Customer Information Management Platform is optimized to enhance comprehensive risk analysis regarding credit customers and integrate national risk dynamics, agency ratings and major news from 193 countries.

4. The List of Countries With Escalated Risks and List of Customers With Unusual Risk Patterns were compiled for control and regular review with limitations regarding credit and transaction terms to help FENC stay up-to-date on geopolitical and economic risks as well as changes in customer operations.

5. Non-performing loans were closely monitored with prompt responses and enhanced collection efforts. The measure helped FENC reduce overdue accounts in arrears for more than three months to 0%.

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

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

1. Objective

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

2. Target

Confirm key regulations concerning corporate operation. Regulations governing penalty for Board members and managers; damages to corporate image; major civil offense; administrative liability are given priority status for implementation. Areas prone to deficiency are listed as the focus for annual audit. Given the above criteria, 85 regulations and 602 control points are identified.

Coverage Areas of Regulatory Audit

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

Detail

Category	Focus	Task	2023 Performance
Establish Communication	• A clear and adequate system for the conveyance, consultation, coordination and reporting of regulatory information was established. • The SOP and grievance mechanisms for violations were established, including the email for reporting regulatory compliance issues and for the Audit Committee and Audit Department.	• Designate regulatory compliance personnel. • Report violations and penalty immediately.	• The compliance staff from all departments report monthly on violations and penalty. • No grievance claims were filed in 2022.
Regulatory Update	• Track the latest regulatory amendments and updates on a regular basis and convey the changes to all units immediately. • Provide advanced risk alert on violations for all units.	• Convey the latest regulatory changes to applicable units and personnel. • Update Company regulations in accordance with regulatory changes.	• Develop robotic process automation (RPA), which extracts regulatory updates daily from the Executive Yuan Gazette Online and the Financial Supervisory Commission, and weekly from sources related to the economy, health and safety, labor affairs and fire safety. The updates are sent to applicable personnel immediately. • Amended the FENC Audit Committee Charter, Meeting Rules of Board of Directors and Corporate Governance Principles to align with regulatory amendments. • Established the Rules Governing Financial and Business Matters Between FENC and Its Related Parties. • Established the contract clause that stipulates supplier information security to ensure robust information security management and reviewed information security regulations governing procurement operations to ensure compliance with the Cyber Security Management Act during supplier selection and monitoring. • Established the Record and Document Retention Policy for the U.S. subsidiaries to stipulate the retention period, custodian and record update in accordance with the law.
Regulatory Training	• Publish information on regulatory enactment, case studies and regulatory education. • Conduct training on key regulatory amendments. • Provide in-person and online training on regulatory compliance for new employees (intellectual property/copyright/Criminal Code and corporate corruption/labor conditions/trade secret).	• Designate appropriate staff to undergo training.	• Conducted Basic Intellectual Property Training for Responsible Personnel on July 3, 2023. • Conducted the training, Manager's Guide to Protecting Gender Equality, on August 29, August 31, and September 5, 2023 for managers at the levels of senior vice president, manager/deputy manager and section chief. • Shared the case study of a major fire incident in Taiwan as well as regulatory violations with FENC production sites in October 2023.
Compliance Evaluation	• Implementation of regulatory compliance was reported to the Board quarterly. • Self-evaluation checklists were established targeting the regulatory control points. • The Legal Department collaborated with the Human Resources Department, Labor Safety and Health Department and Audit Department to complete on-site inspections, provide guidance for all departments on improvements and follow up. • Ensure that suppliers and contractors of all FENC production sites comply with FENC's corporate social responsibility policies regarding labor and human rights, health and safety, environmental protection and business ethics.	• All departments formulate and implement improvement plans to address deficiencies identified in the self-evaluations. • On-site inspections were conducted with supplementary information provided. • Require suppliers and contractors to sign the FENC Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement or add relevant clauses to transaction documents.	• Conducted monthly self-evaluations on regulatory compliance to monitor the compliance among all FENC departments and subsidiaries. • Conducted on-site compliance audits at the Corporate Management in January 2023 and at all production sites in April, July and October.

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Major Violations in the Past Two Years

	Company	Violation	Fine (NTD)	Improvement Plan
2023 (Two Case)	APG Polytech	The wastewater discharge exceeded the regulatory limit.	NT$93.2 thousand	The improvement is scheduled to be carried out in two phases with the first being completed in July 2024 and the second, which involves optimization, in July 2025.
	FERD	The actual area of the landscape buffer was inconsistent with the area specified in the environmental impact statement.	NT$30 thousand	Immediate action was taken to increase the landscape buffer.
2022 (Two Cases)	FEDZ	The chemical oxygen demand (COD) and biochemical oxygen demand (BOD) in the water samples exceeded the permitted level.	NT$999 thousand	1. A buffer tank is added to allow time for the particle matters to settle. The improvement has brought the water samples up to standard. 2. The BOD level is tested more frequently.
	FEIS	The phosphorous concentration in the wastewater exceeded the permitted level.	NT$442 thousand	1. The oil agent was improved to reduce the phosphorous concentration. 2. Daily management is enhanced. The phosphorous concentration is tested daily to keep the wastewater quality above the governmental standards for discharge.

Note: The threshold of disclosure for monetary penalties is set at NT$300,000. The threshold of disclosure for non-monetary penalties is business suspension. There were no incidences of such suspension during the reporting period.

Risk Ranking Project

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

In March 2022, FENC launched the fourth risk ranking project covering 21 plants from the above-mentioned countries. The risk ranking, which was completed in the first half of the year, identified 158 deficiencies. In order to implement risk warning and reduce potential threats, FENC took immediate action and addressed the weaknesses with measures that reinforce the integrity of pipeline inspection, operational proficiency among staff, chain business management and backup for firefighting systems with monthly tracking and reporting. It is anticipated that all improvements will be completed by the end of 2024.

Strengthen Risk Control Training

To ensure sustainable development, minimize damages and advance business interests, all units at FENC offer training programs targeting potential risks. A total of 50 courses were provided in 2023 with 4,336 participants completing the training. Additionally, 4,106 employees underwent the training and exam regarding regulatory compliance as well as the training on occupational safety and health. Details are provided in 4.3 Reinforcing Occupational Safety and Health Management.

Oversight and Management of Internal Control System

1. Operation of Internal Audit

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

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

2. 2023 Implementation

FENC conducted 56 audit projects in 2023 and identified minor internal control risks. The majority of the improvement projects have been completed. As of the end of December 2023, deficiencies identified in 19 audit projects remained outstanding with improvement measures in progress.

3. 2023 Priority Tasks

- **Internal Control Self-Evaluation**

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

- **Auditing With Digital Tools**

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

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

  - Create the profit and loss analysis dashboard for the production business, monitor operational conditions in real time and establish a risk warning mechanism.
  - Apply robotic process automation and programming languages to audit projects and routine work to improve operational efficiency.
  - Leverage machine learning to generate the supplier relationship diagram to determine whether suppliers are connected and issue warnings when necessary.
  - Incorporate public information from external sources, optimize the supplier selection process and improve the quality of supplier selection.

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4. Subsidiary Supervision

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

5. Training for Audit Personnel

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

Internal Audit Organization and Internal Control Approaches

1.4 Fortifying Digital Resilience

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

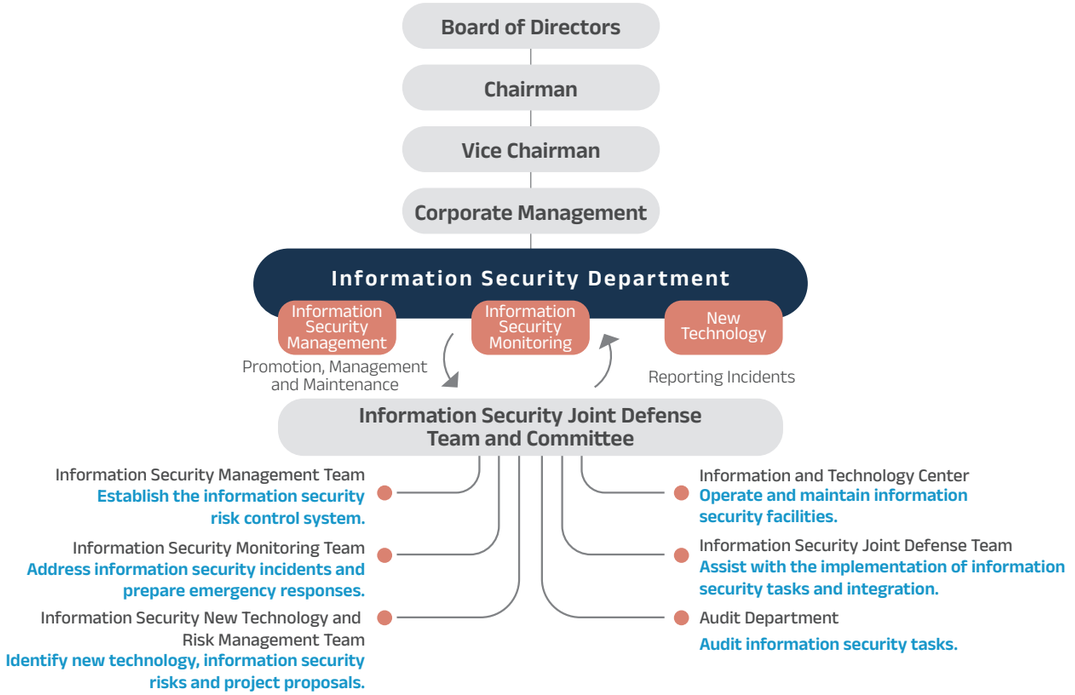
Information Security Department

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

Information Security Joint Defense Team and Committee

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

◉ Information Security Management Framework



Information Security Management System and Business Continuity Management

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

Additionally, FENC has been implementing the ISO 22301 business continuity management system to fortify its crisis response and ensure business continuity, advancing digital resilience through risk assessment, crisis management and resource allocation. In December 2023, FENC's subsidiary, Shanghai Far Eastern IT Corp., obtained the ISO 22301:2019 certification, which is valid until December 2026. Obtaining the certification requires the integration of the ISMS and business continuity management to create a comprehensive security and operational shield, which is a testament to FENC's commitment to business continuity and information security.

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Strengthen Information Security Management

1. Establish Information Security SOP

FENC joined Taiwan CERT/CSIRT Alliance (see note1) and established the SOP for dealing with information security incidents. The SOP delineates applicable procedures and measures, including reporting proceedings and staff accountability. The goal is to eliminate information security incidents within the least amount of time and establish correction and prevention plans accordingly. In 2023, there were no major information security incidents (see note2) at FENC and no financial losses caused by information security incidents.

Note:
1. CERT/CSIRT refers to Computer Emergency Response Team (CERT) and Computer Security Incident Response Team (CSRIT).
2. A major information security incident refers to an incident that results in damages exceeding NT$100 million for FENC.

2. Implement Information Security Incident Reporting and Handling

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

3. Strengthen Information Security Management and Training

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

4. Ensure the Effectiveness of Information Security Protection

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

Constructing Robust Domain Security and Resilience at FENC

In recent years, international brand customers have been reinforcing supply chain security, assessing supplier information security and vulnerability through information security companies. To align with the trend, FENC is strengthening domain security management by compiling a list of exposed public network services to prevent inconsistency in the defense networks. In addition to bolstering firewalls and implementing a real-name internet system, FENC developed the FE Attack Surface Management Platform, which automatically integrates threat intelligence, detects cyberattacks and forms rapid responses. FENC's joint defense framework also covers its subsidiaries to heighten digital resilience. These measures have brought FENC and over 20 of its worldwide subsidiaries up to customers' standards on domain security ratings. They also scored the highest letter grade, "A," from Security Scorecard, the security rating adopted by customers. The scorecard is a demonstration of FENC's ability in cyber security defense as a top supplier.

Fortifying Defense Network With Information Security Training

The Information Security Department has been stepping up efforts to provide information security training. In 2023, the department conducted over 17 in-person training sessions with more than 480 participants from the administrative, sales and production units. The training covered potential information security risks during accounts receivable and payable processes, prevention of business email compromise, social engineering drills, digital transformation with AI and an overview of ChatGPT. The training was also customized to suit different job requirements, helping employees respond to information security threats and raise security awareness. To amplify the effects, the training has been converted to the online format and offered to all employees through the Far Eastern Academy, the training platform developed by FENC.

Aside from the above approaches, FENC also keeps employees up-to-date on the latest information security issues through a special column in Far Eastern Monthly, an internal publication within Far Eastern Group. A total of 11 columns were published in 2023, featuring a wide spectrum of issues such as an overview of the global information security trends, supply chain information security management and the security and compliance regarding generative AI. The columns have enhanced information security awareness among employees while synchronizing such efforts across all affiliates under Far Eastern Group, bolstering its defense and resilience in information security.

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Supply Chain Information Security Management

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

1.5 Implementing Sustainable Development

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

1.5.1 Sustainability Governance

Guidance for Sustainability Governance

1. Sustainable Development Principles

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

Sustainable Development Principles

2 Sustainability Strategy Blueprint

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

Sustainability Strategy Blueprint

Structure of Sustainability Governance

1. Board of Directors

The Board of Directors serves as the highest governing entity regarding ESG governance at FENC. The Presidents of all Businesses and highest-ranking executives of all units present corporate issues concerning sustainability at the quarterly Board meetings and regular briefings. ESG issues discussed during regular meetings of the Board, Audit Committee, and Remuneration Committee as well as additional regular meetings attended by the Board members in 2023 include:

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

2. Sustainability Committee

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

Sustainability Committee Charter

- **Operation of Sustainability Committee**

FENC's Sustainability Committee headed into its second year in 2021 and members of the Board were appointed to serve on the committee on July 29, including two independent Board members, one of whom served as the convenor, and one external Board member.

The three committee members are well equipped with the knowledge and expertise in corporate sustainability, including the operation of corporate governance and non-profit organizations, protection of employee rights, corporate risk management and strategic planning.

To enhance sustainability governance at FENC, the Sustainability Committee meeting, which was an annual occurrence, became a semi-annual meeting in 2022. During the reporting year, the meetings were held on April 25 and October 24. Humphrey Cheng, President of Corporate Management, presented the implementation progress, report, project and performance to the three committee members. Specifically, the presentation covered the publishing of FENC's Sustainability Report and its first Task Force on Climate-related Financial Disclosures (TCFD) Report; identification of stakeholders and material topics; implementation of GHG inventory and verification; enactment of internal carbon pricing; deployment of multiple renewable energy sources; ongoing expansion of green products and applications; promotion of sustainable financing products; enhancement of human rights policy and human rights due diligence; strengthening of information security management; implementation of environmental education programs; promotion of sustainable supply chain; stakeholder engagement through diverse means. All resolutions were approved unanimously by the attending members. Johnsee Lee, FENC's independent Board member and convenor of the Sustainability Committee, presented the outcome to the Board on May 11 and November 10.

FENC's audit units conducted audits over the operation of the Sustainability Committee in 2023 based on the Sustainability Committee Charter. The audit confirmed that there were no wrongdoings of any kind concerning the committee members, duties, convening of meetings as well as rules of procedure.

3. Sustainability Implementation Committee

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

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

The Sustainability Implementation Committee consists of 192members in 2023. The committee structure parallels the corporate structure. Among the members are Presidents and Chief Operating Officers from all Businesses, departmental managers at FENC operation sites worldwide and the 3 designated members of the Sustainability Team under Corporate Staff Office.

Profile and Duty of Sustainability Implementation Committee

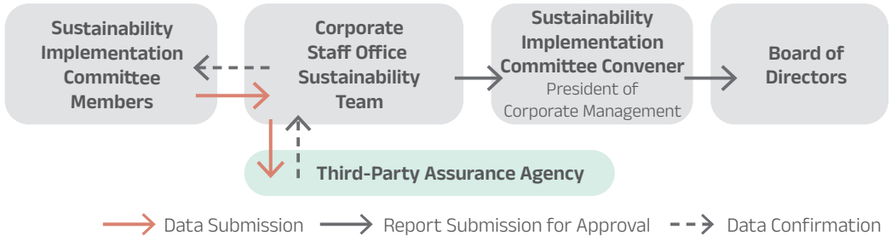
Disclosure of Sustainability Data

The annual sustainability performance disclosed in this report is first presented by the Sustainability Implementation Committee, which is then verified, analyzed and consolidated by the Sustainability Team at the Corporate Staff Office. The report is finalized and published after receiving third-party verification and approval from the President of Corporate Management. For the 2023 Sustainability Report, submissions for approval were made by the Sustainability Committee and the Board of Directors on April 11 and May 9, 2024.

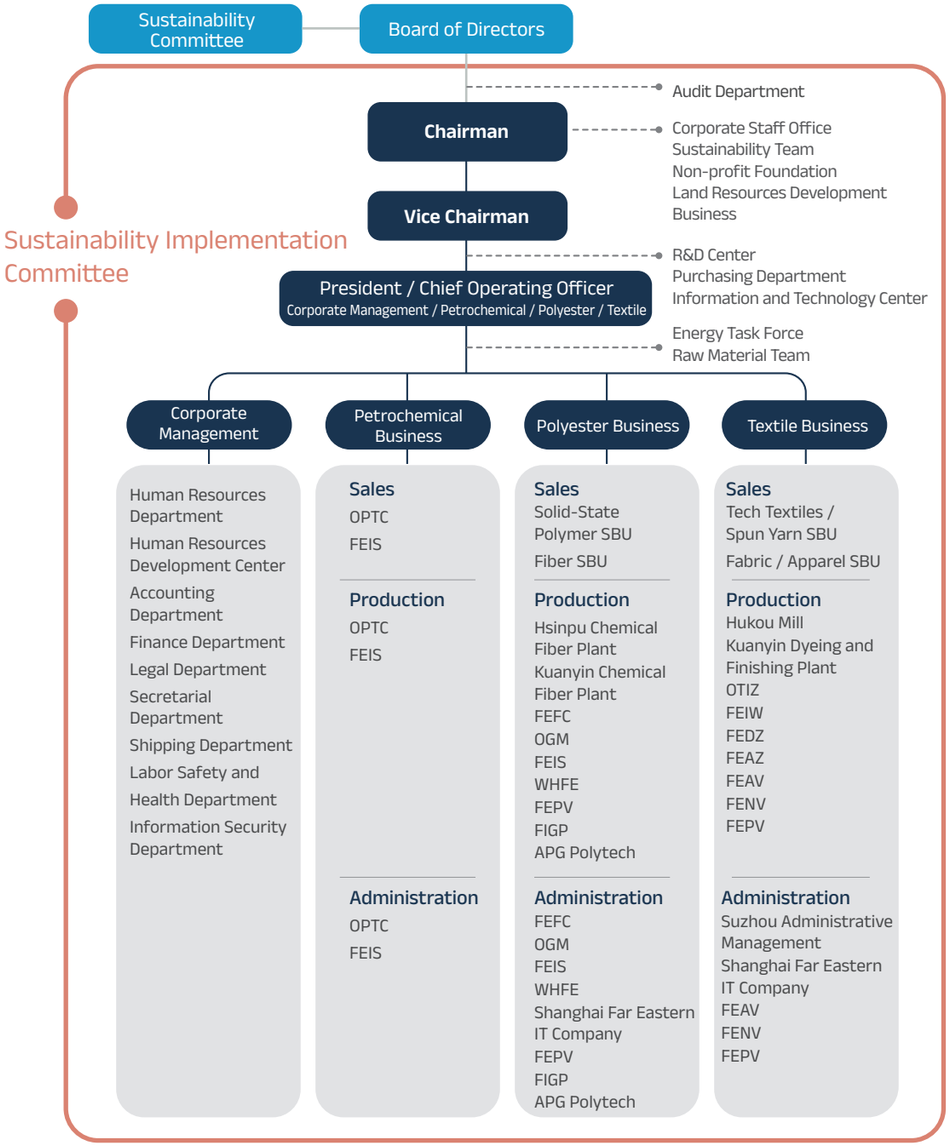
To bolster the Sustainability Report publication and verification mechanism, FENC established Operational Procedures for the Preparation and Verification of the Sustainability Report in 2022 based on Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports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

To facilitate data collection, digitization and preservation, FENC introduced the ESG Portal in 2022. The forms, which used to be delivered through emails, are now digitized, allowing employees to complete, submit and review the forms on the portal, which also sends out reminders for overdue documents to improve overall operational efficiency. Online access for all forms became available in 2023, and the scope was expanded to include data collection for GHG inventory and the TCFD Report. Currently, more than 5,000 forms can be completed on the ESG Portal, which enhances the preparation efficiency as well as data accuracy and integrity of the FENC Sustainability Report.

Sustainability Report Preparation Process



Structure of Sustainability Governance



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Recognition from National Sustainable Development Award

FENC has been widely recognized for fostering sustainable development. In 2023, the Company received the National Sustainable Development Award from the National Council for Sustainable Development, Executive Yuan, winning the honor as a first-time contender. The award speaks to FENC's triumph in creating win-wins for the corporate community, civil society and natural environment through its core capabilities.

With a long track record in the development of the circular economy, FENC is the proprietor of a comprehensive range of recycling and remanufacturing technologies that tackle waste from the land, ocean and air. Its persistent dedication to product R&D and innovation has given the Company a globally leading presence in the production of food contact rPET and ocean recycled polyester filament, which are high-value products that require high technological thresholds.

To answer the call for carbon reduction from the international community, FENC has been taking aggressive strides towards decarbonization. With an internal carbon pricing system already in place for 2024 and applicable to its worldwide production sites, the Company is also in the process of establishing a renewable energy usage program with the same scope of application.

To expand its social influence, FENC launched a campus environmental education campaign, "The Transformative Magic of Circularity," in 2023. Focusing on the promotion of the circular economy, FENC offered the program on campus for free. The Company has planned to offer 107 sessions in 2024, which will reach over 6,000 students and teachers.

In addition to the National Sustainable Development Award, for the fourth consecutive year, FENC was acknowledged by the Taiwan Corporate Sustainability Award with its highest honor, Top Ten Taiwanese Companies Sustainability Model Award. The Company also reached 4.1 in FTSE Russell's ESG Scores, ranking fifth among companies listed on TWSE, and scored within the top 3% of the global chemical sector in Sustainalytics ESG Risk Ratings.

Looking forward, FENC will continue to uphold the sustainable paradigm, leading sustainable endeavors and inspiring more corporate participation on the path towards a low-carbon future.

1.5.2 Sustainable Finance

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

Integration of Sustainable Development and Diversified Financing Channels

Between 2018 and the end of 2023, FENC issued more than 20 sustainable financial products with many being either the first in Taiwan or Asia. The products incorporate diverse financing channels to attract the market capital. Raising over NT$60 billion, the entirety is devoted to projects that advance sustainability.

1. Capital Market Bonds

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

Taiwan's Only Corporation qualified for and being the first issuing four types of sustainable bonds

The types of sustainable bonds issued by FENC include green bonds, social bonds, sustainability bonds and sustainability-linked bonds (SLB). FENC has raised over NT$17 billion from the capital market to date, and the funds will be applied towards ESG and sustainability projects. A total of NT$5.85 billion in green bonds were issued in 2023 to support the investment in green projects.

Far Eastern New Century Corporation (FENC) Framework for Sustainable Bonds following the SDGs

2. Green Financing

FENC has fully embraced the sustainable development goals through its business practice. Partnering with major banking institutions in Taiwan and the world, the Company established over NT$43 billion in the line of credit for ESG financing between 2018 and the end of 2023.

Content

FENC signed the first ESG Portfolio Lending project in Greater China in 2023. Worth a total of NT$2 billion, the project integrates the entirety of FENC's vertically integrated industry chain. Corporate borrowers may set sustainability performance targets (SPTs) and receive markdowns in borrowing rates when the SPTs are met. The fund could also be used as ESG deposits to improve capital efficiency, make sustainability-related investments and help core corporations obtain green loans. The flexibility in fund allocation helps the industry chain transition and engage in sustainable investment. In the future, the project will be scaled to include the non-affiliated supply chain ecosystem to spearhead sustainable development at a regional level and create sustainable lifestyles that will ultimately lead to net zero by 2050.

Adam Smith Awards Asia — Best Sustainable Treasury Solution From Treasury Today

Treasury Today, a prominent UK magazine with an authoritative voice in financial and asset management, presented the 10th annual Adam Smith Awards Asia in 2023. Named after the Father of Economics, the award recognizes excellence in corporate finance and capital management. The jury selected 57 winners out of over 430 entries from 22 countries, and most are major international corporations, such as Lenovo, Sony, Hitachi, Nestle, GE and Merck.

FENC took home the Best Sustainable Treasury Solution award. Having been in a league of its own in the industry frontier, the Company's decades-long devotion to sustainable development was put under the international spotlight. With ongoing innovation in sustainable financial products, FENC constructed a framework in sustainable financing that ties financial planning to its sustainability strategies to fulfill corporate core values, environmental and social commitment and ultimately, the United Nations Sustainable Development Goals. While significantly increasing FENC's international visibility, the award also marks a new milestone in the development of sustainable finance.

2023 Sustainable Financing Products

Time of Issuance	Region	Product	Total	Highlight
2023.3	Taiwan	**Green Bond**	NT$2.5 Billion	Support for green revenue growth
2023.3	Mainland China	**Fixed Asset Loan** FEIS	CN¥50 Million (NT$220 Million)	Markdowns in borrowing rates for reaching SPTs
2023.5	Mainland China	**Green Loan** OTIZ	US$63 Million (NT$1.93 Billion)	Funding for the procurement of recycled raw materials
2023.5	Mainland China	**Green Loan** FEDZ	US$42 Million (NT$1.29 Billion)	Funding for the procurement of recycled raw materials
2023.6	Taiwan	**ESG-linked Syndicated Loan**	NT$1.36 Billion	Markdowns in borrowing rates for reaching SPTs
2023.7	Taiwan	**Green Bond**	NT$2.1 Billion	Support for green revenue growth
2023.7	Taiwan	**Saving Planet! Syndicated Loan** FERD	NT$6 Billion	First sustainable financing project in Taiwan to link KPIs in green building and energy conversation
2023.8	Taiwan	**ESG Portfolio Lending** FENC/ Yuan Ding Investment Corp.	NT$2 Billion	First in Greater China
2023.8	Mainland China	**Sustainability-linked Loan** FEIS	US$65 Million (NT$2.04 Billion)	Markdowns in borrowing rates for reaching SPTs
2023.9	Taiwan	**Sustainability-linked Loan** OPTC	NT$1.54 Billion	Markdowns in borrowing rates for reaching SPTs
2023.9	Taiwan	**Sustainability-linked Loan** FEFC	NT$500 Million	Markdowns in borrowing rates for reaching SPTs
2023.12	Taiwan	**Green Bond**	NT$1.25 Billion	Support for green revenue growth
2023.12	Taiwan	**ESG Portfolio Lending** OPTC	NT$600 Million	Markdowns in borrowing rates and higher capital efficiency for OPTC and its parent company when reaching SPTs through partnerships with the supply chain

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2 Enabling Unlimited Innovation

Target Readers:

Direct Customer	Business Partner (Supplier / Contractor)
Shareholder / Investor / Financial Institution	

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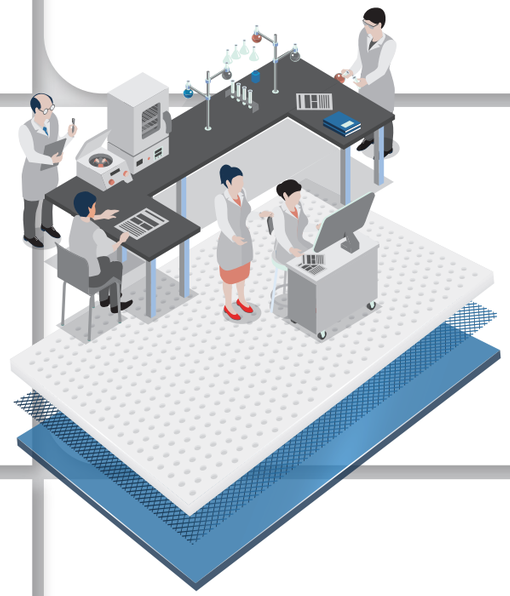
2023 Highlight

Green Product Revenues
NT$ **47.7 Billion**
4% Growth

Multiple Recognitions at **ISPO Textrends**

Developing
45% Bio-Based
Nylon 6,10 Fibers

Developing **Shrinkable Film**
Products With **50% rPET** Content



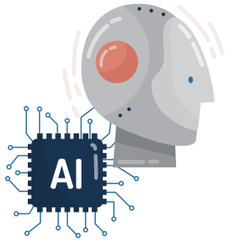
Developing
Biodegradable Technologies
for Staple Fiber Products

912
Patent Approvals

Developing **Carbon-Fixing**
Dyeing and Finishing Auxiliaries and Elastomers

Standardizing PET Quality Testing
at Worldwide Production Sites

Work Flow Innovations With
Generative AI



Content

Target and Progress

	Introducing Innovative Production	Growth in Green Product Revenue	Obtaining Product Certifications	Improving Customer Satisfaction
2030 Target	Establishing a smart demonstration plant	70% growth	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2025 Target	Introducing **5** innovative production process each year	50% growth	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2024 Target	Introducing **5** innovative production process each year	45% growth	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2023 Target	Introducing **5** innovative production process each year	40% growth	Obtaining the latest international product standards and passing customers' certifications	Implementing **3** customer satisfaction initiatives yearly
2023 Progress	Completed Please refer to 2.1 Instigating Production and Product Innovation.	Completed NT$ 47.685 billion 46% growth	Completed Please refer to 2.2 Developing Green Products, 2.3 Honing Product Management.	Completed • Host 2023 product showcase. • Collaborate with customers on product development.
Action Plan	• Continue incorporating AI and Industry 4.0 applications. • Develop low-carbon production.	• Accelerate research and development of green products. • Expand production capacity. • Enhance sales to customers.	• Enhance production and provide quality products. • Align with international certification standards.	• Gain insights into customer needs through meetings and plant visits. • Respond to customer requests on a timely manner and conduct review and improvements based on customer feedbacks.

Note: The base year for green product revenues has been modified to 2020 with updated target growth rates.

Content

Material Topics

Production and Product Innovation

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Production Units
- R&D Center

Green Products

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Product Accountability and Life Cycle Assessment

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Customer Relations Management

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Petrochemical Business
- Polyester Business
- Textile Business

Content

2.1 Instigating Production and Product Innovation

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

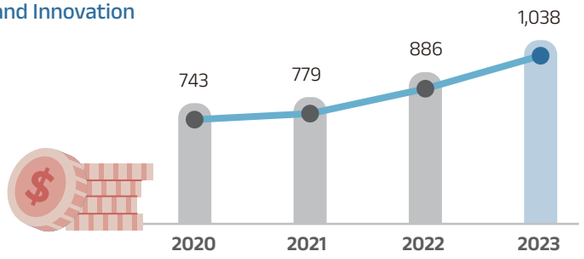
Diverse Innovative Momentum

1. Dedicated R&D units: Far Eastern Group R&D Center (R&D Center) in Taiwan and Sharon Center in the U.S. are dedicated to product research and development. Synergizing their resources and expertise, the two entities focus on the development of highly specialized products as well as the advancement and applications of recycling technologies. Product categories span high-functional polyester, environmental protection and recycling, health and medical services, automotive materials as well as functional apparels. R&D Center, being the largest research center in Taiwan for polyester materials, has been an endless source of innovations for FENC.

2. Product development departments within each business unit: With a diverse product lineup, FENC established product development departments under each business unit to accelerate customer engagement and product launch. The Company also founded Innovation Direct to Market (IDM) and a cross-industry technological platform to align with the R&D resources from brand customers and fast-track the commercialization of innovative products.

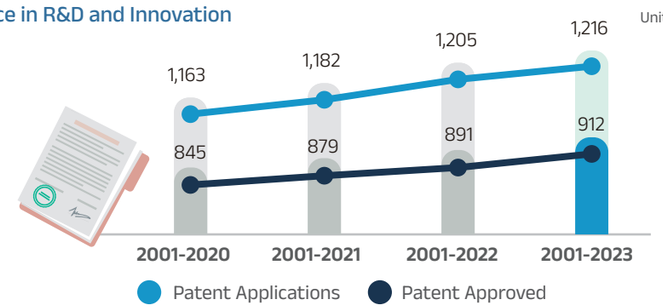
Funds for R&D and Innovation

Unit: NT$ Million



Performance in R&D and Innovation

Unit: Number of Patents



Note:
1. R&D Center was founded in 2001.
2. FENC acquired Sharon Center in the U.S. in 2018, and the transfer of patent ownership has been ongoing. Sharon Center received approval on 559 patents. As of the end of December 2023, ownership for 483 of them has been transferred.

Multiple Recognitions for Sustainable FENC Products at ISPO Textrends

FENC submitted six innovative products for consideration at the ISPO Textrends in Germany, and all six were recognized by the jury. Three were chosen as Top10 for excellence and three as Selection for their outstanding performance. This incredible feat is a testament to FENC's leadership role in sustainability, innovation and the development of functional materials. The features of the products awarded as Top10 are as follows:

1. FENC® Eco-friendly EM2/Modal fabric:
The production of FENC® Eco-friendly EM2/Modal fabric involves low-temperature spinning, which requires a temperature 20°C lower than that for the regular polyester production, thus reducing energy consumption and carbon emissions.

2. FENC® ECO Seam Tape:
FENC® ECO Seam Tape, which is made of recycled polyester, has over 50% recycled content. The product reduces environmental impact as it can be recycled with waste apparel.

3. FENC® LC23002 (rPET/NY6 microfilaments nonwoven):
FENC® LC23002 (rPET/NY6 microfilaments nonwoven), which is composed of 80% recycled polyester and 20% nylon 6, is a microfilament nonwoven fabric produced with the hydroentangling technique. The finishing process is water- and solvent-free. Compared to conventional production techniques, this technology cuts carbon emissions significantly and produces products with exceptional abrasion resistance.

ISPO Textrends, which is considered the Oscars in the global textile industry, is a world-class platform that showcases textile products. The awards allow FENC's sustainable innovations and its R&D prowess to shine under international spotlight. They also motivate FENC to lead the market trends by capturing the needs of consumers around the globe.

FENC® Eco-friendly EM2/Modal fabric fabric

FENC® ECO Seam Tape

FENC® LC23002

Content

Accelerating Digital Transformation

FENC incorporates an extensive mix of intelligent management systems to strengthen its smart production framework, such as the operation management information platform, intelligent recruitment system, WebHR integration system, customer contribution E-management system and business intelligence (BI) big data platform. To build smart factories, the Company introduced the robotics and automated manufacturing, product quality prediction model, drone inspection as well as smart energy management system.

Foreseeing the technological revolution to be ushered in by the arrival of generative AI, FENC has readied itself with the technological deployment backed by this innovation, which is utilized to automatically collect industry information, keep meeting minutes as well as analyzing production and sales data. The Company also takes advantage of AI-powered copywriting and image generators to create electronic greeting cards for customers, maximizing the technology to improve work efficiency and enhance customer relations. The Company will further develop generative AI applications to build the internal knowledge base and AI-assisted decision-making system, honing its competitive advantage with the power of technology.

FENC spares no effort when it comes to promoting digital transformation. While compliance is ensured, employees are encouraged to leverage generative AI to enhance production efficiency and work flow innovation using functions such as text-to-image, audio-to-text, search, dialogue, translation, summaries and content creation. In 2023, a feasibility assessment on generative AI conducted by units under the Corporate Management identified over 70 operations as opportunities to incorporate AI, including document management, meeting minutes, search and smart answering. Specifically, generative AI is capable of automatically compiling the laws, regulations and amendments across the world to provide the most current regulatory updates. To accelerate the adoption of this technology, FENC held a design contest for employees to vote on holiday cards created with the text-to-image function, and the creative designs were sent to customers as holiday greetings. The employees eagerly participated. While helping them get familiarized with generative AI and its functions, the contest raised their legal and compliance awareness regarding the use of this innovation, and enhanced customer relations through the greetings.

2.2 Developing Green Products

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

Climate Mitigation Series

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

Replace

Replace fossil fuels: FENC devotes long-term research and development efforts to biomass as a replacement for fossil fuels to minimize their environmental impacts. Products that are most representative of the fruit of this effort are bio PET, which is made of biomass materials, and FENC®TOPGREEN®Bio3 PET Filament, which is made of recycled waste gas.

Recycle

Recycle waste materials: FENC leads the global rPET industry with multiple innovations, including rPET resins made of recycled PET bottles. While rPET itself is value-adding, the production process reduces GHG emissions by 63% compared with that of virgin PET. Applications of rPET are wide-ranging, including food and non-food packaging, functional apparels, footwear and automotive materials as well as household goods. In recent years, the Company went on to develop textile recycling and chemical recycling technologies for polyester to expand the materials that can be recycled.

Reduce

Reduce energy and resource consumption: FENC improves the energy and resource efficiency of the entire value chain. The Company reduces energy consumption during production, processing, delivery and usage to minimize GHG emissions associated with its products, which range from fast reheat PET resin, light-weight PET preform, refillable resin and dope-dyed filament.

Eco-Friendly Series

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

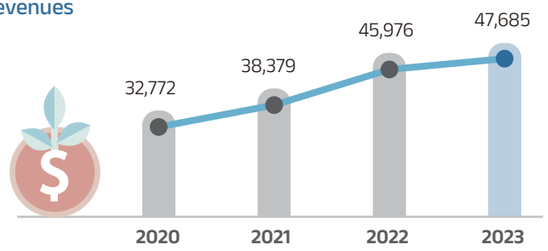
Green Product Revenues

FENC's green products generated NT$47.7 billion in revenues in 2023, a 4% jump from the previous year and a record high. The progress fueled growth momentum for the Company.

Content

Green Product Revenues

Unit: NT$ Million

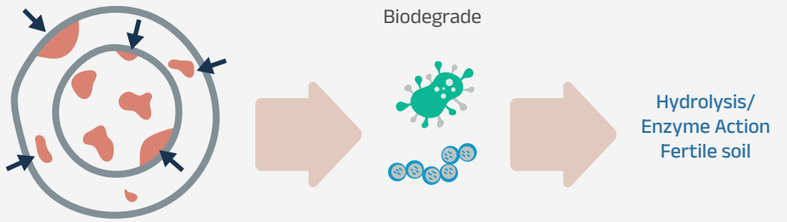


Green Products

Development of Biodegradable Technologies

Biological recycling (biorecycling) uses biodegradable technologies to decompose the previously non-biodegradable plastics (e.g., polyester or PET) in the landfill or the ocean to maintain the health of the planet. FENC has successfully developed staple fiber products using this innovation. By introducing special materials into the fiber during spinning, biodegradation may take place under specific conditions, which cuts down waste plastics from the environment. Their expansive applications include medical supplies, automotive materials, home textiles and clothing. According to research, this fiber reaches over 90% biodegradation in 646 days when landfilled under appropriate conditions.

In 2023, FENC attended the world's largest nonwovens exhibition, INDEX™23 in Geneva, Switzerland, and its product, the low-carbon, biodegradable BioPE/rPET staple fiber was recognized by the INDEX™ award. Held every three years, the award represents the most prestigious honor in the nonwovens industry. FENC's expertise on biodegradable technologies has given conventional polyester fibers biodegradability and prevented plastic waste and microplastics from polluting the environment. With unique attributes and expansive applications, this bicomponent product impressed the jury, thus winning the INDEX™23 Innovation Award.



FENC® TOPGREEN® PE/PET Fiber

- Attracting more than 600 microorganisms in the landfill and ocean
- Biodegraded natural substances over time

Green Product Certification

- Global Recycled Standard (GRS) Version 4.0
- SCS Recycled Content Certification Version 7.0
- Ocean Bound Plastic Recycling Standard (OBP) Version 2.0
- The Association of Plastic Recyclers (APR)
- Carbon Footprint of Products: ISO 14067:2018 Based on Life Cycle Assessment ISO 14060:2006 ISO 14044:2006
- Water Footprint of Products: ISO 14046:2014 Based on Life Cycle Assessment ISO 14060:2006 ISO 14044:2006
- Taiwan Green Mark
- Registration, Evaluation, Authorization and restriction of Chemicals (REACH)
- OEKO-TEX® STANDARD 100 Tested for Harmful Substances
- bluesign® Standard
- Global Organic Textile Standard (GOTS-NL) Version 6.0
- Organic Content Standard (OCS) Version 3.0
- Regenagri Content Standard, regenagriCS
- Responsible Wool Standard, (RWS) Version 2.2

Green Initiatives

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

- Taiwan Circular Economy 100 (TCE100)
- The National Association for PET Container Resources (NAPCOR)
- The Association of Plastic Recyclers (APR)
- Packaging Recycling Organization Vietnam (PRO-Vietnam)
- Association of Taiwan Bio-based and Sustainable Material Industry (TBSM)
- Japan Clean Ocean Material Alliance (CLOMA)
- Japan Container and Packaging Recycling Association (JCPRA)
- Zero Discharge of Hazardous Chemicals (ZDHC)
- Textile Exchange (TE)

Content

Development of Dyeing and Finishing Auxilliaries and Elastomers With Carbon Fixation Benefits

As the world commits to net zero by 2050, FENC is stepping up the development of low-carbon and carbon-fixing materials to phase out existing products and accelerate the transition to zero emissions. In 2023, FENC synergized the resources within Far Eastern Group and leveraged the carbon capture technology provided by Oriental Union Chemical Corp. for the development of carbon-fixing CO_2-based dyeing and finishing auxiliaries. The Company also integrated its existing technology and equipment for polyester production to create the CO_2-based elastomer, NIPU (non-isocyanate polyurethane), as an alternative to TPU (thermoplastic polyurethane) in applications such as waterproof and breathable textile coating, shoe materials, artificial leather and automotive interiors. Carbon emissions from the production of CO_2-based NIPU are 43% to 66% less than those from TPU. It is carbon-fixing, recyclable and reusable, which contributes to environmental sustainability. Free from the toxic isocyanate and phosgene during production, it is a true innovative breakthrough.

Development of 45% Bio-Based Nylon 6,10 Fibers

FEFC responds to sustainable development trends with strong actions. To reduce the world's dependency on fossil fuels, FEFC signed an agreement with the upstream Ascend Performance Materials in the U.S. to co-develop bio-based nylon products and markets.

The partnership gave birth to the 45% Bio-based Nylon 6,10 fibers in 2023 using biomass materials. Castor oil, which is extracted from plants that are not food sources, replaces petrochemical materials partially in the production of this low-carbon nylon fiber. With high strength, toughness, and heat and wear resistance, as well as being highly dyeable, antibacterial, and antistatic, the versatility of this fiber makes it ideal for textile products, such as outdoor clothing, sportswear and underwear. At the end of 2023, FENC's brand customers already started testing this fiber, which is poised to be a highly competitive green product on the market.

2.3 Honing Product Management

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

Life Cycle Assessment

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

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

Life Cycle Assessment

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

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Product Quality and Safety Certification

- ISO 9001 Quality Management System
- IATF 16949 Automotive Quality Management Systems
- FSSC 22000 Food Safety System Certification
- ISO 22000 Food Safety Management System
- HACCP Hazard Analysis and Critical Control Points
- Halal Certification
- India BIS Certification
- DNV Approve of Manufacturer Certificate
- ABS Certificate of Manufacturing Assessment

Standardization of PET Quality Testing at FENC's Worldwide Production Sites

When quality testing is conducted on PET samples collected at different points, slight variations would occur in the laboratory results due to their attributes. FENC has a worldwide PET production network, which spans across Taiwan, mainland China, Vietnam and the U.S. To ensure quality consistency with uniform standards across all production sites, analyses were conducted at four production sites in 2023. A total of 1,200 data entries from a multitude of standard samples were collected and analyzed for a cross comparison on the laboratory results regarding product quality.

Based on the result, the deviations were calibrated to ensure quality consistency at all production sites with enhanced training for the personnel overseeing laboratory instruments. The staff overcame differences in language, time and hardware to standardize the quality testing across FENC's global network. Regardless of the location, sales staff and brand customers now share a common language when it comes to quality.

Concerned Substance and Issue Management

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

2.4 Building Customer Rapport

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

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

FENC's Customer Relations

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

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

Provide After Sales Service
- Administer satisfaction survey
- Deliver customize service
- Optimize product value

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Compliance with Customer Requirements

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

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

Co-Developing 50% rPET Shrinkable Film and Obtaining the World's First SCS Certificate

As the green revolution sweeps the globe, PVC packaging, which is difficult to recycle, is being phased out and replaced by PET, the more eco-friendly option. FENC has successfully developed the PET shrinkable film as an alternative. In recent years, the Company is diving even further with the development of rPET shrinkable films using recycled PET bottles, and the product is favored by major brands. In November 2023, FENC formed a partnership with Kao Taiwan (Kao) and created the 50% rPET shrinkable film, marking a significant step in the development of circular economy. During the collaboration, FENC and Kao joined forces and overcame technical challenges. The mutual trust and respect built during the process won FENC access to Kao's production line and results from the joint testing, a testament to this close partnership. The development is based on the production process for FENC's 30% rPET shrinkable film. After eight months of repeated testing between FENC and Kao, and continuous production calibration based on the test results, such as the heat control, FENC is able to dramatically increase the rPET content in the shrinkable film from 30% to 50%. Additionally, while rPET shrinkable films often differ in appearance from their virgin counterparts, this breakthrough eliminated such difference and cut carbon emissions drastically by 23.5% to 25%. This technology is the first in the world to receive the certificate from System Certification Services (SCS) and its applications will continue to be expanded to amplify its environmental contribution.

Leading Sports Apparel and Fashion Trends with Sustainable Textile

FENC seizes opportunities to join exhibitions and conferences from home and abroad. In 2023, the Company showcased its products at the Intertextile Shanghai Apparel Fabrics in mainland China and Taipei Innovative Textile Application Show (TITAS), the most influential event in the textile industry in Taiwan, promoting its sustainable innovations to a broader customer base.

As an industry leader, FENC charts the trajectory of industry development through its innovative products. During the two events referenced above, FENC formulated its strategies with "sustainability" as the anchor, and with "global sports" and "fashion trends" as the focus. The Company featured products made of recycled materials from the ocean, land and air . The ocean recycled anti-bursting jersey, which is made of waste PET bottles recycled from the sea, was chosen as the material for the champion team uniform during the FIFA World Cup. From the land is FENC's recycled polyester filament, an innovation born out of the mechanical and chemical recycling methods, and sourced from the air is a groundbreaking fabric made of low-carbon polyester transformed from recycled waste gas, which took home the Product Design Winner from the Red Dot Design Award in Germany. The fabric embodies both technological and design ingenuity, making a fashion statement with the unique 3D weaving technique. It caused a sensation during the award, and received inquiries from a large number of buyers during the event.

Through innovative technologies and green products, FENC has shown customers its commitment to sustainable development. While the Company continues to develop products tailored for international sports events, it will also promote cutting-edge carbon reduction technologies to the fashion industry to maximize its green influence.

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3 Navigating a Green Future

Target Readers:

Employee / Labor Union	External Audit Agency
Direct Customer	Shareholder / Investor / Financial Institution
Government	

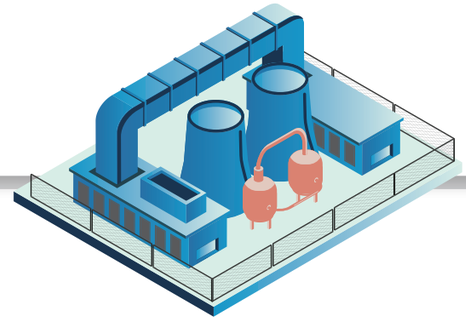
Content

2023 Highlight

GHG Emissions **↓25%**
From the Base Year
Reaching 2025 Short-Term Target Ahead of Schedule

Incorporating
Internal Carbon Pricing System

120 Energy Conservation Projects
GHG Emissions Avoided **77,701** tCO_2e



Total Energy Consumption **↓12%**

180 GWh Renewable Electricity Usage
11.1% of Energy Mix

Total Air Pollutant Emissions **↓8%**

Switching to **Natural Gas Boilers**
at Kuanyin Chemical Fiber Plant
Air Pollutant Emissions **↓61%**

Total Water Withdrawal
↓12%
Total Water Discharge
↓15%

98%
Water Recycling Rate

Total Waste Generated **↓43%**

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Target and Progress

	Reducing Energy Consumption per Unit of Production	Reducing Water Withdrawal per Unit of Production	Reducing Waste (Non-Recycling and Reuse)	Reducing Air Pollutant Emissions	Reducing GHG Emissions	Increasing the Use of Renewable Electricity
2030 Target	↓20%	↓20%	↓20%	↓20%	↓40%	400 GWh
2025 Target	↓10%	↓10%	↓10%	↓10%	↓20%	300 GWh
2024 Target	↓8%	↓8%	↓8%	↓8%	-	120 GWh
2023 Target	↓6%	↓6%	↓6%	↓6%	-	120 GWh
2023 Progress	Completed ↓9%	Completed ↓13%	Completed ↓25%	Completed ↓9%	Completed ↓25%	Completed 180 GWh
Target Base Year	2020	2020	2020	2020	2020	-
Base Year Data	2.91 GJ / metric ton of production	2.98 kiloliter / metric ton of production	23,238 metric tons	1,606 metric tons	2,432 $ktCO_2e$	-
Action Plan	• Optimize production and facilities. • Incorporate innovative management approaches.	• Continue with efforts in reducing water withdrawal at the source. • Increase the percentage of recycled water utilized.	• Optimize waste recycling and classification. • Enhance waste recycling and reuse.	• Monitor and control air pollution. • Replace outdated equipment.	• Improve energy efficiency. • Develop renewable energy. • Adopt low-emission fuel alternatives. • Utilize CCUS. • Foster raw material transition.	• Build additional solar stations and biogas generators. • Purchase renewable electricity.

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

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Material Topics

Climate Strategy and Low-Carbon Transition

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Energy Task Force
- All production sites

Energy Resource Management

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Energy Task Force
- All production sites

Environmental Management

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Energy Task Force
- All production sites

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Overview of Environmental Performance

Energy

- Energy Consumption **18,695** (TJ)
- Energy Reduction **300** (TJ)
- Percentage of Energy Reduction in Energy Consumption **2%**

Air Pollutant

Air Pollutant Emissions **1,455** (metric ton)

Waste

- Waste Generated **109,092** (metric ton)
- Percentage of Recycling and Reuse **84%**

GHG Emissions

- Scope 1 and 2 GHG Emissions **1,822** ($ktCO_2e$)
- Scope 3 GHG Emissions **11,532** ($ktCO_2e$)
- GHG Emissions Avoided **78** ($ktCO_2e$)
- Percentage of GHG emissions Avoided to Total Emissions **4%**

Water Resources

- Water Withdrawal **18,492** (megaliter)
- Water Saving **780** (megaliter)
- Percentage of Water Saving in Water Withdrawal **4%**
- Water Recycled and Reused **1,155,798** (megaliter)
- Water Recycling Rate **98%**
- Water Discharge **9,746** (megaliter)

Resources Consumed for Operation in 2023 | Environmental Impact Avoided in 2023 | Environmental Impact on Operation in 2023

Note:
1. Business-specific data is included in 7.1 Environmental and Employee Data.
2. The percentage of GHG emissions avoided (%) is calculated based on the total GHG emissions of Scope 1 and Scope 2.

Sustainability Strategies and Management Approaches at FENC

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

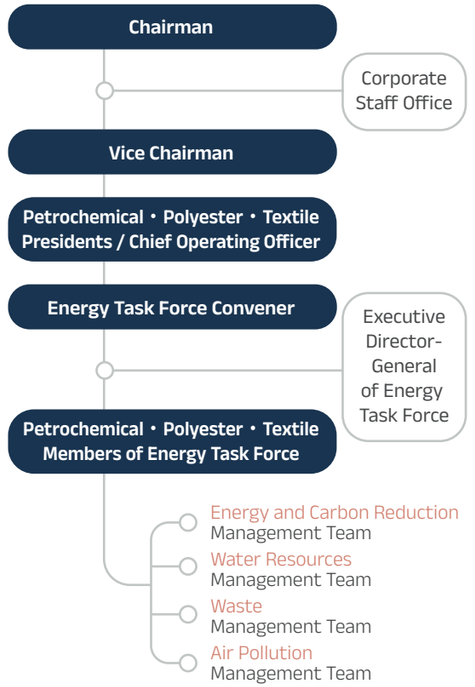
Environmental and Energy Management Authority: Energy Task Force

FENC established the inter-departmental Energy Task Force in 2010. With each FENC Business as the unit, the task force establishes mechanisms for internal environmental audit and review, and charts the operation and planning of environmental and energy management systems. The scope of management covers FENC production sites in Taiwan, mainland China, Vietnam, Japan, Malaysia and the U.S., where teams are established to implement and oversee the management of water resources, air pollution, waste materials as well as energy and emission reduction, which includes the management of GHG, renewable energy and emerging carbon reduction technologies.

A monthly Energy Task Force management meeting is held at all production sites. During the meeting, the environmental performance and responses targeting climate risks and opportunities are reported to high-level executives. Adjustments are made to energy and resource management policies based on actual conditions to fulfill FENC's mission to foster environmental sustainability.

The Energy Task Force systematically collects environmental data from all production sites through an online database. Performance review and tracking are conducted during the monthly energy management meeting. Every September, a special briefing on energy and carbon reduction is conducted with the convener and committee members of the Energy Task Force presenting annual performance and future plans to corporate executives such as the Chairman, Vice Chairman and President of each Business in attendance to establish future strategies and plans.

Organizational Framework of Energy Task Force



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Percentage of FENC Operational and Production Sites With Third-party Verification of International Standards

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

ISO Certification Dates and Validity Periods

Special Budget for Energy Reduction and Environmental Protection

To implement projects furthering the objectives of improving environmental performance and fulling its sustainable vision, FENC has been appropriating budgets for energy conservation and environmental protection purposes since 2010. In 2023, FENC moved full steam ahead towards the net-zero transition, and appropriated NT$2.65 billion for energy reduction from 2024 to 2025.

The special budget for environmental protection from 2024 to 2025 amounts to NT$750 million. Among the projects funded are the removal of waste gas from the boiler exhaust, and the R&D budget for the avoidance or reduction of pollution, waste and resource consumption.

Energy Reduction and Environmental Protection Technical Exchange Meeting

The Energy Task Force conducts energy reduction and environmental protection technical exchange meetings to promote dialogues among FENC production sites. The meeting, which is cross-Business and cross-regional, was suspended for three years due to the COVID-19 pandemic. When the meeting resumed in May 2023, the committee members from the task force visited 11 production sites in mainland China and Vietnam, observing best practices in environmental management as well as energy and carbon reduction through in-person exchange. The 2023 exchange focused on three major aspects. First, to reach the GHG targets, the progress of energy and emission reduction projects from each production site is reviewed, and representatives from each production site share the performance of major projects. Second, measures for environmental management were presented, including water resources, air pollution and waste materials. Case studies featuring outstanding projects were shared during the exchange as a best practice guide to refine environmental performance for all production sites. Third, progress of the implementation of management systems was shared, including ISO 50001, ISO 46001 and ISO 14067 with experience exchange. A total of 130 participants attended the meetings. Such exchange amplified the effect of energy conservation measures through on-site demonstrations and shared technological insights, ultimately fulfilling energy and carbon reduction while minimizing environmental impact across all FENC production sites to reach a green and sustainable future.

3.1 Marching Towards Net Zero

FENC is committed to corporate sustainability actions for the long haul. With the establishment of short-, mid- and long-term GHG reduction targets for Production Business in 2022, FENC makes its pledge to reach net zero by 2050, which is to be realized through the five major low-carbon transition strategies. The aim is to mitigate the environmental impacts of GHG emissions and safeguard the sustainability of global ecosystems. For details, please refer to Special Report 2. Reaching Net Zero Through Low-Carbon Transition.

3.1.1 Building Climate Resilience

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

FENC TCFD Report 2023

Climate Governance

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

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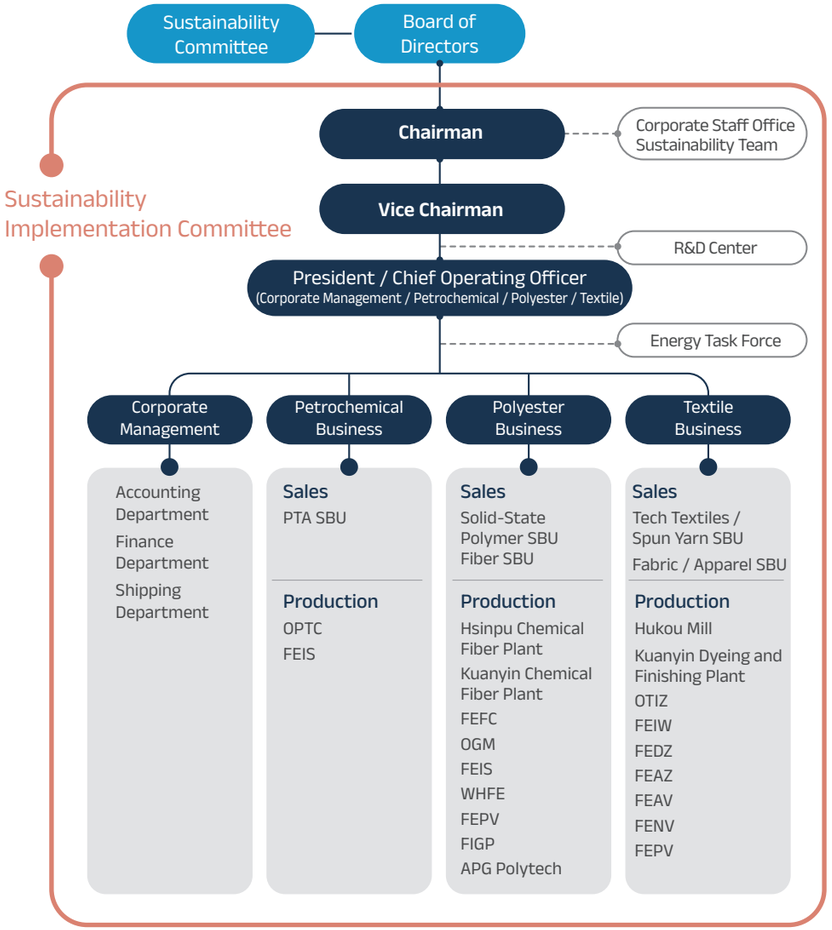
The Organizational Chart of Climate-Related Risk and Opportunity Management



Climate-Related Risk and Opportunity Management System

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

Climate-Related Risk and Opportunity Management Procedure

Identifying Climate-Related Risks and Opportunities

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

Assessing the Extent of Impact and Formulating Management and Response Measures

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

Reporting and Tracking

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

Identifying Climate-Related Risks and Opportunities

Based on the TCFD framework, FENC established a comprehensive workflow to identify climate-related risks and opportunities. First, climate-related issues are collected. The climate risks and opportunities are then identified and screened using the Shared Socioeconomic Pathway 5-8.5 (SSP5-8.5) and Net Zero Scenario (NZE) analysis to arrive at 18 that are most relevant to FENC. The risks and opportunities are assessed for impacts based on the time horizon, likelihood of occurrence and degree of impact for the prioritization of major climate risks and opportunities.

Climate-Related Risks and Opportunities Identification Process

Information Gathering on Climate Issues

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

Identifying Material Risks and Opportunities

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

Completing the Screening of Material Issues

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

Scenario for Risks and Opportunities

Scenario	SSP5-8.5 (Very High GHG emissions)	NZE (Net Zero Scenario)
Type	Physical risks	Transition risks and opportunities
Detail	The SSP5-8.5 scenario is presented in the IPCC's Sixth Assessment Report (AR6) under the assumption of absence in climate actions from all countries, which would result in the highest CO_2 concentration. It could be regarded as the most stringent climate scenario. Adopting this scenario would help FENC assess the degree of impacts under the most extreme climate challenges.	The NZE scenario is published by IEA. To limit the global temperature rise to 1.5 °C, the NZE scenario represents a path to net zero emissions by 2050 for the world and is considered the most extreme reduction scenario. As the surge of carbon reduction policies sweeps through the world, adopting the NZE scenario would help FENC gain competitive advantages by taking preemptive strikes.

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List of Climate-Related Risks and Opportunities

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

Note: Short term refers to the period between 2023 and 2025; medium term 2026 and 2030; long term 2031 and 2050.

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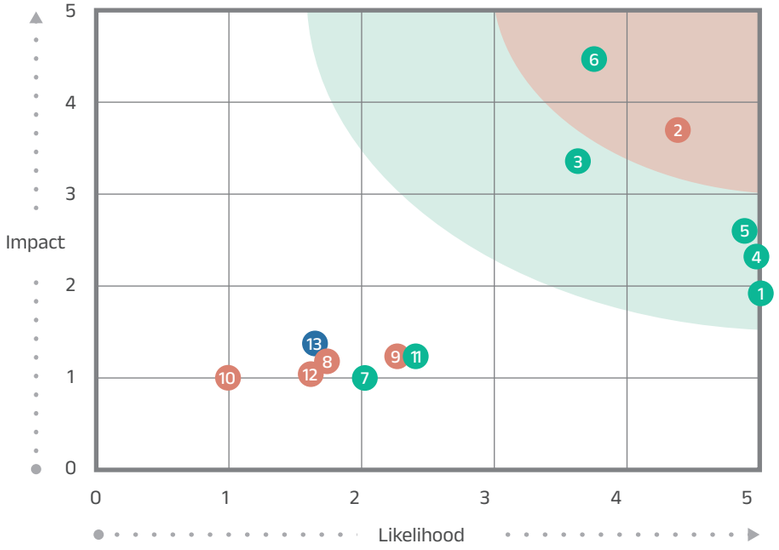
Identification Outcome of Material Climate Risks and Opportunities

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

FENC Climate-Related Risk Matrix



- Short-term Risks
- Medium-term Risks
- Long-term Risks
- Low Impact
- Medium Impact
- High Impact

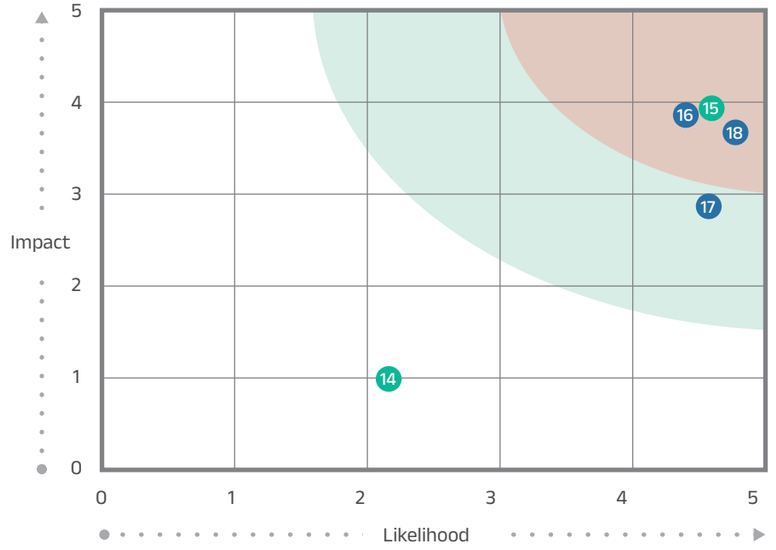
Transition Risks

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

Physical Risks

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

FENC Climate-Related Opportunity Matrix



- Short-term Opportunities
- Medium-term Opportunities
- Long-term Opportunities
- Low Impact
- Medium Impact
- High Impact

Opportunities

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

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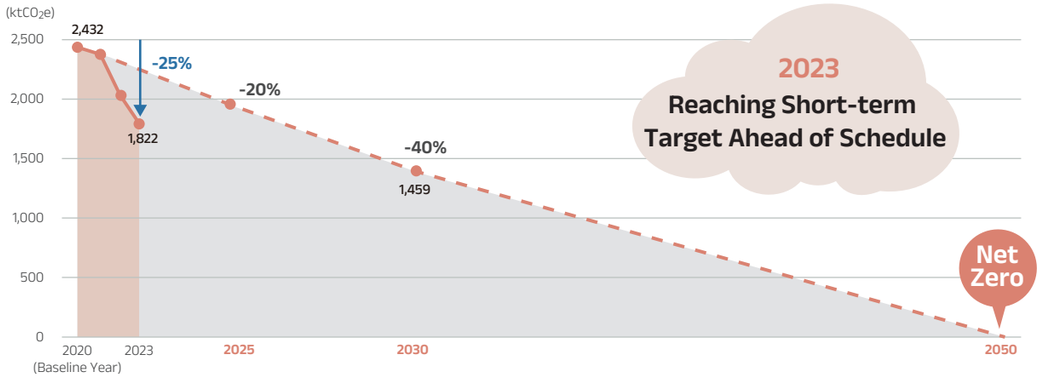
Material Climate-Related Risks and Opportunities: Strategies and Response Plans

Material Climate-Related Issues	Strategies and Response Plans
Carbon pricing mechanism	GHG emissions at each production site are monitored, and FENC aims to achieve its short-, mid- and long-term GHG reduction targets through the five major low-carbon transition strategies to ultimately accomplish net zero by 2050. Meanwhile, the Company adopted the internal carbon pricing mechanism as a management tool that incentivizes carbon efficiency during the evaluation of energy and emission reduction projects. Carbon costs are also included in the monthly management reports of each Business as a decision-making reference.
Carbon border tax	The financial impact is positively correlated with the carbon emissions per unit of production. To mitigate the risk, FENC will implement strategies, such as expanding the use of alternative low-carbon materials, improving energy efficiency, adopting low-emission fuel alternatives, and deploying more renewable energy facilities to reduce the carbon footprint of its production processes.
Changes in customer behaviors	In response to customers' demand for low-carbon products in the value chain, we will aggressively reduce GHG emissions per unit of production, and GHG emissions in the production processes by improving energy efficiency, adopting low-carbon fuels, and using renewable energy.
Use of lower-emission sources of energy	Renewable electricity will be acquired through means such as long-term electricity purchase agreements. FENC will also continue expanding the installed capacity of renewable energy, such as solar and biogas power, at its worldwide production sites for self-use. It is anticipated that FENC's global renewable electricity capacity will reach 20% of its energy mix by 2025, which also satisfies customers' expectations.
Development or expansion of low emission goods and services	FENC continuously promotes the research and development of technologies related to green products, including products which can replace petroleum-based raw materials (Replace), and can be recycled (Recycle), as well as reduce energy and resource consumption (Reduce). FENC has been expanding its green product production capacity to meet the needs of customers in the value chain.
Access to new markets	FENC keeps on researching and developing circular recycling technology and the applications of multiple recycling products, while paying attention to the trend of recycling-related laws and regulations in various countries. It has deployed all-encompassing circular technology on land, ocean and air, and expanded its production capacity of recycling and circular products with optimal capacity planning, aiming to become the World No. 1 in rPET production capacity.

Climate Risk Metrics and Targets

FENC's 2023 GHG emissions fell by 25% compared to the base year, which has surpassed the short-term target. Please refer to 3. Navigating a Green Future – Targets and Progress for additional climate targets and progress.

Target and Progress of GHG Reduction



Note:
1. The emissions include scopes 1 and 2 emissions from all production sites within the scope of this report.
2. Carbon credits are excluded from contribution towards the GHG reduction targets of FENC.

Five Major Low-Carbon Transition Strategies

Improve Energy Efficiency

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

Adopt Low-Emission Fuel Alternatives

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

Develop Renewable Energy

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

- Renewable energy generators: 18.6 MW installed in 2023 and 111 MW in 2025 with 140 GWh expected in capacity
- Long-term electricity purchase agreement: At least 100 GWh purchased per year starting from 2023

Utilize CCUS

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

Foster Raw Material Transition

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

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3.1.2 GHG Management

GHG Management Policies

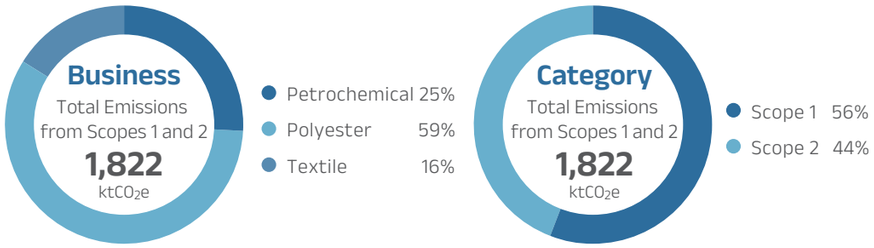
1. FENC Greenhouse Gas Management Operating Procedures

All FENC production sites comply with the FENC Greenhouse Gas Management Operating Procedures and conduct annual GHG inventory based on the standards of ISO 14064-1:2018 or Greenhouse Gas Protocol (GHG Protocol). Scope 3 emissions should be identified based on the principle of materiality and classified into the 15 categories in the GHG Protocol, such as purchased goods and services, fuel-related activities, upstream and downstream transportation, and employee commuting. Data credibility is ensured through third-party verification, which has become a yearly practice since 2023.

2. Internal Carbon Pricing System

To accelerate the pace of decarbonization within the Company and complete the net-zero transition, FENC incorporated the internal carbon pricing system in 2023 as a management tool. FENC reviewed international carbon pricing trends and reports such as "World Energy Outlook" from the International Energy Agency (IEA) and "State and Trends in Carbon Pricing" published by the World Bank, examined internal and external carbon costs from its global production site, and consulted the pricing approaches and strategies within the industry to arrive at NT$1,500/$tCO_2e$ as the internal carbon pricing for developed economies, and NT$1,000/$tCO_2e$ for emerging economies, effective in 2024 after the Board review. The carbon pricing system is implemented through two approaches. First, the system is included as a criterion that improves carbon efficiency during the review of carbon reduction projects to incentivize decarbonization. Second, the system is used to calculate the carbon costs of all Businesses for the monthly management reports as a decision-making reference.

2023 GHG Emissions in 2023



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

Direct and Energy Indirect GHG Emissions (Market-Based)

Unit: $ktCO_2e$

		2020	2021	2022	2023
Direct Emissions	Scope 1	1,272	1,340	1,163	**1,016**
Energy Indrect Emissions	Scope 2	1,160	1,015	869	**806**
Biogenic Emissions		27	25	37	**33**
Total		**2,432**	**2,355**	**2,032**	**1,822**

Direct and Energy Indirect GHG Emissions (Location-Based)

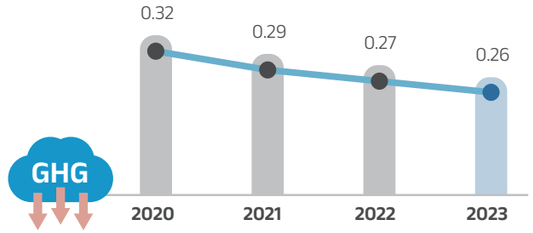
Unit: $ktCO_2e$

		2020	2021	2022	2023
Direct Emissions	Scope 1	1,272	1,340	1,163	**1,017**
Energy Indrect Emissions	Scope 2	1,160	1,015	881	**829**
Biogenic Emissions		27	25	37	**33**
Total		**2,432**	**2,355**	**2,044**	**1,846**

Note:
1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
2. GHGs include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.
3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
4. Biogenic emissions are not included in the total.
5. From 2020 to 2023, 100% of the emission data passed the internal audit.
6. In 2020, 66% passed the third-party verification for the ISO 14064-3 standards or local regulations.
7. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 88%, and 100% in 2021, 2022 and 2023, respectively.

Direct and Energy Indirect GHG Emissions per Unit of Production

Unit: tCO_2e / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

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In 2023, direct and energy indirect GHG emissions from scopes 1 and 2 were down by 10% compared to the previous year, and the GHG emissions per unit of production was reduced by 6%. The substantial decrease demonstrates the effectiveness of GHG reduction projects. In 2023, all business units re-examined the production and sales structures and reduced direct emissions by 140 $ktCO_2e$ through equipment improvement and fuel alternatives. Indirect energy emissions were cut by 60 $ktCO_2e$ by implementing energy conservation measures and increasing the use of renewable energy. Among them, GHG emissions per unit of production from the Textile Business dropped by 10% compared to the previous year, which is mainly attributed to the increase of renewable electricity use.

Other Indirect GHG Emissions (Scope 3)

Unit: $ktCO_2e$

	2021	2022	2023
Purchased Goods and Services	7,754	7,640	7,297
Capital Goods	53	91	91
Fuel- and Energy-related Activities	432	406	338
Upstream Transportation and Distribution	238	220	224
Waste Generated in Operations	13	14	9
Business Travel	1.66	0.95	1.97
Employee Commuting	24.33	30.32	26.24
Upstream Leased Assets	50.19	3.13	4.15
Downstream Transportation and Distribution	428	381	376
Processing of Sold Products	-	2,824	2,809
End-of-Life Treatment of Sold Products	-	294	355
Downstream Leased Assets	0.07	0.18	0.19
Franchises	0	0	0
Investments	0	0	0
Total	**8,994**	**11,905**	**11,532**

Note:
1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
2. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the GHG Protocol.
3. FENC focuses on the production of polyester and raw materials with an array of terminal applications. The GHG emission generated from the use of sold products must be calculated based on specific scenarios. Due to the lack of objectivity and reference value, the data is excluded. The GHG emissions generated from the processing and end-of-life treatment of sold products have been calculated since 2022.
4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
5. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 94%, and 100% in 2021, 2022 and 2023, respectively.

Cleaner Production Approval for WHFE

With a focus on fine-tuning the technical aspect of production, WHFE reduces pollutant emissions, conserves energy and protects the environment through cutting-edge technologies and equipment. The plant also promotes environmental measures that enhance circularity and carbon reduction. In 2023, WHFE passed the cleaner production assessment, representing WHFE's compliance with governmental standards while making a firm step towards sustainable development.

Measures and Performance in Energy Saving and Emission Reduction

FENC's ongoing efforts in promoting energy and emission reduction measures continued in 2023 with 120 energy and emission reduction projects implemented, which averted 77,701 tCO_2e in GHG emissions. The energy reduction projects focused mainly on low-carbon fuel alternatives, including the replacement of coal-water slurry boilers with the natural gas models, and using biomass instead of coal as production fuels. The secondary focus was on the enhancement of energy efficiency through production and equipment improvement. Meanwhile, capacity utilization of all production lines was evaluated to determine dated equipment to be replaced.

2023 Energy Saving and Emission Reduction Projects

Production Improvement	34 cases	Refinement of production technologies and changes of production parameters, such as temperature, pressure and operating period
Equipment Improvement	57 cases	Optimization, upgrade and replacement of air conditioning, air compressors, boilers, power generators, motors, lighting and production equipment
Energy Management	22 cases	Adjustment of operating hours and discontinuing operation, installation of solenoid valves and timer-controlled switches and replacement of purchased steam with self-generation
Low-Carbon Fuel Alternative	3 cases	Replacement of coal-water slurry boilers with natural gas models, and coal with biomass as production fuels
New Renewable Energy Source	4 cases	Installation of new solar power generators

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Energy Saving and Emission Reduction Project in 2023

		Energy Savings (TJ)	GHG Emissions Avoided (tCO_2e)	
			Scope 1	Scope 2
Project	Production Improvement	121	6,008	6,856
	Equipment Improvement	145	1,171	16,887
	Energy Management	34	355	5,296
	Low-Carbon Fuel Alternative	-	36,565	1,150
	New Renewable Energy Source	-	0	3,413
Business	Petrochemical	57	0	7,960
	Polyester	143	27,991	20,590
	Textile	100	16,108	5,052
	Total	**300**	**44,099**	**33,602**

Note:
1. The estimate of energy efficiency is compared against the energy consumption with original production process and equipment prior to project implementation.
2. The calculation of calorific value is based on the factors of calorific value from all production sites.
3. Scope 1 emission sources are coal, coal-water slurry, and natural gas; scope 2 emission sources are purchased electricity and purchased steam.
4. The emission factor of each energy source is based on the externally verified emission factor from each production site, including plant-specific / mass balance factors and those released by the local government.
5. GHGs avoided include CO_2, CH_4 and N_2O.
6. The focus of projects under Low-Carbon Fuel Alternative and New Renewable Energy Source is replacing high-emission energy sources with low-emission ones. The reduction in energy consumption is not calculated.

Energy Saving and Emission Reduction Project Highlights in 2023

Production Site	Project and Performance
Kuanyin Chemical Fiber Plant	Replacement of coal-water slurry with natural gas fuels: The replacement of coal-water slurry boilers with natural gas models reduces 22,667 tCO_2e of carbon emissions annually.
FEIS-Petrochemical Business	Steam turbine retrofit in the air compressor system: Improvements were made to the steam turbine of the air compressor to increase the ability in steam recovery, and capture the byproduct steam for power generation. The improvement reduces annual electricity consumption by approximately 7.22 GWh, which translates to approximately NT$25.41 million in financial benefits and 3,034 tCO_2e in emission reduction annually.
Plant 2 of OPTC	Back-pressure steam turbine power generation: The back-pressure steam turbine generator unit is installed to capture and convert energy loss into electricity. The improvement reduces annual electricity consumption by approximately 6.3 GWh, which leads to approximately NT$18.22 million in savings and reduces carbon emissions by 3,120 tCO_2e annually.
Kuanyin Dyeing and Finishing Plant	Boiler replacement: The project has increased operational efficiency, reducing 433,000 cubic meters in natural gas consumption, approximately NT$4.46 million in costs and 965 tCO_2e in carbon emissions annually.

A total of 38 energy and emission reduction projects from 2023 are still underway. Once completed, they are expected to cut carbon emissions by 30,928 tCO_2e annually.

Energy Saving and Emission Reduction Projects in the Past Four Years

	2020	2021	2022	2023
Actual Investment (NT$1,000)	61,959	268,365	204,725	**834,766**
Savings (NT$1,000)	40,958	85,467	64,121	**346,328**
Energy Savings (TJ)	557	754	1,188	**300**
GHG Emissions Avoided (tCO_2e)	78,955	114,048	135,168	**77,701**

Avid Support for Governmental Policies

1. Climate Change Response Act, Taiwan

On February 15, 2023, the Climate Change Response Act was promulgated in Taiwan, laying out regulations governing carbon fees as one of the means to help Taiwan march towards net zero by 2050 and push corporations to take action against carbon emissions in advance. FENC's production sites in Taiwan have been engaging in various emission-reducing actions. Hsinpu Chemical Fiber Plant, for instance, added a solar power generation system, Kuanyin Chemical Fiber Plant replaced coal-water slurry boilers with natural gas models, and Plant 2 of OPTC introduced a back-pressure steam turbine generator unit. To alleviate the burden imposed by the carbon fee, FENC will install additional renewable energy facilities, purchase Taiwan Renewable Energy Certificates and improve energy efficiency. The Company will also submit voluntary reduction plans to the authorities to win preferential rates.

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

In 2022, Vietnam enacted Decree 06/2022/ND-CP, which governs the reduction of GHG emissions, protection of the ozone layer and the development of carbon market. FEPV is among the enterprises on the control list and must start submitting an annual GHG inventory report in 2025 and a GHG reduction plan prior to the end of 2025. The plant has the capability to conduct its own GHG inventory and has been doing so annually since 2021. The plant also has multiple emission reduction projects in the pipeline, including the replacement of coal with biomass fuels and adding solar power generation facilities.

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

On May 1, 2024, the Interim Regulations for the Management of Carbon Emission Trading, which governs the national carbon trading system in mainland China, went into effect, and since 2013, FEIS-Petrochemical Business and Polyester Business have been subject to the carbon quota provisions under Trial Measures for Shanghai Municipality on Carbon Emission Management. The plants ensure compliance with governmental mandates through various emission reduction projects and control measures with annual energy and carbon reduction targets established at the end of each year. Monthly meetings are held to track and review energy consumption and carbon emissions with proposals for improvement measures and the designation of departments responsible for implementation. FEIS also established the carbon emission management team, carbon trading decision-making team, carbon trading capital trading team, and carbon trading confirmation team to track the daily fluctuation of carbon pricing, and present the report at the monthly energy conservation meetings to monitor the entire carbon trading process.

In mainland China, governments use the carbon quota allocation to mandate carbon reduction among corporate entities,

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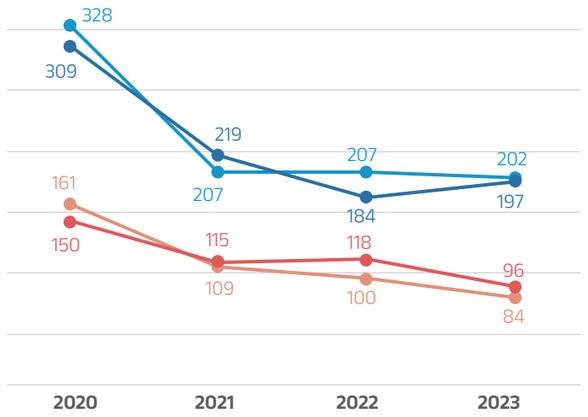
and the allocation is decreasing by the year. In anticipation of a 15% cut in the 2023 carbon quota and in response to the tightening allowance, FEIS-Petrochemical Business replaced the low-pressure cooling water pump within the same year to reduce energy consumption, and the plant will tap into its unused carbon emission balance to replenish the margin over the cap of emission quota. FEIS-Polyester Business retrofitted multiple pieces of equipment to reduce energy consumption and transformed adsorption dryers into zero-loss adsorption dryers. In the future, the plant will cut energy consumption further through an integrated energy station equipped with the cogeneration technology. Prior to 2025, the plant will build a solar power station with 26,300 kW in capacity for self-use.

Carbon Quotas and Emissions of FEIS

Unit: $ktCO_2e$



Note:
1. The quota in 2023 were estimated emissions; the actual quota is yet to be verified by the government.
2. The 2022 carbon allowance was updated to reflect the actual allocation by the authority.

Value Chain Collaboration

1. Carbon Reduction Alliance with Value Chain Partners

In response to Coca-Cola's emission reduction initiative, FENC has been participating in a series of courses from Supplier Leadership on Climate Transition (Supplier LOCT) since 2022 and obtained the certificates and badges. The courses cover GHG inventory and the establishment of carbon reduction pathway. The ultimate goal is to join the Science-Based Targets Initiative (SBTi) and set GHG reduction targets based on the 1.5°C pathway to curb industry chain emissions through partnerships with industry leaders. FEIS also signed a letter supporting the initiative formed by the China Bottlers Procurement Consortium (CBPC) and Swire Coca-Cola on June 26, 2023, committing to establishing a green and low-carbon supply chain with industry peers. With 2018 as the base year, the target is to reach 30% reduction in annual scopes 1 to 3 emissions by 2030.

The Textile Business was invited by Nike to participate in the Manufacturer Climate Action Program (MCAP) developed by the Sustainable Apparel Coalition (SAC). The plant has submitted science-based scopes 1 and 2 reduction targets, joining the global textile industry to tackle climate change.

OTIZ devotes tremendous efforts to customer engagement. Its collaborative endeavors gave birth to the 100% rPET tire cord fabric, which reduces carbon footprints by 28% compared to that of the virgin tire cord fabric. OTIZ responds to SBTi by establishing its carbon reduction targets and committing to net zero based on the 1.5°C pathway. Its emission reduction progress is also disclosed on CDP. Meanwhile, OTIZ identifies and partners with key suppliers responsible for larger shares of carbon emissions to implement emission reduction projects and reduce product carbon footprints. The goal is to reach for the overall carbon reduction targets in the automotive industry.

2. Regular Tracking of Carbon Reduction Performance by Brand Customers

FENC conducts product life cycle assessments on its major products and provides the results, including product carbon content, to downstream customers in order to guide them towards low-carbon products. To reduce product carbon footprints, FENC provides solutions that embody full circularity by converting recycled and biomass materials to meet the emission reduction needs of value chain customers. The Company also reports GHG reduction targets and progress on platforms established by CDP, Ecovadis, and its brand customers. For instance, the Textile Business is required by customers, such as Nike and adidas, to report data, such as monthly energy consumption, and develop carbon reduction strategies. Each quarter, the plant confirms the progress towards carbon reduction targets, and ensures tracking, management and inspection.

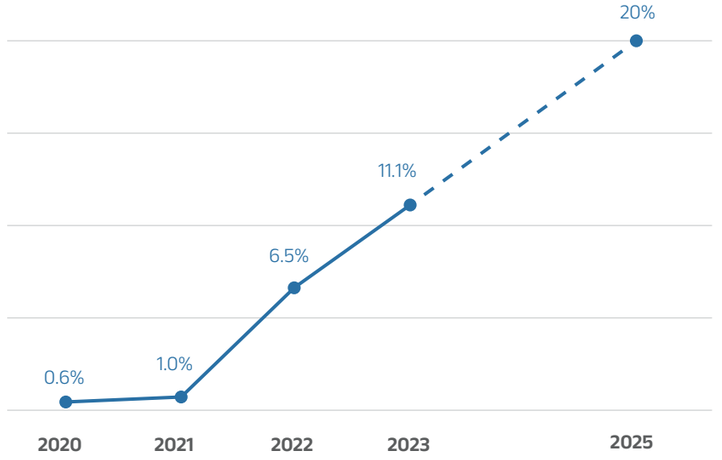
3.1.3 Renewable Energy Use

FENC has been investing heavily in renewable energy, building a wide array of power generation facilities and purchasing renewable electricity to phase up the use of renewable electricity each year. The total renewable electricity use in 2023 is approximately 180 GWh, accounting for approximately 11.1% of the total electricity consumption. The target is to reach 20% by 2025.

Installation of Renewable Energy Facilities

"Develop renewable energy" is one of the five major strategies propelling FENC forward along its

Percentage and Target of Renewable Electricity Usage



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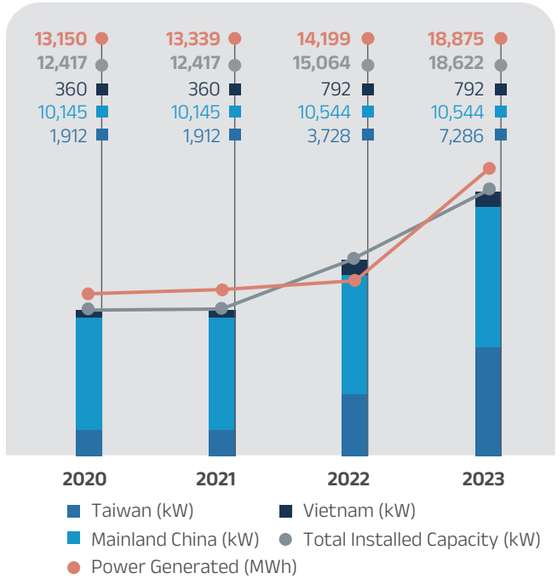
march towards net zero. The Company has been intent on investing in and installing a broad mix of renewable energy facilities. Solar, biogas and wind power generators will be installed in Taiwan, mainland China, Vietnam, Japan and the U.S. FENC is supporting renewable energy use and GHG reduction with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

Since 2016, FENC has been installing solar power stations at its production sites in mainland China. In 2023, a total of 18,850 MWh of solar power was generated at FENC sites in Taiwan, mainland China and Vietnam, of which 97% was consumed by FENC and a total of 9,728 tCO_2e GHG emissions were avoided. Additional solar facilities will be added at all production sites, bringing the projected installed capacity FENC-wide to 111 MW in 2025, a soaring 500% growth from 2023 that would generate 140 GWh of power annually.

Procurement of Renewable Electricity

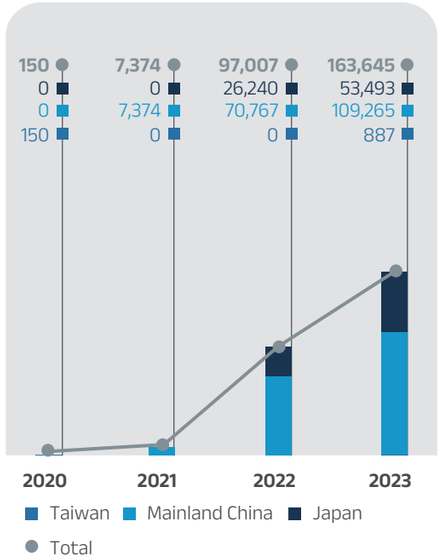
FENC has been purchasing green power since 2015. In 2023, eight FENC production sites in Taiwan, mainland China and Japan purchased 160 GWh of renewable electricity and avoided 81,103 tCO_2e of GHG emissions. FENC plans to purchase a minimum of 100 GWh of renewable electricity per year in the future to further reduce energy indirect GHG emissions.

Renewable Energy Generation and Installed Capacity



Purchased Renewable Electricity

Unit: MWh



Avid Support for Renewable Energy Development Act

The Renewable Energy Development Act stipulates that energy-heavy industries in Taiwan must build renewable energy generation facilities with the capacity equivalent to 10% of their contract capacity. FENC showed its support when the law went into effect with aggressive plans to construct new energy facilities, and by partnering with the government to promote the development of renewable energy. As of the end of 2023, FENC has installed solar power stations with 7,286 kW in capacity at its production sites in Taiwan, a 26% growth from 2022, and the expansion will continue. FENC also signed long-term power purchase agreements to increase the percentage of renewable electricity in its energy mix.

In addition to ongoing installation of solar power facilities, Plant 2 of OPTC will complete the installation of biogas generators in 2024. Utilizing the biogas generated from its own anaerobic treatment system, the plant will generate approximately 11 GWh in total annual capacity. This is a climate action that demonstrates its contribution to mitigating environmental impacts caused by global warming.

FIGP's Carbon Free Energy Purchase

At FIGP, GHG reduction strategies focus on improving energy efficiency and incorporating renewable energy. Starting from the second half of 2022, FIGP's Kanto Plant has been making monthly purchases of Non-Fossil Certificates from Tokyo Electric Power Company Holdings, Inc. The plant was powered entirely by renewable electricity in 2023, and by purchasing certificates of carbon offset, it is now the world's first carbon-neutral PET recycling and remanufacturing plant. Following the same strategies, FIGP's Kansai Plant, which was newly completed in 2023, is on track to become FENC's second carbon-neutral plant.

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3.2 Elevating Energy and Resource Efficiency

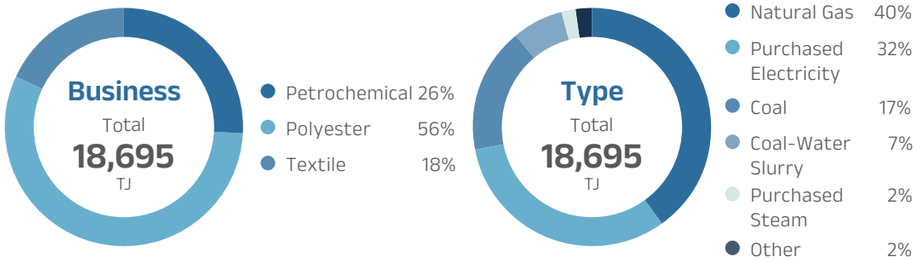
3.2.1 Energy Management

The overall energy consumption at FENC dropped by 12% from the previous year and the energy consumption per unit of production fell by 8%. The significant decrease is a testimony to the success in energy management at FENC, which implemented a total of 113 projects for the year to improve energy efficiency. The projects include production improvement, equipment enhancement and energy management. The Company will extend this approach, maximizing energy efficiency through a mix of energy conservation projects.

Energy Management System and Establishment

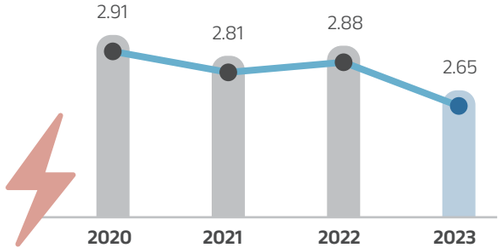
- Expand the scope governed by the ISO 50001 energy management systems.
- Implement energy management and operation.
- Continue energy efficiency improvement.
- Establish an internal incentive system for energy conservation.
- Procure energy conservation equipment and incorporat innovative technologies.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

Energy Consumption in 2023



Energy Consumption per Unit of Production

Unit: GJ / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

FENC's total renewable energy use in 2023 amounts to 939 TJ, which accounts for 5% of its total energy consumption during the year. Of the total electricity consumption, 11.1% is renewable electricity. At the Textile Business, this percentage goes up to 18.6%.

Energy Consumption

Unit: TJ

	2020	2021	2022	2023
Purchased Electricity	6,147	6,609	5,707	**5,264**
Purchased Renewable Electricity	0	27	349	**589**
Self-generated Renewable Electricity	39	40	45	**66**
Total Electricity Consumption	**6,187**	**6,676**	**6,101**	**5,919**
Natural Gas	7,319	7,432	7,428	**7,416**
Heavy Oil	309	288	255	**74**
Diesel	27	53	47	**39**
Coal	4,886	5,112	4,482	**3,103**
Coal-Water Slurry	2,347	2,441	2,062	**1,390**
Biomass Fuel	205	201	317	**284**
Purchased Steam	696	561	505	**470**
Total Energy Consumption	**21,975**	**22,764**	**21,197**	**18,695**
Percentage of Renewable Electricity	**0.6%**	**1.0%**	**6.5%**	**11.1%**
Percentage of Renewable Energy	**1.2%**	**1.2%**	**3.4%**	**5.0%**

Note:
1. Energy consumption at FENC, which is mainly for production purposes, covers energy used for the generation of electricity, heat and steam; cogeneration; firefighting pumps; vehicles for internal transport.
2. The calorific value is based on the factors of calorific value from all production sites.
3. External energy consumption is not taken into account.
4. Data collection on energy consumption accounts for 100% of the production sites within the scope of this report.
5. Percentage of renewable electricity = (purchased renewable electricity + self-generated renewable electricity) / total electricity consumption
6. Percentage of renewable energy = (purchased renewable electricity + self-generated renewable electricity + biomass fuel) / total energy consumption.

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Internal Energy-Saving Incentives

1. Far Eastern Energy Award

To excel further in energy management, FENC is aware of the need to encourage collaboration among its affiliates. By learning from one another, these corporate entities may acquire energy conservation approaches that will inspire technological advancement and increase energy efficiency. Since 2005, the Far Eastern Group has been presenting Far Eastern Energy Awards to encourage and recognize excellence in improving energy conservation technologies and practices. In 2023, FENC submitted 21 projects, accounting for 39% of the total entries. Among them, the Energy Conservation Improvement of Tire Cord Fabric Production from OTIZ under FENC's Textile Business was recognized by Far Eastern Group with the award as a project of excellence.

2. Incorporation of Energy-Saving Performance Into Remuneration

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

Far Eastern Energy Award for Energy Conservation Improvement of Tire Cord Fabric Production

The production of tire cord fabrics is highly energy intensive. As demand from the automotive market continues to grow, OTIZ is focusing on the improvement and innovation of the production process and equipment to lower the cost and GHG emissions during the manufacturing of this product.

OTIZ began by modifying 26 direct twisting machines to control the yarn feeding speed and reduce energy consumption. Additionally, improvements were made to the dipping process, and the numbers of ovens were reduced during the nylon and polyester production process, cutting the loss of thermal energy by controlling the exhaust during heat treatment.

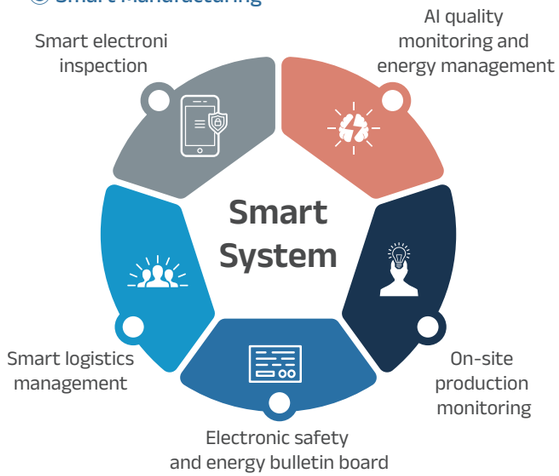
OTIZ received the Far Eastern Energy Award from Far Eastern Group in recognition of this project, which reduced approximately 2.78 GWh of electricity and 936 million cubic meters of natural gas consumption. The annual net energy savings amounts to NT$1.86 million with 3,609 tCO_2e of carbon emissions averted.

Incorporation of Innovative Technology and Equipment

1. Apply AI in Energy Management

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

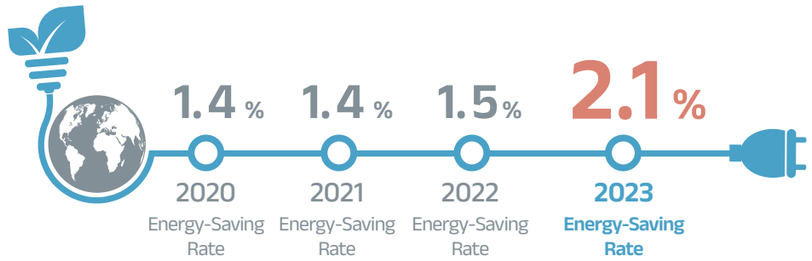
◉ Smart Manufacturing



Avid Support for Governmental Policies

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

◉ Energy-Saving Rate at Production Sites in Taiwan



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

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3.2.2 Raw and Packaging Material Management

FENC is committed to the refinement of production processes and techniques. The Company reaches benchmarks in sustainable material management by reducing damages in raw materials and increasing the recycling rate of packaging materials through innovative technologies and systems. FENC measures itself with standards more stringent than the industry norm, and selects raw material suppliers that comply with regulatory and sustainable standards based on the procedures and operational guidelines in internal procurement management. The Company also ensures quality standards by commissioning independent agencies to conduct quality testing.

FENC has operational guidelines in place for the management of packaging materials, matching appropriate materials and packaging methods with customers' products and transport needs. Recyclable, reusable, or eco-friendly materials, such as biomass, are prioritized, and operational adjustments are made to ensure waste avoidance. Recycling targets are set for packaging materials. Each month, the Company tabulates the recycling quantity, recycling rate and achievement rate, and unmet goals are reviewed. By managing the recycling of packaging materials, the product life cycle is prolonged, which reduces consumption, costs and waste. In addition to recycling and reuse, FENC also collaborates with suppliers, customers and qualified recycling companies to recycle packaging materials from domestic customers to be reused at FENC production sites.

Raw and Packaging Material System Establishment and Management

- Conduct trainingon raw and packaging material management.
- Develop the safety management system.
- Establish goals and compile achievement rates regularly.
- Create the proposal improvement system.
- Incorporate the smart production scheduling system and optimize production scheduling to reduce losses.
- Establish the AI quality prediction model to reduce yield loss.
- Establish the real-time information system for production management and optimize the product warehousing management system.
- Adopt the automated material handling system to move the raw materials into warehouses.

FENC develops take back programs to engages customers consistently on recycling packaging materials such as pallets, paper tubes and peg boards to establish a robust recycling management system. In 2023, the average recycling rate for packaging materials from the production sites within the scope of this report reached 80%. The average recycling rate for in-house recycling is 61% while that for recycling through external programs is 100%.

There were no leakages of raw materials, oils or fuels from FENC sites in 2023.

Management Procedure for Raw and Packaging Materials

Supplier assessments and development process for Raw and Packaging Materials	• Establish annual production plans and goals. • Reduce waste by conducting regular reviews on consumption rates of primary and secondary raw materials as well as new products and production technology, improving production efficiency as well as recycling and reusing raw materials. • Hold a minimum of one management review meeting annually. • Evaluate suppliers to ensure material quality and maintain yield rate by reducing substandard products. • Reduce packaging for raw materials.
Training and Inspection	• Annual policy regarding raw material management is announced in the beginning of each year. • At least once a year, training on raw material management is conducted in accordance with Company policy. • During the mid-year mark, training results are examined. • Quality control units conduct random inspections on packaging materials and improve the size and method of packaging.
Supply Chain Engagement	• Planning and preparation of packaging materials are based on customers as well as the discussions from sales and marketing meetings. • Packaging materials are prepared with safety, environmental protection, quality assurance and efficiency as the principles. • Engage customers on packaging reduction.
Packaging Material Recycling	• Recycling and reuse are implemented on-site. • Packaging materials are recycled from domestic customers. • Qualified suppliers are commissioned for off-site recycling.

Sustainable Practice for Packaging Materials

Paper Boxes	• FENC reached out to suppliers regarding the reduction of paper consumption with the use of a new type of paper cartons, which are made of 5% waste paper and weigh 7% less.
Paper Tubes	• The recycled paper tubes are sealed properly in boxes to prevent deterioration due to moisture.
PE bag/PP bag/ bulk bag	• The bags are used repeatedly as the packaging for regrind. Once unusable, they are recycled, remanufactured and reused as refuse derived fuel (RDF) rods. • Given that bulk bags are considered valuable materials, FENC increases the recycling rate of bulk bags from domestic customers through customer engagement and by offering free bag collection service.
Pallets	• FENC recycles used wooden and plastic pallets as well as plastic side panels from domestic customers for internal use by sending deadhead trucks for pickup. • Unusable wooden pallets are outsourced to be processed into wooden boxes.

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Promotion of Paper Tube Recycling Among Major Customers

In December 2023, Hsinpu Chemical Fiber Plant initiated a paper tube recycling project that targeted customers who purchased polyester partially oriented yarn (POY). The materials units at the plant established a chat group with the representatives from major customers overseeing the recycling of packaging materials. After multiple rounds of communication, agreements were reached for customers to collect the paper tubes using designated boxes and build canopies as rain shelters to ensure the yield. The recycling operation is expected to begin in 2024 with a 40% annual recycling rate as the target.

New Solid Waste Recycling System

FEIS-Polyester Business added a solid waste recycling system in April 2023. The production equipment is retrofitted to loop the solid waste back into the production process. The plant carefully calibrated the ratio and parameters, gradually mixing the solid waste into new materials with precise monitoring to ensure quality. The project is effective in promoting resource circularity. By converting waste into usable raw materials, the project reduces nearly NT$3 million in costs annually.

Maximization of Delivery Packaging

The polyester plant of FEPV has made enhancements to maximize the packaging and shipping for polyester chips. By expanding the volume of bulk bags from 1,100 kilograms to 1,150 kilograms, the consumption of bulk bags went down by 4.3% in 2023. Meanwhile, the plant reduced the delivery frequency. Without additional cash investments, these minor adjustments brought approximately NT$1.76 million in financial benefits while reducing the consumption of resources and energy as well as carbon emissions.

3.2.3 Water Resources Management

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

Water Resources System Establishment and Management

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

Measures for water resources management

1. Water Conservation Measures

- Avoidance: Measures include adjusting the concentration ratio of cooling water, reducing the frequency of water softening and regeneration, and modifying the operation period of sand filters and softening equipment.

- Rainwater Recycling: Measures include installing additional rainwater harvesting conduits.
  - At the knitting and dyeing plant of FEPV, rainwater is harvested in a rainwater collection tank, and cycled through the rainwater recycling and treatment system. A total of 30,000 KL of rainwater was harvested in 2023.

- Reclaimed Water Reuse: Measures include the recycling of water that circulates through the boilers and production process.
  - FEDZ increased the cleaning frequency of the ultrafiltration (UF) and reverse osmosis (RO) membranes, which led to a 5% growth in the recycling rate of reclaimed water. The replacement of the filtration membrane also increased the recycling rate by 2%. The measures conserved a total of 30,048 KL of water in 2023.

  - At OGM, the water used during the rinsing process is filtered through oscillation to remove residues, and stored in the water tank to be looped back to the primary and secondary floatation tanks. The water is then filtered again and stored in a 10-metric-ton water tank as the water supply for shredders. The measure conserved a total of 46,656 KL of water in 2023.

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- Replacement of Dated Equipment: Measures include the replacement of filtration membranes to improve the recycling rate of reclaimed water and the incorporation of new equipment to improve water efficiency.
  - –Kuanyin Dyeing and Finishing Plant purchased three low liquor ratio dyeing machines in 2023, which conserves 45,828 KL of water annually.

- Production Refinement: The refinement of production process is ongoing with production parameters adjusted based on professional expertise to improve water conservation.
  - –OGM established wastewater treatment processes and thresholds for reclaimed water quality. By maintaining consistent effluent quality from the membrane bioreactor (MBR) and keeping the chemical oxygen demand (COD) and conductivity within the standards, the plant increased the use of reclaimed water during production. The water reclaimed grew by 7.7% in 2023.
  - –Kuanyin Dyeing and Finishing Plant increased the cloth capacity of the printing and dyeing machine by 2.6%, which saved 10,800 KL of water.
  - –In September 2023, FIGP decreased the water flow rate when cleaning the rinser in the recycling system, which reduced water withdrawal by 6,180 KL.

2. Emergency Water Supply Backup Plan

FENC has implemented response measures based on the water shortage warnings issued by local governments. In Taiwan, this would refer to the water level signals issued by the Water Resources Agency. All production sites have established contingency plans to provide backup water supply during emergencies. In 2023, there were no occurrences of production interruption caused by water shortages. FENC's emergency responses for water shortages are as follows:

- Adjust the discharge flow from water towers and the air-conditioning system to reduce the need for discharge and replenishment.
- Activate effluent recycling and the RO membrane filtration system as a backup water source.
- When the water level in the retention pond reaches the lowest permitted level, evaluation is initiated to assess the need for activating backup water supply within the production site, which includes the well water or groundwater.
- Make price inquiries regarding water tankers and delivery distance periodically, and formulate contingency plans as emergency responses.

3. Real-Time Water Consumption Monitoring

Water meters are installed to record daily consumption, track areas with unusual water usage, and perform timely repairs.

4. Incorporation of ISO 46001 Water Efficiency Management System

FENC conducts water consumption review and performance evaluation, and optimizes the daily management of major water facilities based on the international standards of ISO 46001:2019 water efficiency management systems-requirements and usage guidelines. The Company incorporates Plan-Do-Check-Act (PDCA) regarding the response strategies and actions addressing water risks and opportunities, as well as the establishment, implementation, operation and control of the water efficiency targets.

In March 2022, Plant 2 of OPTC was among the first ten entities in Taiwan to obtain the ISO 46001 certification. The plant also passed the reassessment in 2023. In the future, FENC will continue to incorporate water efficiency management systems at all production sites and with additional production sites certified.

Water Use Planning Procedure of ISO 46001

Input	Review	Output
• Type of water use • Environmental factors affecting water source • Past and president water use, activities and functions • Variables affecting major water use • Water efficiency performance	• Water use analysis • Definition of major water use activities and variables • Definition of opportunities improving water efficiency	• Water use and consumption trend • Forecast of future water use • Opportunity for improving water efficiency • Major water use • Water efficiency indicator and baseline • Target and action plan

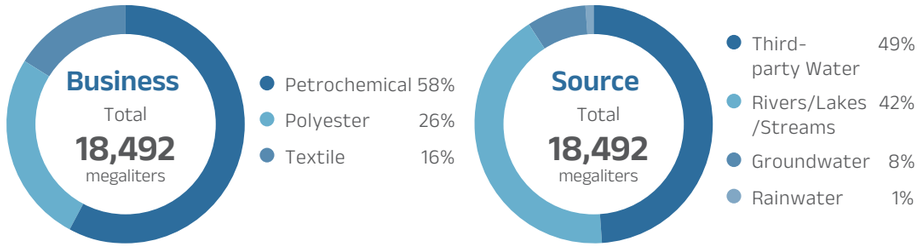
Water Risk Management

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

According to the assessment for the fourth quarter of 2023, 1/3 of FENC production sites are located in high-risk areas. The Company responded by strengthening its adaptation strategies, such as improving water efficiency during production, establishing rainwater harvesting systems and increasing the reclaimed water recovery rate. The details are included in "3.2.3 Water Resource Management-Water Risk Adaptation and Mitigating Actions".

Water Consumption Performance

Water Withdrawal in 2023



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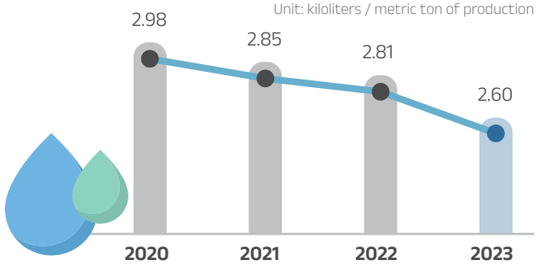
Water Withdrawal per Unit of Production

Unit: kiloliters / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

The total water withdrawal in 2023 dropped by 12% from the previous year, the total water consumption was down by 5%, and water withdrawal per unit of production decreased by 8%. The performance is the fruit of efforts from the water conservation projects at all FENC production sites. These projects and measures will be fine-tuned on an ongoing basis to optimize water efficiency.

Water Withdrawal and Water Consumption

Unit: megaliter

	2020	2021	2022	2023
Rivers/Lakes/Streams	10,469	9,218	8,263	**7,675**
Third-party Water	10,044	11,925	10,695	**9,129**
Groundwater	2,001	1,937	1,804	**1,554**
Rainwater	185	205	154	**134**
Total Water Withdrawal	**22,699**	**23,285**	**20,916**	**18,492**
Total Water Consumption	**10,712**	**10,707**	**9,433**	**8,927**

Note:
1. Rivers, lakes, streams and rainwater are surface water. Third-party water refers to tap water as well as wastewater from external organizations. Groundwater includes well water.
2. The difference between water withdrawal and effluent discharge is considered water consumption, which is mainly the result of evaporation at the cooling tower. Loss during production is a minor contributor.
3. The concentration of total dissolved solids (TDS) across the water withdrawal categories are under 1,000 mg/L.
4. No quarry water, seawater, or produced water that enters an organization's boundary because of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material, and has to consequently be managed by the organization is used at any of FENC production sites.
5. In 2023, Plant 2 of OPTC used the water recycled by Plant 1 of OPTC (247 megaliters), which is categorized under wastewater from external organization within the third-party water.
6. Data collection on water resources management accounts for 100% of the production sites within the scope of this report.

In 2023, water withdrawal from FENC sites in water-stressed areas was down by 13% and water consumption by 5% compared to 2022. Moving forward, FENC will continue its efforts to improve water efficiency, promote reasonable water allocation and utilization, and fulfill the sustainability of water resources.

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

Unit: megaliter

	2020	2021	2022	2023
Rivers/Lakes/Streams	647	0	0	**0**
Third-party Water	4,911	5,529	5,087	**4,388**
Groundwater	0	0	0	**0**
Rainwater	36	53	28	**37**
Total Water Withdrawal	**5,594**	**5,582**	**5,115**	**4,425**
Total Water Consumption	**2,971**	**2,945**	**2,505**	**2,369**

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, an area is considered to be faced with water stress when the ratio of total annual water withdrawal to total available annual renewable water supply is 40% or higher.
2. The boundary of data collection includes the five FENC production sites located in water-stressed areas. The concentrations of total dissolved solids (TDS) tested across all water withdrawal categories are equal to or lower than 1,000 mg/L.

Water Recycling and Reuse

The water recycled in 2023 is down by 8% from 2022. The main contributing factor is decreased production at the Petrochemical Business, which led to a 15% decline in the use of cooling water. The water recycling rate remains at 98%.

Water Recycled and Reused

Unit: megaliter

		2020	2021	2022	2023
Circulating Water	Cooling Water	1,239,261	1,239,475	1,231,627	**1,123,253**
	Other	16,470	16,903	15,527	**29,173**
Recycled Water	Recycled Water Excluding Reclaimed Water	2,252	2,142	1,393	**1,046**
	Reclaimed Water	3,165	3,365	2,898	**2,184**
Other		392	266	262	**142**
Total Water Recycled and Reused		**1,261,540**	**1,262,150**	**1,251,707**	**1,155,798**
Water Recycling Rate		**98%**	**98%**	**98%**	**98%**

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

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Transforming Effluent Into Purified Water

After going through the water treatment system, effluents from FEIS-Polyester Business meet the quality standards as replenishment for the cooling tower. The demand for water is high in summer but low in winter, therefore, while the treated effluent is fully utilized in summer, the utilization rate drops in winter. In October 2023, the plant launched a project to purify the effluent through ceramic membranes, RO and ultraviolet disinfection, and use it to supply on-site production. FEIS-Polyester Business invested approximately NT$2 million, and the project conserves 24,000 KL of water annually, equating to approximately NT$510,000 in financial benefits.

Measures for effluent management

Effluents Management Policy

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

1. Effluent source management

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

2. Treatment efficiency management

Dated equipment is phased out with new replacements, filtration membranes are changed regularly, and the centralized smart control system is established to facilitate real-time management. During production changes, the system makes synchronized adjustments for the operation parameters across the wastewater treatment facilities.

3. Environmental impact management

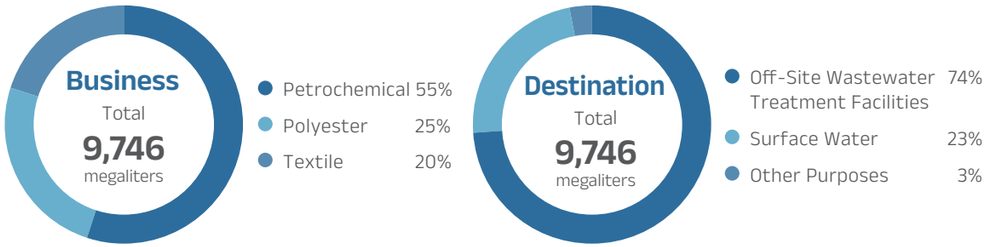
FENC continues to build extensive effluent treatment facilities that minimize noise, odor and pollution, and increase reclaimed effluent across the Company to fully implement resource recycling and reuse.

Wastewater that is ultimately discharged as effluent undergoes a comprehensive set of procedures governed by pollutant treatment guidelines. FENC conducts regular self-assessments regarding a wide range of water pollutants to ensure the compliance of effluent quality. The effluent is discharged to water bodies permitted by law after industrial effluent permits are obtained in accordance with regulatory requirements. Recycled effluent from FENC is for internal use only and not for external organizations.

A water consumption fee for users exceeding 9,000 KL of monthly water consumption during the dry season in Taiwan was enacted on February 1, 2023. As a response, FENC will keep implementing a mix of water conservation measures, utilizing reclaimed water and increasing water recycling rates to gain eligibility for reductions or deductions.

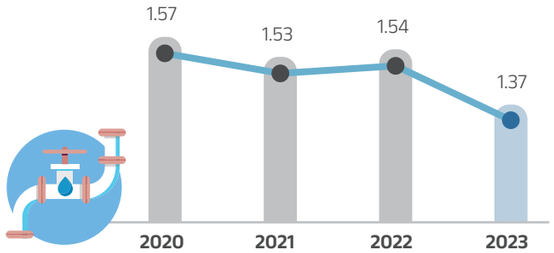
The total effluent in 2023 is down by 15% compared to 2022, and the effluent per unit of production is cut by 11%. The Company will install additional effluent recycling and reuse systems to increase water efficiency per unit of production.

Water Discharge in 2023



Water Discharge per Unit of Production

Unit: kiloliter / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

Content

Water Discharge

Unit: megaliter

		2020	2021	2022	2023
TDS	Fresh Water	1,671	1,813	1,716	**2,526**
	Other Water	10,316	10,765	9,767	**7,220**
Destination	Surface Water	3,683	3,848	2,974	**2,289**
	Off-Site Wastewater Treatment Facilities	8,304	8,556	8,340	**7,210**
	Other Purpose	0	174	169	**247**
Total Water Discharge		**11,987**	**12,578**	**11,483**	**9,746**

Note:
1. FENC does not discharge effluent directly to the seawater or groundwater / well water. Please refer to the table, Effluent Treatment Methods and Final Discharge Destination.
2. "Other Purpose" refers to: In 2023, Plant 1 of OPTC recycled a portion of the effluent. After being treated at the in-house wastewater treatment facility and meeting water quality standards, the water is supplied to Plant 2 of OPTC.
3. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids >1,000mg/L.

Water Discharge of Production Sites Within Water Stress Zones

Unit: megaliter

		2020	2021	2022	2023
TDS	Fresh Water	680	729	752	**780**
	Other Water	1,943	1,908	1,858	**1,456**
Destination	Surface Water	0	0	0	**0**
	Off-Site Wastewater Treatment Facilities	2,623	2,637	2,610	**2,236**
	Other Purpose	0	0	0	**0**
Total Water Discharge		**2,623**	**2,637**	**2,610**	**2,236**

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, an area is considered to be faced with water stress when the ratio of total annual water withdrawal to total available annual renewable water supply is 40% or higher.
2. The boundary of data collection covers the five FENC production sites located in water-stressed areas. The wastewater is processed at the internal wastewater treatment plant. Once reaching the effluent standards, all wastewater enters the municipal sewer system to be treated at the municipal wastewater treatment plant and then discharged.
3. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids >1,000mg/L.

Effluents Treatment and Final Discharge Destination

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

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

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Water Risk Adaptation and Mitigating Actions

Water scarcity is among the risks brought by the climate change. To mitigate and adapt to this risk, FENC implemented a host of water conservation projects. These water conservation projects include the reduction of evaporation and wind losses from the cooling tower; increase of the concentration ratio for the water circulating through the cooling system under controlled production conditions; establishment of water recycling and reuse systems that incorporate membrane technologies to treat wastewater.

In 2023, FENC devoted approximately NT$27.98 million to projects that avert water-related risks, saving a total of 779,700 KL of water, which translates to NT$12.9 million in annual financial benefits. In 2024, FENC is devoting NT$12 million in capital budget to the mitigation of water-related risks.

Water Conservation Project in 2023

	Actual Investment (NT 1,000)	Water Saved (kiloliter / year)	Percentage of Water Saving in Water Withdrawal
Petrochemical	9,800	303,528	3%
Polyester	5,708	113,952	2%
Textile	12,472	362,220	12%
Total	**27,980**	**779,700**	**4%**

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

Tap Water Leak Detection Across FEDZ

Tap water is the main source of water supply at FEDZ. In 2023, the plant launched a plant-wide tap water leak detection project to take stock of water usage points, prepare the plumbing diagram, classify the tap water usage into production and domestic purposes, and install water meters. The readings are recorded daily to identify points with unusual activities with plans formulated to identify leakage, which is repaired immediately once identified. A plan for system retrofit is also established if immediate repair is not viable. The project identified leakage in the domestic pipelines, of which the majority are underground. The repair was completed at the end of November 2023, and the domestic water consumption went down dramatically by 80%, equating to NT$1.1 million in annual financial benefits.

Avid Support for Governmental Policies

1. Switch to smart meter to provide real-time data on water resources

FENC supports the government's policies on water conservation by reducing water consumption and installing smart water meters. Once the meters are installed, the system may automatically detect and alert unusual occurrences, such as water leakage, to facilitate early notification for any anomalies, which helps FENC reach the water conservation goals set by the authority.

2. Commit to including domestic reclaimed water as source of water withdrawal

OPTC signed the recycled water use contract with the Taoyuan City Government for a three-phase project to utilize reclaimed water, and the completion of phase one is expected in 2025. The reclaimed water will go through the UF membrane and RO, reaching a quality surpassing that of tap water and meeting industrial water standards. Phase one will produce 40,000 KL of reclaimed water daily, and approximately 15,000 KL will be utilized by OPTC. This project is the exemplification of FENC's commitment to water conservation and its answer to the governmental policy on the circular economy and water reclamation.

3.3 Steering Environment Management

3.3.1 Air Pollution Management

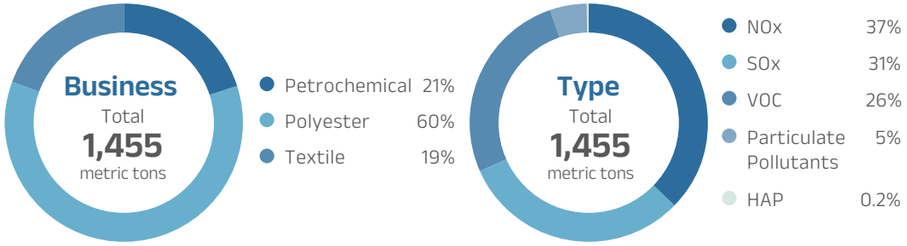
FENC adopts a stream of technologies to prevent and control air pollution. Regular reviews are conducted over existing facilities and production flow to ensure compliance with all emission standards. The Company uses online monitoring systems and equipment to record real-time conditions and keep tabs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

Air Pollution System Establishment and Management

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

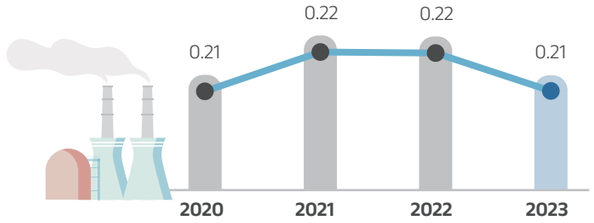
Content

Air Pollutant Emissions in 2023



Air Pollutant Emissions per Unit of Production

Unit: kg / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

In 2023, the total air pollutant emissions dropped by 8% compared to the previous year, and the air pollutant emissions per unit of production decreased by 5%. Efforts will continue to enhance the equipment, monitoring and efficiency of air pollution prevention and control.

Air Pollutant Emissions

Unit: metric ton

	2020	2021	2022	2023
NOx	735	810	699	**544**
SOx	336	365	369	**458**
VOC	460	486	425	**382**
HAP	1	1	1	**3**
Particulate Pollutants	74	82	88	**68**
Total	**1,606**	**1,744**	**1,582**	**1,455**

Note:
1. Only emitted gases are listed.
2. Particle pollutants include suspended particle matters (PM), dust and smoke.
3. The collected data covers 3 categories, actual measured value, annualized sampling value and estimates.
4. Data on hazardous air pollutants (HAP) are collected at APG Polytech in the U.S. and FIGP in Japan. The 3 HAPs identified at APG Polytech are ethylene glycol, acetaldehyde and 1,4-Dioxane, which are regulated by U.S. Environmental Protection Agency. Acetaldehyde, which is on the list of HAPs regulated in Japan, is identified at FIGP.
5. Data collection on air pollutant management accounts for 100% of FENC production sites in the scope of this report.

Incorporation of Innovative Technology and Equipment

1. FENC uses the open-path Fourier transform infrared (OP-FTIR) spectrometer system to monitor the concentration of pollutants around the plant perimeter in real-time with methods announced by the Environmental Protection Administration. In addition to measuring the concentration of chemical compounds with speed, unique advantages of OP-FTIR include its low detection limit and ability to detect multiple chemical compounds simultaneously. The system is ideal for industrial parks, where the emission sources in tend to be more complex. With long periods of continuous testing, the system is able to identify the pattern of changes in the concentration of polluting gases and their emission characteristics. When the data transmitted back to the control center suggests unusual activities, and production staff address the leakage immediately.

2. Kuanyin Chemical Fiber Plant replaced heavy crude oil boilers with the natural gas models, which began operating in 2023. The project has delivered remarkable results by cutting the plant-wide air pollutant emissions by 61% compared to 2022.

Supply Chain Management and Training

1. Hsinpu Chemical Fiber Plant promoted environmental awareness among the drivers working for transport suppliers, reminding them to shut off the engine instead of idling. Plant staff were assigned to make sure that idling engines were shut off in order to minimize air pollution and the emission of carbon dioxide.

2. FEIS invited the suppliers of automatic monitoring equipment to participate in a training course organized by the Shanghai Municipal Bureau of Ecology and Environment in 2023, and four representatives participated.

3.3.2 Waste Management

General Waste and Hazardous Industrial Waste Management Policies

1. Waste Management Goal and Principle

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

Content

2. Waste Disposal and Recycling

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

3. Compliance and Social Responsibility

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

There were no occurrences of waste leakage at FENC in 2023, and the waste treatment did not pose any substantial and significant impact on the environment.

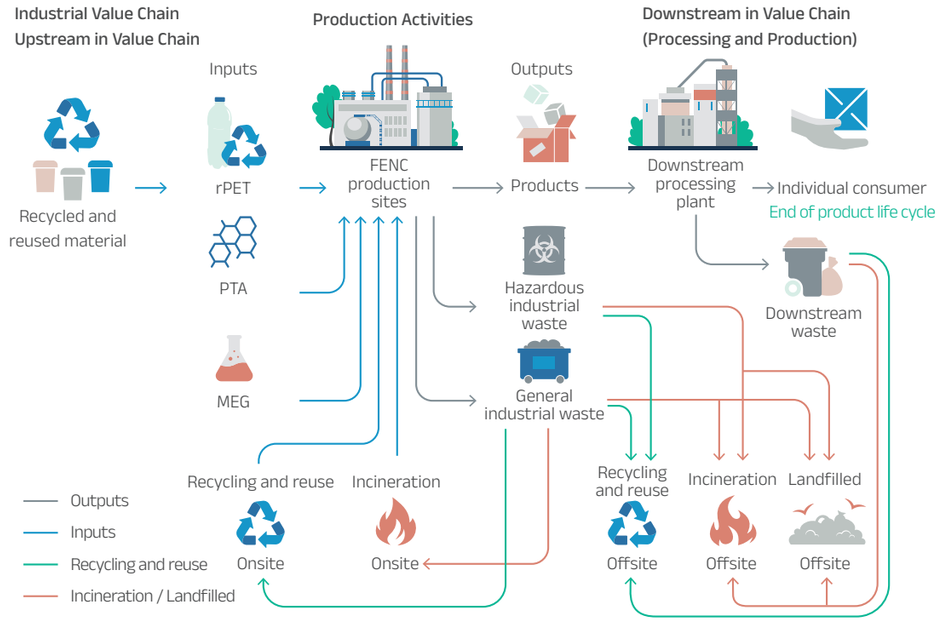
Waste Impact Assessment

Waste materials generated from the business activities at FENC can be broken down into 89% regular industrial waste and 11% hazardous industrial waste. The hazardous industrial waste includes used chemical bottles for testing, lubricant/oil and light tube/electrical batteries, which are stored in hazardous waste storage facilities and processed 100% by qualified waste management companies.

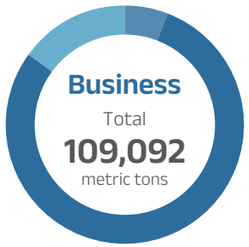
Upon the request its customer, toxic chemicals were used during testing at Plant 1 of OPTC in 2022, and the waste liquid was considered hazardous industrial waste. The request was no longer needed in 2023, and the plant submitted an application to the Department of Environmental Protection, Taoyuan City Government to cancel the permit for toxic chemical substances. The application was approved on July 26, 2023, and the waste liquid was disposed of on October 13. At OGM, the waste liquid derived from the testing conducted at the quality control laboratory is considered hazardous industrial waste and must be disposed of once a year as mandated by law. The disposal was completed on March 18, 2023.

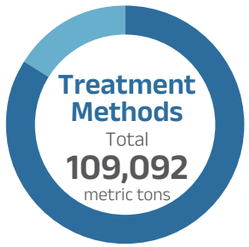
Management Procedure for Waste Disposal Suppliers

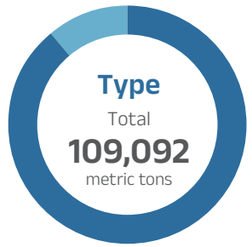
Waste Treatment Process Flow



Waste Generated in 2023



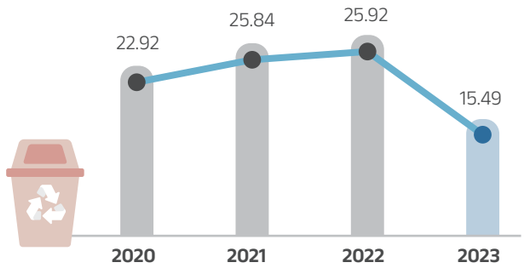




Content

Waste Generated per Unit of Production

Unit: kg / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

Waste Generated

Unit: metric ton

		2020	2021	2022	2023
Treatment Method	Recycling and Reuse	149,527	189,318	174,492	**91,634**
	Non-Recycling and Non-Reuse	23,238	19,271	15,718	**17,458**
Type	General Industrial Waste	155,444	191,109	178,071	**96,608**
	Hazardous Industrial Waste	17,321	17,480	12,139	**12,484**
Total Waste		**172,765**	**208,589**	**190,210**	**109,092**

The total waste generated in 2023 was down by 43% compared to 2022. The main contributing factors are the production decrease and the replacement of coal-fired boilers with the natural gas models, which reduced the generation of waste such as coal slag. The total waste per unit of production in 2023 dropped by 40% compared to the previous year, which is mainly attributed to the decrease in total waste. Through various management and improvement measures, FENC will continue to reduce, recycle and reuse waste, and achieve circularity.

Supply Chain Management and Education Training

FENC conducts safety training for waste treatment suppliers. The training raises their environmental awareness by covering safety precautions when loading waste materials and the plant security management system. A total of 275 participants, representing 31% of the 33 general waste treatment suppliers, attended the training in 2023; a total of 250 participants, accounting for 53% of the 18 hazardous waste treatment suppliers, were also in attendance.

Data of Waste

Unit: metric ton

				2020	2021	2022	2023
Recycling and Reuse	General Industrial Waste	Production Waste	On-Site Recycling and Reuse	73,860	103,992	96,857	**32,188**
			Sold	25,395	30,006	27,333	**17,818**
			Off-Site Disposal	36,420	38,646	37,709	**30,045**
		Domestic Waste	On-Site Recycling and Reuse	3	2	0	**0**
			Sold	167	155	411	**140**
			Off-Site Disposal	1,390	1,242	1,103	**558**
	Hazardous Industrial Waste	Production Waste	On-Site Recycling and Reuse	0	0	0	**0**
			Sold	719	740	557	**865**
			Off-Site Disposal	11,573	14,536	10,522	**10,021**
	Total			**149,527**	**189,319**	**174,492**	**91,635**
Non-Recycling and Non-Reuse	General Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	0	0	0	**2,344**
			Incineration With Energy Recovery (Off-Site)	1,337	1,604	1,658	**1,185**
			Incineration Without Energy Recovery	8,876	7,488	5,063	**2,811**
			Landfilling	343	134	0	**28**
			Other Disposal Operations	2,265	2,537	2,423	**4,034**
		Domestic Waste	Incineration With Energy Recovery (On-Site)	0	0	0	**0**
			Incineration With Energy Recovery (Off-Site)	373	361	215	**332**
			Incineration Without Energy Recovery	1,014	1,187	1,131	**1,694**
			Landfilling	2,661	2,249	2,336	**1,757**
			Other Disposal Operations	1,340	1,507	1,833	**1,675**
	Hazardous Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	0	0	0	**0**
			Incineration With Energy Recovery (Off-Site)	0	53	25	**59**
			Incineration Without Energy Recovery	4,939	2,085	1,007	**1,523**
			Landfilling	2	0	0	**1**
			Other Disposal Operations	88	65	27	**14**
	Total			**23,238**	**19,270**	**15,718**	**17,457**
Total Waste				**172,765**	**208,589**	**190,210**	**109,092**

Note:
1. Waste materials are classified based on local governmental regulations. For instance, sludge generated from wastewater treatment is deemed hazardous industrial waste based on the definitions of Chinese and Vietnamese governments while it is deemed as general industiral waste in Taiwan.
2. Non-recycling and non-reused waste disposal are handled off-site by qualified waste treatment companies.
3. The data collection on waste management accounts for 100% of FENC production sites in the scope of this report.

Content

Replacing MEG Boiling with High-Temperature Hydrolysis Furnace for Spinneret Cleaning

The polyester filament division at FEIS-Polyester Business uses hydrolysis furnaces, which integrate vacuum combustion and steam hydrolysis, to remove macromolecular compounds attached to the spinneret and nozzle interior. The process, which reduces hazardous waste, replaced the original MEG boiling method. The wastewater generated from the hydrolysis furnace contains a minimal concentration of contaminants, which can be recycled and reused once processed through the wastewater treatment system. This project reduces approximately 60 metric tons of waste MEG residue annually, and saves nearly NT$1 million in the cost of hazardous waste treatment.

Ultrasonic Sludge Reduction and Sludge Recycling and Reuse

Plant 2 of OPTC uses ultrasound to break down the microbial cells in organic sludge, which is then returned to the wastewater treatment plant. While increasing biogas generation, this process also achieves sludge reduction. Biogas is a form of biomass fuel and an alternative to purchased fossil fuels. It also reduces carbon emissions, sludge accumulation and sludge treatment costs while cutting emissions resulting from sludge transport.

The sludge generated from the wastewater treatment system at FEDZ is considered general solid waste. To achieve zero-waste production, FEDZ collaborates with subcontractors to recycle, process and reuse the sludge. With 30% moisture content, the sludge is dried or incinerated, and mixed with the bottom ash derived from the process along with additional materials. The mixture is then made into building bricks, completing the zero-sludge/waste process.

3.3.3 Ecological Protection

System Establishment and Management

All production sites completed environmental impact assessments in accordance with the regulatory requirements prior to plant construction. Plant 2 of OPTC conducted an environmental monitoring report during operation in the second quarter of 2023. Among the monitored categories are air quality, water quality and ecology. No unusual occurrences were identified, and the monitoring will continue. Among the categories monitored, groundwater quality is not impacted by activities that take place at FENC production sites. Rather, the influencing factors include regional hydrogeological and environmental conditions. The monitoring will be ongoing and the Company will fulfill all commitments identified in the environmental impact assessments.

Biodiversity and No Deforestation Commitment

Goal	FENC aims to minimize the impact on biodiversity to the greatest extent throughout the production process while protecting local natural resources and ecosystems.
Measures	1. When selecting locations for production sites, developed or low-biodiversity areas are prioritized to prevent impacts on protected or high-biodiversity areas. 2. All FENC sites adhere strictly to local environmental regulations during the entire production process, controlling waste emission and discharge, reducing water and soil pollution, and adopting renewable raw materials and energy. 3. During the later production stages, FENC conducts biodiversity monitoring and assessment with regular reports on performance and improvement plans to applicable stakeholders.
Commitment	FENC aims for no net loss (NNL) and zero deforestation for its own operation, striking a balance and seeking harmony between production activities and biodiversity. FENC also maintains rapport with local communities and environmental organizations, forming a coalition to safeguard ecological health on Earth.

All FENC production sites are located in industrial development areas permitted by the local government. These areas are not within the protected natural habitat or nature reserve, and without species on the Red List of Threatened Species and from International Union for Conservation of Nature (IUCN) and national lists of endangered and protected species.

Value Chain Collaboration

FENC has been partnering with adidas since 2016 to transform waste PET bottles purchased from Parley for the Oceans into new products. The bottles, which were collected during beach cleaning from the island nations, are pressed into PET bales after processing, and shipped to OGM for recycling and further processing. They are ultimately transformed into recycled ocean polyester filament, and become the material for high-value products such as athletic footwear and functional apparel.

Avid Support for Governmental Policies

In 2022, the Office of Coast and Resource Circulation, Taoyuan City Government formed the Taoyuan Blue Ocean Recycling Alliance with corporate entities and technical teams. OGM, as a member of this alliance, is responsible for processing the waste PET bottles collected by the Taoyuan City Government. After rinsing and shredding, the bottles are turned into flakes and chips, ready for the spinning process at the filament units. The remanufacturing then takes place, transforming the bottles into eco-friendly textile products such as apparel, shoes, bags and blankets, which are gifted to the participants or volunteers during beach cleaning. According to the governmental statistics, a total of 24.1 metric tons of ocean waste PET bottles have been given second lives as eco-friendly clothing as of the end of September 2023.

Content

4 Creating Inclusive Society

Target Readers:

Employee / Labor Union	Business Partner (Supplier / Contractor)
Government	

Content

2023 Highlight

Average Regular Salaries
from FENC Taiwan Sites
46% Higher than Market Salaries

74% Growth
Female Managers
in the Last Decade

14,564 Entries of Information Concerning Key Technological and Management in **Talent Pool**

Over **3,300** Employees Completed the **DISC Personality Test**

Accumulating **230 Organizational Knowledge Digitization Courses**

Digital Learning
Hours Up **56%**

Completed
Employee Satisfaction Survey
at Overseas FENC Sites

Hsinpu Chemical Fiber Plant
Rewards for
Achieving Zero Occupational Accidents
Reaching
NT$3.22 Million

Green Procurement
from FEG Purchasing Center
Over **NT$15.7 Billion**
(As of the End of 2023)

Badge of Accredited
Healthy Workplace from the Health Promotion Administration
Ministry of Health and Welfare

Winning 2023
Sustainable Leading Enterprise in Healthy Workforce Award
from Occupational Safety and Health Administration
Ministry of Labor

Certification of
Middle-Aged-and-Elderly-Friendly Enterprise

Content

Target and Progress

	Optimizing Employee Care	Establishing International Talent Acquisition Database	Protecting Human Rights	Cultivating Sustainable International Management Talents
2030 Target	• Optimize employee care measures continuously	• Expanding the global talent platform to cover FENC employees worldwide	• Ensure all human rights are respected with high standards across FENC's global sites	• Cultivate **500** local managers at FENC's overseas site. • Cultivate **200** Taiwanese managers with international leadership capabilities • Pass down sustainable business philosophies and experience with a total of **400** organizational knowledge courses
2025 Target	• Providing ongoing attention to employees' career development needs • Reinforce expat employee assistance	• Enhancing data visualization and present materials to the management for organizational planning and fostering corporate development	• Conduct on-site plant inspections to address salient risks	• Cultivate **100** local managers at FENC's overseas sites. • Cultivate **150** Taiwanese managers with international leadership capabilities • Pass down sustainable business philosophies and experience with a total of **350** organizational knowledge courses
2024 Target	• Launching the preparation for employee assistance	• Provide comprehensive training for supervisors to evaluate staff's job suitability and identify matches for appropriate corporate or academic training	• Conduct the second human rights due diligence	• Cultivate **50** local managers at FENC's overseas sites. • Cultivate **100** Taiwanese managers with international leadership capabilities • Pass down sustainable business philosophies and experience with a total of **300** organizational knowledge courses
2023 Target	• Expanding employee satisfaction survey to cover overseas sites • Planning employee care mechanisms	• Adding ancillary information such as performance appraisals, projects, and functional aptitude test results	• Examine the progress of mitigation and remediation measures addressing salient human rights risks at FENC's global operation sites	• Expanding the cultivation of sustainable talent with **100%** coverage with ESG and sustainable development as the guiding principle • Increasing digital learning training hours by **10%** • Passing down the sustainability legacy by producing **50** organizational knowledge courses
2023 Progress	Completed • Conduct evaluations through external agencies. • Expand satisfaction survey to overseas FENC sites. • Planning employee care mechanisms.	Completed • Complete the DISC personality test and leadership development programs with information such as test results, performance appraisals, special projects and job competencies linked to the Talent Pool.	Completed • Implement mitigation and remediation measures addressing salient human rights risks across FENC's global operation and production sites. • Distribute self-assessment forms for internal audits on human rights policies with a 100% returning rate from FENC's global operation sites.	Completed • Conduct human rights promotion and training across FENC sites with **100%** coverage. • Increase digital learning hours by **56%**. • Pass down sustainable business philosophies and experience by adding **230** organizational knowledge courses produced in house.
Action Plan	• Conduct career path interviews tailored to employees' conditions and needs. • Establish an assistance program for expat employees. • Establish employee care mechanisms. • Establish skills certification systems with regular review over promotion criteria.	• Combine the talent information of the operating bases in various regions. • Import new personnel information, and add personal professional training records, professional license records, project results, annual management performance and other information. • Used for key cadre rotation, linked to employees' individual development plan (IDP).	• Conduct human rights due diligence on a regular basis. • Ensure the consistency of personnel regulations, work rules, and codes of conduct and compliance with international human rights requirements across FENC's global sites. • Fully implement risk mitigation and remediation measures and address each grievance claim properly to continue risk reduction.	• Purchase digital learning courses and platforms with new learning applications. • Create the leadership learning map. • Provide monthly dashboard reports on training data to supervisors to monitor employees' learning progress at all times.

Note: The target, "Reducing Turnover Rates Among Expat Employees," was merged into "Optimizing Employee Care," and "Protecting Human Rights" was added.

Content

	Zero Occupational Injuries for Employees and Contractors	Zero Occupational Illnesses for Employees and Contractors	Zero Fire and Chemical Leakage	Construct Sustainable Supply Chain
2030 Target	Occurrence(s) at each business site : 0	Occurrence(s) : 0	Occurrence(s) : 0	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: **100%** • All suppliers' ESG performance in line with the Company's sustainability development goals
2025 Target	Occurrence(s) at each business site : 2	Occurrence(s) : 0	Occurrence(s) : 0	• Significant suppliers' ESG performance in line with the Company's sustainability development goals • Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: **96%** • Incorporate ESG performance into the supplier selection process at procurement units and expand the scope of implementation year by year
2024 Target	Occurrence(s) at each business site : 2	Occurrence(s) : 0	Occurrence(s) : 0	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: **95%** • Collect and analyze supplier ESG performance into the supplier selection process at main procurement units
2023 Target	Occurrence(s) at each business site : 3	Occurrence(s) : 0	Occurrence(s) : 0	• Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: **85%**
2023 Progress	Completed • Occurrence(s) at each business site: **2.5** • **1.5** occurrence less than 2022	Completed Occurrence(s) : 0	Completed Occurrence(s) : 0	Completed Percentage of suppliers signing Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement: **94%**
Action Plan	• Implement safety and health coaching and audits. • Enhance training and promotion regarding occupational safety and health among employees and contractors. • Implement occupational safety and health management systematically. • Establish smart safety and health management. • Promote pre-work risk hazard recognition.	• Avoid exposing employees to chemical, physical and ergo risks during operation. • Provide health checks for employees engaging in regular operations or those posing health threats. • Provide onsite employee health services. • Implement programs related to health promotion.	• Add lists of flammables as standards for risk prevention during construction. • Conduct comprehensive review over contractor management rules. • Strengthen review on control operation. • Conduct training on risk factor identification and prevention. • Enhance safety drills for fires and chemical leakage. • Examine firefighting apparatus and personal protective equipment.	• Conduct supplier engagement through multiple channels to improve sustainability awareness. • Set Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement t as one of the selection criteria. • Conduct supplier meetings to convey FENC's objectives in corporate sustainability. • Conduct ESG campaigns and training. • Increase green procurement each year. • Implement and participate in social engagement activities with suppliers.

Content

Material Topics

Workplace Diversity and Inclusion

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

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

Employee Career Planning

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

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

Authority

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

Occupational Safety and Health

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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

Authority

- Presidents of Petrochemical, Polyester and Textile Business
- Labor Safety and Health Department
- Safety and health units at all business sites

Sustainable Supply Chain Management

Significance and Purpose of Management for FENC

FENC forms partnerships with the supply chain to ensure that products and services provided by suppliers meet quality, environmental and labor rights requirements. With collaborative efforts, we achieve sustainable supply chain development as a response to customers' sustainability goals.

Management Approaches and Effectiveness Evaluation Mechanisms

- Request the signing of Supplier Corporate Social Responsibility Commitment Statement from suppliers.
- Monitor and supervise supplier conducts and conditions through open communication and regular meetings.
- Evaluate environmental, labor, human rights and social impacts from suppliers and may provide assistance or terminate contracts depending on the severity.

Authority

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

Content

4.1 Molding a Diverse and Inclusive Workplace

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

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

4.1.1 Human Rights Protection

FENC Human Rights Policy is signed by chairman and is published on the Company's official website. The human rights management procedure at FENC includes the establishment of the Human Rights Policy, human rights due diligence, mitigation and remediation measures for salient human rights issues, human rights training and grievance mechanism. The scope covers the employees, subsidiaries, business partners, suppliers, contractors as well as residents near FENC sites.

FENC conducts human rights due diligence when investing in new operation sites to confirm the level of human rights protection at the subject site. The due diligence serves as a basis for investment evaluation and a baseline for post-investment improvements. In 2023, FENC did not receive any grievance claims regarding human rights violations from employees, suppliers or local residents.

Human Rights Policy

Human Rights Policy Enhancing FENC Human Rights Policy and Human Rights Due Diligence

To safeguard basic human rights and create an environment that offers full human rights protection, FENC abides by and supports the International Bill of Human Rights, International Labor Office Tripartite Declaration of Principles, OECD Guidelines for Multinational Enterprises, UN Universal Declaration of Human Rights and UN Global Compact. In 2018, the Company enacted the FENC Human Rights Policy, which applies to all employees, subsidiaries, business partners, suppliers, contractors and local communities where FENC operation sites are located. The policy is signed into effect by the Chairman and under direct supervision of the Board. Each year, the human rights implementation is presented to the Board by the corporate governance managers.

The Company communicates with employees regarding the specifics of FENC Human Rights Policy through multiple channels to raise employee awareness of their rights. In 2022, the Company refined the Human Rights Policy and established engagement policies with local communities to expand the breadth and depth regarding the management of human rights issues.

Human Rights Management Framework

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

Human Rights Due Diligence

FENC carried out the 2022 annual human rights due diligence with the FENC Human Rights Policy as the anchor. Eight categories of human rights risks were identified, and risk assessment surveys for stakeholders were administered among employees, suppliers and local residents. The due diligence, which covers 100% of FENC employees, identified seven key issues. The Company assessed the future impacts of each issue and formulated corresponding mitigation and remediation strategies with quantified management targets.

Scope of Salient Human Rights Issues Survey and Outcome of Human Rights Risk Assessment

Human Rights Risk Identification and Impact Assessment and Mitigation and Remediation Measures

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FENC Human Rights Policy and Implementation in 2023

Human Rights Policy	Implementation in 2023
No Forced Labor - FENC eradicates all forms of forced labor and punishment	The company does not force or coerce any person to perform labor services unwillingly and prohibit restricting the freedom of movement of any person, including prohibiting the seizure of any personal documents. FENC established the anti-forced labor policy with regular updates to ensure compliance with local regulatory requirements and customer standards. There were no incidences of forced labor at FENC in 2023.
Bans Child Labor - FENC bans child labor	The hiring of child labor under the age of 16 is banned at all FENC sites and throughout its supply chain. The ban is incorporated into the Company's recruitment policies, and the protocol is established to address incidences when the hiring of child labor occurs. FENC did not employ any child labor in 2023.
Working Hours, Wages and Benefits - FENC ensures working hours, overtime hours, minimum wage, living conditions, and other benefits shall comply with applicable laws and adopt the relatively stricter alternative among local laws or international standards on measures	FENC ensures working hours, overtime hours, minimum wage, living conditions, and other benefits shall comply with applicable laws and adopt the relatively stricter alternative among local laws or international standards on measures, including: 1. Working hours shall not beyond the maximum hours. 2. FENC promises to provide the minimum living wage. 3. Overtime pay shall not less than that required by law. 4. FENC follows a transparent salary policy and does not use salary deductions as punishment. 5. FENC protects employees' paid leaves, special care leaves and the mandatory benefits according to laws. 6. FENC ensures to provide the living condition which meet employees' basic needs. There were no disputes or grievance claims regarding overtime at FENC in 2023.
Freedom of Association and Collective Bargaining - FENC respects employees' freedom of speech and association, and the right to collective bargaining	1. Freedom of speech: The company established the Speak Up Policy with a comprehensive grievance mechanism in place, including a 24-hour online platform where grievance claims are accepted in Chinese, English, Japanese, Filipino, Malay and Vietnamese. The claim may also be filed anonymously to protect employees from any adverse impacts as a result of speaking up. 2. Freedom of assembly, association and speech: FENC respects and supports employees' right to choose, establish, join or refuse to join labor unions or other forms of employee organizations. FENC also respects the establishment and operation of labor unions. Employees have the freedom to voice their rights and propose improvement for FENC through the labor union, and employee representative meetings are held annually. In 2023, FENC received 33 comments from the dialogue meeting and comment box, and all of them have been addressed. There were no grievance claims regarding the freedom of assembly, association and speech, and FENC continues to abide by the collective bargaining agreements made between the labor unions and its operation sites.
Diversity, Equality and Anti-discrimination - FENC eliminates discrimination in hiring and employment. We guarantee equal pay and a working environment of equality, diversity and safe	FENC treats all employees with respect and values diversity as well as equality. Employment at FENC does not discriminate on the basis of race, nationality, class, language, ideology, religion, political affiliation, place of ancestry, place of birth, gender, sexual orientation, age, marital status, physical appearance, facial features, mental and physical disabilities, horoscope, blood type or past union membership. FENC ensures a workplace that is free of sexual, mental, physical, and verbal harassment, abuse, and threat. We dedicate to building a workplace with respect, safety and equality, and are against all forms of discrimination, bullying, or differential treatment. In 2023, FENC was certified as an enterprise friendly to the middle-aged and elderly by the Taipei City Government. The Company was also selected as one of the nine companies featured for the Healthcare and Career Development Program for the Middle-Aged. There were no disputes or grievance claims regarding discrimination at FENC in 2023.
Maternity Protection - FENC protects and supports female employees	FENC is committed to building gender-friendly systems and environments at the workplace. Breastfeeding rooms are provided at all FENC sites to offer comfort to female employees with breastfeeding needs. Flexible working hours are also provided for employees who are pregnant or with underage children. There were no disputes or grievance claims regarding maternal protection at FENC in 2023.
Privacy Protection - FENC protects employees' personal information and privacy rights	FENC ensures the protection of personal data in accordance with local laws and regulations. All documents that require personal data must be confirmed by FENC's legal units and the information must be properly secured. There were no disputes or grievance claims regarding privacy protection at FENC in 2023.
Employment Stabilization - FENC protects employees' right to work	FENC protects employees from mandatory redundancy and provides assistance to those who are suffering from the situation. All FENC sites hold labor relations meetings on a regular basis and have comprehensive grievance policies in place. The Company conducts bilateral communication and policy promotion with employees through labor unions. There were no disputes or grievance claims regarding employment stability at FENC in 2023.
Health and Safety - FENC is committed to prioritize all stakeholders' health and safety	FENC is not only committed to provide health and safety workplace for its employees (including contractors) and is also committed to operate safely in order to ensure the health and safety of all relevant stakeholders. FENC offers pre-boarding medical examinations, annual health checkups, occupational health assessments, lectures and follow-up health checks. The Company also provides health evaluation and forums for employees aged 45 and above. There were no disputes or grievance claims regarding health and safety at FENC in 2023.

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Human Rights Issues Training

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

1. **Employees:** Training is conducted through the labor union, welfare committee and monthly regulatory compliance meeting.
2. **Local Residents:** FENC promotes human rights awareness during community engagement. Employees who live in the dormitory or the plant vicinity may also report human rights violations associated with FENC through the grievance channels.
3. **Suppliers:** Human rights training is mandatory for suppliers of FENC to ensure their understanding of the Company's human rights commitment and practices. Suppliers are also required to sign the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement, pledging to work with FENC towards human rights protection. As of the end of 2023, 94% of the suppliers have signed the statement.

FENC started providing materials concerning human rights, diversity, equality and inclusion (DEI) on its digital learning platform in 2023 and promoted these subjects among employees through e-newsletters. Between August and September, in-class training on the protection of gender equality were held for the entire management level. The training courses were also recorded and offered to all employees on the digital learning platform. Courses on the overview and prevention of workplace violence were also provided for supervisors. A total of 37,582 employees completed the human rights training and promotion in 2023. In addition, all FENC employees underwent the training, Corporate Social Responsibility, Anti-Corruption and Anti-Fraud Regulations, with added emphasis on labor rights, discrimination and human rights issues.

Operation of Stakeholder Engagement and Grievance Mechanisms

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

2023 Statistics on Stakeholder Engagement Regarding Human Rights Issues

Stakeholder	Number of Engagement Session	Key Issue
Employees	4,471	FENC collects feedback from labor unions and employees through pension committees, welfare associations and labor relations meetings and brings employees up-to-date on Company rules and their rights through training and promotion campaigns. In addition, FENC administers satisfaction surveys to solicit improvement recommendations from employees, and a 24-hour grievance/comment box is provided on the Company website to seek inputs for the adjustment of internal management rules.
Suppliers	8,206	Efforts to require suppliers to comply with the Company rules include promotion campaigns and the signing of Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. FENC also engages suppliers through regular visits and exchanges to gather feedback.
Local Residents	98	FENC maintains rapport with local residents through regular engagement efforts on issues such as noise, waste management, air pollution, water resources management and wastewater discharge.

Regular Assessment of Human Rights Management

FENC assesses the impact of various corporate operations on the human rights of employees, suppliers and local residents. At the end of 2023, the Company conducted self-assessments and interviews on the implementation of human rights policies at all FENC sites. The assessment indicated 100% compliance in terms of policy implementation. Each July, a special meeting on personnel management is held to inspire exchanges among FENC sites concerning human rights policies and management measures, such as providing breastfeeding rooms, family care leave and flexible working hours to employees in need. By amplifying the influence of each FENC site, more employees may benefit from human rights protection. In 2023, the human capital, working hours and salary levels at each FENC site were examined, and the overtime pay and break period are provided in accordance with the law. Considering the impacts of global inflation since 2022, FENC made salary adjustments to maintain salary growth and keep employee salaries above the living wage.

When expanding or adding production sites, FENC conducts human rights risk assessments to evaluate risks associated with the local communities, suppliers as well as labor and human resources policies. In 2023, FENC received one grievance claim from the local resident regarding human rights. Specifically, the claim is related to noise. Through communication and improvement measures, the matter has been addressed, and the case is closed. There were no additional violations against the human rights commitment of FENC's employees and stakeholders. All production sites have passed customer review regarding human rights and labor conditions.

Gender Equality

FENC values gender equality. We are keen on creating gender-friendly workplace and system. While the conglomerate spans across industries from the upstream to downstream, the up- and midstream industries rely more on chemical-related expertise where a higher concentration of the workforce is male. The downstream, which consists mainly of the textile industry, is composed of a higher percentage of female employees. Overall, the ratio between female and male supervisors are 2:3, which is consistent with the industry chain distribution. Corporate expansion also expanded the number of supervisors by 32% in the recent decade. Among them, the number of female supervisors grew by 74%. The statistics reflect the Company's acknowledgment of and fair treatment to the hard work put in by female supervisors with the reward they deserve. The Company is also determined to incorporate gender equality as part of its corporate system and culture. Each year, FENC measures its average annual regular salary of the company against the official statistics of average annual regular salary. In 2023, the average annual regular salary of the company offered by FENC is 32% higher than the local average. Average regular earnings for female employees, especially, averaged 34% higher than the local numbers, while those for male employees are 28% higher, which demonstrates FENC's contribution to pay equity. For regional data, please refer to 4.1.3 Employee Care.

2023 Permanent Employees Gender Comparison by Position

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

Application of Parental Leave and Returning Statistics in Taiwan

		2020	2021	2022	2023
Entitled to Parental Leave	Male	229	219	199	**257**
	Female	96	43	53	**47**
	Total	**325**	**262**	**252**	**304**
Number Applied	Male	2	6	8	**7**
	Female	48	21	24	**15**
	Total	**50**	**27**	**32**	**22**
Number Should Returned	Male	-	4	8	**8**
	Female	41	22	19	**16**
	Total	**41**	**26**	**27**	**24**
Number Returned	Male	-	4	8	**7**
	Female	35	18	18	**15**
	Total	**35**	**22**	**26**	**22**
Return Rate	Male	-	100%	100%	**88%**
	Female	85%	82%	95%	**94%**
	Total	**85%**	**85%**	**96%**	**92%**
Returned over One Year	Male	-	-	1	**2**
	Female	12	13	16	**12**
	Total	**12**	**13**	**17**	**14**
Retention Rate	Male	-	-	25%	**25%**
	Female	92%	37%	89%	**67%**
	Total	**92%**	**37%**	**77%**	**54%**

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

Gender equality and applicable regulatory mandates are respected at all FENC business sites. We are consistent with the spirit of Act of Gender Equality in Employment in Taiwan as well as Regulations Concerning the Labor Protection of Female Staff and Workers in mainland China. We protect the rights of female employees, offering parental leave and breastfeeding rooms at our facilities. We also limit overtime and prohibit tasks that may potentially harm mothers and their babies. Employees returning after maternity leave receive equal pay for equal work. We provide workplace environment ideal for pregnant employees, such as avoiding tasks that might affect their health and using specially designed chairs to reduce discomfort at work. Female employees in Vietnam who are 7-month pregnant may reduce working time by 1 hour per day while receiving full pay. They are also entitled to 5 days off for prenatal checkups and 6-month maternity leave.

FENC has established measures to prevent, control and reprimand sexual harassment and provides channels for filing grievances. Employees may file such grievance claims through departmental supervisors or Human Resources Department. The unit receiving the claim shall establish a team within 5 days of receiving the claim with over 50% female members to initiate the investigation. The investigation shall conclude within 2 months and all information shall be kept confidential. The individual against which the claim is filed shall have the opportunity for rebuttal. We also conduct regular training for the entire staff to prevent any occurrence of sexual harassment.

4.1.2 Recruitment and Retention

FENC is adamant about providing a friendly workplace with zero tolerance for discrimination of any form. A corporate mentorship program is in place to provide new employees support in life and at work in the first three months of employment. Managers or senior staff are assigned to help them get acquainted with work and the environment quickly, which has been effective in lowering the turnover rate among new employees. In addition, through ongoing management of online communities and relationships with educational institutions, FENC identified critical talents with graduate school training in specific professional disciplines. In 2023, FENC recruited 12 R&D talents, energizing the momentum needed for expanding its core technologies and fulfilling sustainability through nonstop product innovation. In 2023, 23 open positions in Taiwan, which account for 8% of the total job vacancies, were filled by current employees. Through its internal talent acquisition database, FENC is able to match the right talents with the right positions and reduce recruitment costs.

Statistics on New Employee Hires in Taiwan

	2020	2021	2022	2023
Number of New Employee Hires	226	151	342	**222**
% of Internal Promotion and Rotation	70%	79%	59%	**66%**
Average Recruitment Costs (Unit: NT$/person)	23,224	42,495	14,435	**23,184**

Note: Percentage of internal promotion and rotation = (number of employees internally promoted + number of employees internally rotated) ÷ number of positions required

1. The Talent Pool Program

FENC offers industry-academia internship. In 2012, the Company launched the Talent Pool Program, providing field opportunities for top-performing students from Yuan Ze University and Asia Eastern University of Science and Technology with the corporate internship program. The program provided 50 internship opportunities in 2023. Through matching, 15 students were selected to intern at FENC. While helping these top-performing students acquire practical experience, the program also serves as an incubator of future pillars of FENC.

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2. Campus Recruitment Program

To increase the visibility of FENC as an employer brand among students and attract potential talents, the Company held a total of 16 campus recruitment campaigns in Taiwan in 2023. FENC furthers its campus relations through ongoing participation in campus expos and informational meetings. In addition, for students of the National Tsing Hua University and National Yang Ming Chiao Tung University in Hsinchu, FENC offers a number of free admission to the FENC Classic Marathon organized by Hsinpu Chemical Fiber Plant. The aim is to promote student health and FENC's employer branding.

3. Leadership Development Program

FENC collaborates with Development Dimensions International, Inc., an international human resources and leadership development consultancy, to assess employees' ability and potential in terms of management functions. It is the intent to take stock of such ability and potential at each Business from a professional and objective perspective in order to discover the critical talents to spearhead the leadership development program.

Covering employees at the manager/deputy manager level and above, the assessment process, which entails online evaluation, technological transfer of assessment interpretation and talent review meetings, leads to the determination of assessment indicators and establishment of personal development plans. FENC provides a multitude of training options during the action learning stage, including change management, decision quality, communication and leadership, to meet the learning objectives of young employees. The programs are tailor-made based on the assessments and carried out through the combination of knowledge and practice with approaches such as group discussions and coaching by action learning consultants.

FENC Joining TALENT, in Taiwan

Lecture Series on Trends in Human Resources

To boost competitiveness as a team, FENC held a lecture series on industry and global trends for the human resources staff across its global locations in 2023. The lectures delved into the latest international trends and fostered growth among the human resources professionals. The Company invited experts as lecturers to analyze the application of AI and big data in recruitment, training and human resources management and help staff improve efficiency, enhance data interpretation and promote the evolution of human resource practices.

Human resource management is a critical link in the development of corporate sustainability. Guided by the lectures, the human resources staff took a deep dive into mapping employees' individual characteristics, recognizing their optimal team placement and maximizing collaborative efficiency. The scientific data interpretation has taken recruitment practices beyond the conventional thinking, creating precision talent matching that promotes talent sustainability. The lecture series also explored best practices from the industry to inspire innovation, which is essential for reforming the recruitment process and integral for the corporate retention strategy.

This lecture series goes beyond the exchange of knowledge. It also signifies FENC's commitment to helping its human resources departments brace for future challenges and motivate growth opportunities while leading industry evolution.

Lecture Topics

- Paradigm Shift and Field Practice in Talent Acquisition
- HR Transformation and AI Applications
- ESG From the HR Perspective
- How to Interpret Personality Tests
- Systematic Approaches and Challenges of Applying Big Data to HR Analysis

Collaborative ESG Program: Building a Sustainable Employer Brand With National Taiwan University

The College of Management of National Taiwan University invited FENC to participate in the ESG Practice and Management Consulting program, and two senior executives served as the instructors for one of the student groups. The program aims to guide students to explore ways of building an employer brand in line with the values of the younger generation from an ESG perspective. Targeting the cohort between ages 20 and 30, the program encourages students to seek insights into the priorities for Generation Z when it comes to job searching, and it integrates interviews, field studies and guidance from professional experts to help students develop a three-year sustainable employer branding proposal.

The students approached the proposal from the perspectives of both the employer and the job seeker and promoted FENC's sustainable human resource policies through competitions, recruitment programs and career development. They also targeted recruitment platforms that share similar philosophies to increase the exposure of FENC along with its job offerings through diversified means.

The student group provided a series of creative and viable solutions for FENC to enhance its image as a sustainable employer brand. During the final competition, the group was awarded the first place.

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4. Establishing the Talent Pool and Personality Test System

To unleash employees' full potential, FENC completed phase one of the Global Talent Pool in 2021, which facilitates a synchronized talent database across its international locations. The database currently holds 14,564 entries of information concerning key technological and management talents, which is advantageous towards strategic talent deployment internationally. Over 3,300 employees completed the DISC personality test in 2023. The results were linked to the Talent Pool to help team managers better understand their members and facilitate the planning of internal functions. The data will be integrated into recruitment operations later on to help FENC identify the right match that will optimize teamwork and organizational efficiency. The integration will make the Talent Pool a key tool for employees' career development and FENC's recruitment function. Over 3,300 employees completed the DISC personality test in 2023. The results were linked to the Talent Pool to help team managers better understand their members and facilitate the planning of internal functions. The data will be integrated into recruitment operations later on to help FENC identify the right match that will optimize teamwork and organizational efficiency. The integration will make the Talent Pool a key tool for employees' career development and FENC's recruitment function.

Human Resources Overview

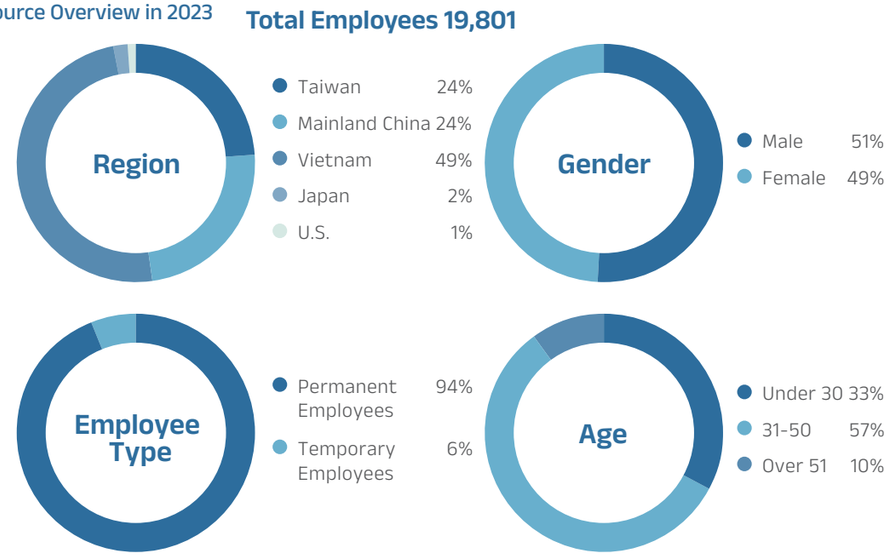
When it comes to human resources, FENC has always believed in finding the right person for the right position and giving employees the opportunity to develop their full potential. The Company puts such conviction to practice with a comprehensive organizational structure and human resources system. Permanent employees hold 94% of the key positions, and the Company offers internal training, job rotation and internal promotion track for top performers, which demonstrate the comprehensive and diverse opportunities for career advancement at FENC.

The 2023 turnover rate among permanent employees in Taiwan is 10%, which is considerably lower than the 15.5% average in the manufacturing industry. The low turnover reflects the effectiveness of FENC's talent retention strategies. Among the FENC sites in mainland China, employee turnover was down by 261, dropping significantly by 16% from the previous year.

FENC sites in Vietnam offers highly competitive salaries at a level 40% higher than the market average. With robust internal and external recruitment strategies as well as a quality workplace, the Company amplifies the effectiveness of recruitment and retention to power its expansion in Vietnam. The turnover rate dropped significantly among FENC sites in Vietnam in 2023, down by 45% with 2,937 fewer resignations compared to 2022. Among the new recruits, 50% are under the age of 30, indicating the Company's effort to bring new blood into the organization.

A relatively low turnover rate, 7%, is observed at the FENC sites in Japan and the U.S. in 2023. The Company creates a win-win by providing comprehensive welfare systems to employees, fostering work-life balance and generating cohesiveness to help them refine work performance and efficiency.

Human Resource Overview in 2023



Human Resource Statistics

		2020	2021	2022	2023
Permanent Employees	Male (%)	48%	48%	48%	**49%**
	Female (%)	52%	52%	52%	**51%**
	Number	18,757	19,467	20,725	**18,598**
Temporary Employees	Male (%)	72%	70%	80%	**76%**
	Female (%)	28%	30%	20%	**24%**
	Number	1,729	1,913	1,224	**1,203**
Total	**Male (%)**	**50%**	**50%**	**50%**	**51%**
	Female (%)	**50%**	**50%**	**50%**	**49%**
	Number	**20,486**	**21,535**	**21,949**	**19,801**

Note:
1. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards.
2. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
3. The headcount is based on the payroll settlement date in December of the current year at all FENC sites. The age cohort does not include temporary employees.
4. There are no part-time employees or non-guaranteed hours employees at any FENC production sites.

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Number and Rate of New Employee Hires in 2023

		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%
Under 30	Male	1,589	53%	2,134	69%	2,208	68%	862	34%
	Female	2,032	46%	2,856	64%	3,155	65%	657	18%
	Subtotal	3,621	49%	4,990	66%	5,363	66%	1,519	25%
31-50	Male	692	15%	1,144	23%	1,047	20%	828	16%
	Female	1,065	22%	1,579	29%	1,728	31%	674	12%
	Subtotal	1,757	18%	2,723	26%	2,775	26%	1,502	14%
Over 51	Male	24	2%	19	1%	22	2%	40	3%
	Female	3	1%	16	4%	11	3%	10	2%
	Subtotal	27	2%	35	2%	33	2%	50	3%
Total		5,405	29%	7,748	40%	8,171	39%	3,071	32%

Note:
1. The number of new employee hires indicates the number of new permanent employees in an area.
2. The rate is derived by dividing the number of the new employees of an age group by the total number of employees of the same age group, gender and region.

Number and Rate of Employee Turnover in 2023

		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%
Under 30	Male	2,473	82%	1,883	61%	2,184	67%	1,257	50%
	Female	3,335	76%	2,546	57%	2,842	59%	1,416	39%
	Subtotal	5,808	78%	4,429	59%	5,026	62%	2,673	43%
31-50	Male	1,225	26%	1,237	25%	1,249	24%	1,078	21%
	Female	2,064	42%	1,651	31%	2,027	36%	1,310	24%
	Subtotal	3,289	34%	2,888	28%	3,276	30%	2,388	23%
Over 51	Male	163	13%	128	9%	135	10%	176	13%
	Female	83	22%	46	11%	47	11%	48	11%
	Subtotal	246	15%	174	10%	182	10%	224	12%
Total		9,343	50%	7,491	38%	8,484	41%	5,285	28%

Note:
1. The number of employees leaving is the number of regular employees who have left the company in the region.
2. The rate is derived by dividing the number of the employee turnover of an age group by the total number of employees of the same age group, gender and region.

Voluntary and Involuntary Resignations Turnover Rate

	2020		2021		2022		2023	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Voluntary	8,017	43%	6,930	35%	6,744	33%	4,743	25%
Involuntary	1,326	7%	561	3%	1,740	8%	542	3%
Total	9,343	50%	7,491	38%	8,484	41%	5,285	28%

Note:
1. The term, voluntary resignation, refers to the termination of employment relationships initiated by employees, such as the request to resign or retire.
2. The term, involuntary resignation, refers to the termination of employment relationships initiated by the employer or in accordance with the law, such as retirement upon the statutory retirement age, retirement with distinctions, dismissal and contract termination.
3. The percentage is calculated by dividing the numbers of voluntary resignation and involuntary resignation by the number of employees in the region.

Repeated Recognitions Home and Abroad for FENC's HR Performance

In 2023, FENC took home its fourth consecutive gold award from the Happiness Enterprise Award of 1111 Job Bank, the online recruitment platform in Taiwan. The award is a vote of confidence for FENC's commitment to and performance in employee welfare. During the same year, FENC also won its third consecutive recognition from Asia Responsible Enterprise Awards held by the HR Asia Magazine with outstanding performance in the Digital Transformation, Diversity and Inclusion as well as Employee Care categories.

FENC Creates a Sustainable and Happy Workplace (Chinese)

4.1.3 Employee Care

FENC is fully aware that maintaining work-life balance, promoting health and well-being and facilitating flexibility at work are of vital importance for employees. While focusing on hardware and software refinement and building a friendly and safe workplace, the Company is helping employees thrive without worries through its robust remuneration and welfare policies. The comprehensive measures include parental leave, family care leave, contracted child care services and breastfeeding rooms. Whether employees are the primary caregiver in the family or not, six months of leave without pay are available. While employees benefit with the assurance of job stability after their families are well cared for, the Company also benefits by enticing and retaining top talents.

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Compensation

FENC established a variable payroll system that rewards long-term individual and team performance. The Articles of Incorporations stipulates that 2%-3.5% of the Company's net profit shall be dedicated toward employee compensation. Please refer to 4.1.5 Performance Management Appraisals for details. The company provides long-term incentives for employees below the senior management level. According to the FENC Articles of Incorporation, 2% to 3.5% of profits from the current year should be distributed as employees' compensation. During a profiting year, all employees without demerits are entitled to this long-term incentive provided through a year-long mechanism. Company- and Business-wide performance is taken into consideration for determining the monthly and annual employee bonuses. For production bonuses, additional consideration includes the actual output rate, scrappage rate, quality, energy as well as occupational safety. The bonus system is a means to encourage all units to ensure occupational safety and protect the environment through energy conservation, carbon reduction and recycling, and to incentivize employees to optimize the production flow and fully embody corporate sustainability.

Mid-level managers and above in Taiwan may participate in the employee stock ownership plan (ESOP), which purchases Company shares systematically with 30% contribution from the Company. A trustee manages the shares and calculates the trust property equity. Upon termination of employment, employees may redeem the investment in the form of stocks or cash. ESOP offers a long-term option for employee bonus and investment returns. In 2023, 91% of employees with ESOP eligibility have joined the plan, indicating a high willingness to participate among employees.

Compensation for executive levels above assistant vice president is based on corporate performance and the market average. In addition, the compensation is adjusted based on performance appraisal and factors in future operational risks. The Company does not offer signing or recruitment bonus for senior managers. Considerations for compensation of other employees include overall corporate and departmental performance; pay rates among listed companies; market survey provided by professional consulting firms; overall financial and management risks. Stock options are not available for regular employees, and the company policy does not include deferred or vested share options.

The remuneration policy for the Board members and managers is discussed during the Remuneration Committee meeting, which is convened by the independent Board members. The discussions are presented for Board approval and results are presented at the shareholder meeting. Please refer to 1.2.2 Board Structure and Remuneration for details.

The main factor behind the gender pay gap at FENC is tied to the gender group with specific skill sets required for certain industries. FENC sites in Taiwan and mainland China are mainly in the mid- to up-stream industries with high reliance on the chemical technology, a field where male employees tend to outshine female staff and hence, they are better paid. Sites in Vietnam are seeing a shrinking pay gap between male and female employees and managers as the skills gap narrows among workers. Additionally, bound by traditional social roles, females are largely responsible for taking care of the household, and the record shows a higher percentage of male workers willing to work overtime, hence better paid than their female counterparts. FENC sites in Japan has been focusing on cultivating female executives, resulting in a slightly higher average salary among female managers.

There is a gender difference among different industries within FENC's industry chain. However, gender strengths are also reflected in the salary level, which is a reflection of the Company's fairness in performance appraisal.

Certification of Middle-Aged-and-Elderly-Friendly Enterprise

FENC firmly believes that middle-aged employees are irreplaceable when it comes to passing down the institutional knowledge, and their abundant knowledge is a resource that the Company taps into by recruiting retired employees as consultants to help boost the performance of their younger colleagues. FENC also holds regular sharing sessions and training courses to encourage intergenerational dialogues and foster a multigenerational workforce.

In 2023, FENC was certified as an enterprise friendly to the middle-aged and elderly employees by the Taipei City Government. This certification highlights excellence in organizational culture; training; redesign of workplace and function; recruitment and appointment; innovation. FENC was recognized out of over 300 corporations, demonstrating its commitment to and efforts in providing comprehensive care for the middle-aged employees.

Middle-aged employees have been playing crucial roles during FENC's overseas expansion. In return, the Company stepped up its support by enhancing family care, healthcare and medical insurance to free them from any uncertainties during their tenure overseas. With comprehensive and attentive expat benefits, FENC stood out as one of the nine featured enterprises during the certification consideration.

In order to help middle-aged employees with health management, FENC provides customized medical check-ups and health information with follow-up health tracking. The Company also provides applications such as digital signage and the VR factoryscape service platform to help them ease themselves into the digital transformation process.

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Salary Ratio by Gender in 2023

		Taiwan	Mainland China	Vietnam	Japan	U.S.
Section Chief and Above	Female to Male	0.96 : 1	0.75 : 1	1.01 : 1	1.18 : 1	1.00 : 1
Office Clerk	Female to Male	1.02 : 1	0.79 : 1	1.01 : 1	1.01 : 1	0.94 : 1
Factory Worker	Female to Male	1.18 : 1	0.91 : 1	0.93 : 1	0.92 : 1	0.99 : 1

Note:
1. The ratio is derived by average basic female salary to average basic male salary for the same rank of job.
2. The term, average regular salary, is defined as the remuneration paid to employees in December of the current year, including base salaries as well as monthly allowances and bonuses.

Salary Comparison to Market Level in 2023

	Taiwan	Mainland China	Vietnam	Japan	U.S.
Average Annual Regular Salary over Market Level	46%	-16%	40%	31%	59%

Salary Comparison to Minimum Wage by Gender in 2023

	Taiwan		Mainland China		Vietnam		Japan		U.S.	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Entry-Level Salary over Minimum Wage	16%	16%	140%	118%	12%	12%	186%	167%	120%	120%

Note: The data source for the market rate of salaries in Taiwan is the average salary in the manufacturing industry and the minimum wages published by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan. The data source in mainland China is the average wages published by the National Bureau of Statistics of China and the minimum wages published by Shanghai and Suzhou People's Municipal Governments. The data source in Vietnam is the average wages published by the General Statistics Office of Vietnam and the minimum wages among tier-one cities in Vietnam. The data source in Japan is the Ibaraki Labour Bureau. The data source in the U.S. is the United States Census Bureau. All data are derived out of statistics from the current year.

Ratio of Salary Between the Highest Salary and Median Salary in 2023

	Taiwan	Mainland China	Vietnam	Japan	U.S.
The Highest Individual Salary : Median Salary of Other Employees	7.18:1	5.01:1	9.47:1	1.53:1	3.50:1

Ratio of Salary Increase Between the Highest Salary and Median Salary in 2023

	Taiwan	Mainland China	Vietnam	Japan	U.S.
The Highest Individual Salary : Median Salary of Other Employees	1.27:1	1.00:1	5.33:1	3.37:1	1.00:1

Note:
1. The data disclosed from production sites in Taiwan, mainland China, Vietnam, Japan and the U.S. reflect the average value from each site.
2. The annual salary ratio is the ratio between the highest individual annual salary and the median annual salary of other employees.
3. The annual salary increase ratio is the ratio of salary increase between the highest individual salary and median salary of other employees. The highest individual salary is excluded from the "other employees" category.

The employee performance management appraisals is conducted annually. Based on the business operation as well as employee performance and competency, adjustments are made to salaries, bonuses and promotions. The review mechanism serves to inspire employee dedication and create a win-win by increasing both personal earnings as well as corporate growth.

Employee Benefits

FENC established the Employee Welfare Committee to plan for employee welfare and oversee the allocation of employee welfare fund through regular meetings. Employees may make inquiries or applications related to employee benefit through the Company system. In order to optimize employee benefits, retain employees and satisfy their diverse needs, FENC seeks feedback through regular employee satisfaction surveys and labor relations meetings. The Company also extended expat benefits to cover their family members, demonstrating its care for the employees and their loved ones.

Healthful habits and stress relief help staff improve efficiency and achieve work-life balance. We provide comprehensive care that covers all facets of employees' lives, including company trip, family day, annual physical and birthday celebrations. While doing so, we monitor turnouts to continuously fine tune the program to advance corporate management performance. FENC further expanded the benefits for expat employees in 2023, such as medical insurance with higher coverage, tuition assistance for their children and family allowances, extending care to its employees and their families.

In the spirit of United Nations' Convention on the Rights of the Child, FENC provides support to the children of its employees to help them develop learning potential and prepare for adulthood. Aside from family-friendly benefits such as maternity and family leaves, the Company also offers contracted daycare services to provide proper childcare for employees in Taiwan. Scholarship is also available as encouragement to ensure these children receive proper education.

Safeguarding Employee Rights

International Textile Manufacturer Federation (ITMF) and International Apparel Federation (IAF) codeveloped Social & Labor Convergence Program (SLCP) with global brands, manufacturers and accredited hosts. The program conducts verifications on recruitment and hiring; working hours; wages and benefits; employee treatment; employee involvement; health and safety; termination; management system. Six dyeing and finishing plants under FENC have passed third-party SLCP verification and been recognized by brand customers. The verification is an endorsement to FENC's non-stop progress in the management and protection of human rights and employee welfare.

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Care for Migrant Workers

International migrant workers account for 18% of the total number of employees at FENC's operation sites in Taiwan. Their compensation is determined in accordance with the regulatory requirements. In 2021, FENC instituted the "zero fee policy," paying all brokage fees for migrant workers and assisting them with any fee-related issues. Meanwhile, FENC reaches out on a regular basis to help them adapt to lives in Taiwan and hosts a variety of activities, such as group activities, tours and basketball games. The dormitory is also assessed to ensure physical and mental comfort. It is worth mentioning that most of the migrant workers at FENC are Catholics from the Philippines. To respect their religious belief, the Company holds the Midnight Mass on Christmas Eve and appreciation banquets to make them feel at home and help them adapt to life in Taiwan.

4.1.4 Labor Relations

FENC engages in consistent employee dialogues through multiple channels to build cohesion and enhance employee performance. The Company conducts the employee satisfaction survey and seeks assistance from external consultants for insights on trends in the labor market and to cater to employee needs with precision. FENC's most recent employee satisfaction survey was administered in 2023 throughout its global locations. The survey aims to gauge the overall employee contentment and engagement and delves into whether employees comprehend the objectives of their work, the level of happiness at work and the stress they experience in their job roles, among other topics. The overall satisfaction reached 78.4%, and FENC has established improvement plans based on the results. Details are included in Boosting Stakeholder Dialogue.

Exit Interview and Survey

At FENC, employees who are departing undergo exit interviews arranged by the human resources units. While providing offboarding information, the interviews aim to solicit suggestions for improvement in a relaxed atmosphere. In 2023, the Company launched the online exit survey applicable across its global sites in six different languages. The survey consists of four categories of questions. "Basic Information" constructs profiles of departing employees to predict the types of employees with the likelihood to leave the Company. "Satisfaction Towards Company Policies" provides a holistic probe into employees' experience at work. "Top Three Company Policies" performs differential analysis to identify the sticking points for departing employees. "Analysis of Reasons to Resign" includes 19 choices, and the answers are analyzed as a reference for employee care systems and policies.

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

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

As stipulated in the Human Rights Policy, which is referenced in 4.1.1 Human Rights Protection, the Company respects employees' freedom of association and rights to form labor unions and conduct collective bargaining at their discretion. Units with established labor unions shall discuss the details in union agreements once every three years. Union recommendations are respected, fully discussed and enacted upon resolutions. In addition, employees may express their opinions to the management through a multitude of internal channels, including the comment box, executive meetings and grievance mechanism. FENC strives to maintain harmonious labor relations and avoid labor disputes. There were no violations against the freedom of association and collective bargaining during the reporting year. There were no violations regarding freedom of association and collective bargaining in 2023. The freedom of association and rights to collective bargaining are paramount at FENC. Hence, the Company conducts human rights due diligence among stakeholders to prevent the risks posed by salient human rights issues.

Statistics of Current FENC's Labor Unions

Production Site	Year of Establishment	Number of Members	Employee Participation Percentage
Hsinpu & Kuanyin Chemical Fiber Plant	1978	1,930	99%
Kuanyin Dyeing and Finishing Plant	1956	150	99%
Neili Texturizing Plant	1977	47	78%
Hukuo Mill	1989	185	93%
OPTC	1997	244	83%
FEIS-Petrochemical Business	2004	1,309	98%
FEIS-Polyester Business	2014	128	100%
WHEF	2007	1,239	96%
OTIZ	2007	514	100%
FEIW	2008	584	100%
FEDZ	2004	721	99%
FEAZ	2007	4,489	97%
FEAV	2015	2,957	99%
FENV	2023	1,832	82%
APG Polytech	2018	106	100%
Total		**16,435**	**95%**

Note:
1. OGM, FEFC, FEPV and FIGP do not have labor union in place.
2. Agreement between APG Polytech and the labor union stipulates that all wage workers at the plant, including technicians and operators, must be union members. Salaried workers such as managerial and administrative staff as well as high-level technicians are exempt.

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There are 15 labor unions among all FENC sites. With the exception of the U.S. locations, all employees, excluding managers involved in executive decision making, may join the labor union. All hourly-waged workers in the U.S. must join the union upon completing the probation period, and the hiring of non-union workers at the plants is not allowed. Union participation among all production sites has reached 95%. Currently, three FENC sites do not have organized labor unions, but they have been maintaining harmonious labor relations with labor relations meetings held quarterly and minutes made public. Agreements made during the labor management meetings serve as the legal basis for employee protection. At FENC sites without union representation, the collective bargaining agreement offers protection to 100% of the permanent employees.

Regulation Governing Layoff Notice Period

4.1.5 Performance Management Appraisals

FENC has a clear set of regulations governing the performance management appraisals to help employees improve work capabilities and performance, discover growth opportunities and develop career potential. The performance management appraisals policy and criteria, which take corporate and personal performance into consideration, are transparent. For employees at different levels, ESG performance, such as energy conservation, promotion of green business, R&D of green products, implementation of corporate governance and optimization of human resources, is incorporated into the performance management appraisals. FENC provides a performance-driven bonus system to incentivize top-performing employees and executive managers. The performance management appraisals system covers 100% of permanent employees at FENC and does not include part-time employees and employees under one year of employment or on leave without pay. The 2023 performance management appraisals reached a 100% completion rate among permanent employees.

Performance Management Appraisals for Employees

Productivity-linked incentive is issued based on business operation as well as departmental and personal performance. Twenty percent of employees' monthly salaries come from this incentive system. Indicators for the incentive include productivity milestone, quality, environment and occupational safety, which encourage employees to engage in improving occupational safety; energy and carbon reduction; environmental protection and recycling; production flow, and ultimately help FENC achieve sustainable management.

Performance Management Appraisals and Employee Development System

Job Performance and Regular Feedback System

All employees undergo KPI review. In the beginning of each year, employees set personal goals based on organizational performance, and the bonus is adjusted monthly based on personal performance. The bonus system brings communication opportunities to help. Employees may also express observations to supervisors during the monthly appraisal interview. The annual review will be based on achievement of goals, serving as a reference for salary and bonus adjustments as well as a formal mechanism to promote an open feedback culture.

Competency and Employee Development Plan

Annual performance management appraisals is conducted by direct supervisors to evaluate the level of job competency employees demonstrated. The review also includes conversations on the employee development plan. The supervisor and the employee are to discuss personalized training needed to foster employee development, including on-the-job-training, job rotation and overseas assignment.

The performance management appraisals for employees is conducted at least once a year and serves as a key reference for salary adjustment, bonus, promotion and dismissal.

Performance Management Appraisals for Senior Managers

Performance management appraisals for senior managers is 70% quantitative, which is based on revenue analysis, and 30% qualitative, which is based on long-term development. The review is tied to adjustments in salary and annual bonus.

Annual Management Performance and Outcome

- Regard "integrity" as the highest guiding principle for corporate management and development.
- Engage heavily in corporate management through the balancing of innovative response strategies as well as growth and expansion amid business volatility to pursue corporate development and financial performance for the year.
- Control business costs as well as manage internal and risk control.

Sustainable Management and Development

- Lead industry peers while pursuing sustainability and long-term profits by applying innovative thinking, cutting edge technology and excellence in management.
- Continue developing new products and investing in new markets and new fields.
- Develop green products and production and reduce impacts from the value chain on the natural habitat.
- Provide high quality products and comprehensive services.
- Embrace the challenges posed by globalization, value the cultivation and recruitment of international management talents, provide comprehensive employee care, and maximize the core corporate values – honesty, diligence, thrift, prudence and innovation.
- Maintain ongoing engagement with stakeholders, including the labor union, government, investor, supplier and customer while committing to social engagement and non-profit causes.

Performance Management Appraisals for Migrant Workers

Performance management appraisals for migrant workers in Taiwan are determined by their supervisors based on monthly attendance and production of Grade A products. Bonus is awarded based on the results.

4.1.6 Retirement Planning

We support employees' pursuit for a new life after retirement. Therefore, prior to retiring, we assist them with proper financial, social and recreational transition. FENC follows all regulatory requirements in terms of establishing the retirement system and ensures full pension coverage for all employees. Please refer to 17. Retirement Benefit Plans in Financial Report for annual funds appropriated for the retirement pension.

Pension System and Coverage

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4.2 Fostering Employee Career Planning

Talents are critical to the sustainability of a business operation amid turbulence and uncertainties. To align with global trends and deploy its workforce strategically, FENC designs employee training programs with its core values as the anchor to suit organizational development and departmental needs. With the E-training management system, the Company is building a self-learning culture through diversified learning channels and integrated digital learning. Additionally, to support the incubation and development of international talents at all Businesses, FENC continues to hone management and professional skills among employees, developing leadership teams and succession plans to ensure talent sustainability.

In the beginning of each year, discussions are held between employees and their supervisors to establish future training programs. By the middle of the year, employees undergo training, apply the knowledge they acquire and share it through the organizational knowledge sharing team so they can learn from each other. Each stage is calibrated to foster personalized and sophisticated training track. The corporate training system provides specialized training. Starting from day one, employees are assigned mentors to guide them through the available learning resources. Regular orientation camps and the mandatory general training help new recruits get acquainted with the corporate culture and develop their own network. Once they get situated at their posts, professional training begins with an emphasis on occupational safety and health as well as regulatory training on human rights. With time, as they develop the qualifications for the management positions, management training kicks in at various levels to further develop their abilities to embrace future challenges and organizational development.

◉ 2023 Themed Quarterly Training

	Emerging Trends Forum		Themed E-Newsletter	
Jan.				
Feb.			Digital Capability	Digital Marketing
Mar.				
Apr.			Digital Capability	Innovation
May.	Digital Capability	Value-Added Transition of Smart Manufacturing Through AI	Professional Capability	Friendly Workplace
Jun.			Professional Capability	Financial Management
Jul.	Digital Capability	The Present and Future of Industry "AI-Fication": Impacts From ChatGPT and Corporate Response	Professional Capability	Strategic Decision-Making
Aug.	Digital Capability	Efficiency Improvement Through AII	Professional Capability	Problem Analysis and Solving
Sep.			Sustainability Capability	ESG-Environment
Oct.	Sustainability Capability	Corporate Managers' Guide to Protecting Gender Equality	Sustainability Capability	ESG-Social Responsibilityt
Nov.			Sustainability Capability	ESG-Corporate Governance
Dec.	Sustainability Capability	Challenges and Opportunities Amid the Global Net-Zero Transition	Sustainability Capability	LOHAS

	Attendance
Digital Capability	Attendance 346
Digital Capability	Attendance 35
Digital Capability	Attendance 265
Sustainability Capability	Attendance 893
Sustainability Capability	Attendance 37

To make learning part of life, FENC offers learning resources with accessibility, flexibility and diversity, which has become a core emphasis of its training programs in recent years. The programs are curated to combine specific themes with employee interests in quarterly packages that unfold through daily, weekly and quarterly learning pathways. The daily training takes diverse forms, including digital, in-class and live streaming courses. The weekly training is delivered through themed e-newsletters, and each quarter, forums and lectures are held to keep employees informed on industry and global trends. To help employees develop fragmented learning, the Company acquired a new E-Learning platform in 2023 with the official launch scheduled for early 2024. The application offers a new learning option with added flexibility, convenience and immediate access that free employees from the confines of space, time and mediums. The diverse models allow employees to balance work and learning, fortifying themselves with the critical knowledge to thrive in an ever-changing environment.

Management approaches are project-specific, and the results are evaluated based on the Kirkpatrick Model. Total training hours of all employees are 473,509 hours in 2023.

Level 1 Reaction
- 4.58 out of 5 from post-program satisfaction survey
- 79% attendance rate

Level 2 Learning
- Far Eastern Corporate University: 100% certificate of completion rate
- Organizational Knowledge Program: 74% assignments completion rate
- Program Effectiveness: 89.2 average score among digital program participants
- 100% passing rate for internal exams among OTIZ participants of the Global Recycling Standard (GRS) course
- 32 internal audit certificates for FEIW employees in the ISO14001 course; ISO14001 certification for FEIW in January 2024
- ISO14064-1 2018 auditor certificates for employees at FEPV

Level 3 Behavior
- 78 teams formed for sharing sessions within all units
- 60 study group sessions
- 24 push notifications on business English conversation through FEIS' WeChat account
- 230 courses for the digitization of organizational knowledge with bilingual subtitles added in phases
- Promoting organizational knowledge and result transfer through the monthly Far Eastern e-Magazine

Level 4 Results
- Suzhou, mainland China: Top-performing employees trained as Power BI instructors
- FEIW: 100% retention rate and 25% advancement rate for participants of the Business English Course

Note: The retention rate and advancement rate for the FEIW Business English Course are calculated as the percentages of the numbers of participants who are still on the job and those who have been promoted as of the end of 2023.

To respond to changes in the global landscape and align with corporate strategies, FENC has been focusing on digital, international and sustainability capabilities for its talent deployment in recent years. The Company constructed a comprehensive strategic training blueprint through diverse learning resources to help critical talents acquire versatile skills. By calibrating strategic adjustments with agility, the Company is able to respond to market changes and competition with speed.

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2023 Training and Attendance

Career Stage

Entry Level

New Recruit Training

Far Eastern corporate culture and basic skills

2,276 sessions
15,355 attendance count

Intermediate Level

Specialized Training

Essential knowledge and skills

7,940 sessions
67,366 attendance count

Management Level

Management Training

Management and professional skills for honing team performance and corporate competitiveness

559 sessions
4,265 attendance count

Regulatory Knowledge

Work Safety

Occupational Safety and Health Training

Development of safety knowledge and conducts to prevent and minimize occupational accidents

2,247 sessions
72,140 attendance count

Employee Rights

Human Rights Training

Support for employees' understanding of the importance of human rights and applicable corporate policies

462 sessions
20,827 attendance count

Ethical Culture

Anti-Corruption Training

Policy training and promotion based on the Best Practice Principles of Ethical Corporate Management and Code of Ethics.

468 sessions
20,075 attendance count

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

2023 Strategic Talent Training Program

	Digital Talent Program	International Talent Program	Sustainable Talent Program
Eligibility	• Supervisor's recommendation • Individual application	• Supervisor's recommendation • All employees in Taiwan and overseas • Employees in preparation for implementing internationalization projects	• Supervisor's recommendation • Individual application • Training Shift
Attendance	2,551	2,181	4,148
Platform	• Yuan Ze University • External lecturers	• LinkedIn Learning • External lecturers	• External lecturers
Content	• Lean Workflow Series: Microsoft 365, generative AI • Industrial Engineering and Management: Ten modules • Digital Transformation Elite Program: Six modules • BTS Talk: Business applications for digital technologies • AI Program: Smart manufacturing management • Power BI Overseas Program: Power BI tools	• LinkedIn Learning: 16,000 courses available • Vietnam Program: Three modules • General International Training: International competency and languages • WeChat Account-English Conversation Series: English and cross-cultural communication techniques	• Knowledge Extraction and Visualization: Knowledge points deduction and video editing • SBTi: Six modules • General Environmental Sustainability Training: Carbon Management • General Business Regulations: Corporate compliance, protection of workplace gender equality and intellectual property • 14064 and 14001 GHG Inventory: ISO14064 and 14001 environmental management systems • Higg FEM 4.0 Certification Program: Environmental management system • GRS: Recycled materials and GRS certification
Budget (Unit: NT$)	3.35 million	5.97 million	870,000

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Digital Talent Program

With the rise of generative AI, workflows that facilitate interactive response and flexible collaboration are emerging in today's workplace, prompting the restructuring of work values among organizations and employees. To help promote digital transformation, the 2023 digital talent program zoomed in on the application of digital tools and the trends in dynamic content delivery technologies.

To hone digital tools, mindsets and capabilities, FENC prepared the Lean Workflow Series to help participants acquire practical experience in operating Microsoft 365 cloud collaboration and AI applications through hands-on approaches in a workshop format. During the 19 program sessions, a total of 1,088 participants accumulated 5,079 learning hours. OTIZ also planned a two-month AI program to help the plant march towards smart manufacturing through big data analysis as well as production modeling and forecasting. The program has cultivated 38 next-generation smart management talents.

Meanwhile, FENC is promoting the data visualization tool, Power BI, to facilitate multinational business operations across all units and manage upstream and downstream brand customers. Since 2021, all units have been producing operational dashboards and offering training programs overseas to help Taiwanese managers master Power BI. While continuing to fine-tune the training quality, FENC will also expand the training targets to include local managers. A total of 400 employees attended the overseas program in 2023, a tenfold increase compared to 2022. The training has enhanced digital capabilities across FENC's overseas locations.

To deliver the latest technological trends to employees, Far Eastern Corporate University offers special programs for each Business to motivate digital learning, aspiring employees to grasp and apply modern technologies at work, generate values and maintain competitiveness. In March 2023, 34 trainees served as seed instructors for the Digital Transformation Elite Program to help production units promote digital transformation and maximize team strengths. The participants delivered an average final score of 95.3 with 95.2% in overall attendance rate. In July, FENC offered AI-related training on ChatGPT applications for procurement operations. The training imparted professional AI procurement knowledge, such as the core concepts in automatic data collection through AI, helping procurement staff improve the efficiency of routine operations. The training evaluation reached 4.8 on a scale of 5, and the course completion rate reached 100%.

To further strengthen the development and implementation of digital strategies and applications while establishing a comprehensive information security system at Far Eastern Group, the Information Technology Committee (IT Committee) holds the Business and Technological Sustainability Talk (BTS Talk) as a platform of exchange on trends. A total of 10 lectures were held in 2023, and senior executives from the Far Eastern Group and external experts shared business applications of digital technologies with staff to accelerate digital transformation and embrace smart office.

BTS Talk: Exploration of Business Technology and Sustainability With Far Eastern Group IT Committee

To stay on top of the most current trends and maintain competitive positioning as a multi-industry conglomerate, Far Eastern Group is promoting business innovation as well as information security governance and technological applications regarding digital transformation across its entire operation through the IT Committee. Each month, the IT Committee holds the Business Technology and Sustainability Talk (BTS Talk), during which internal and external experts on digital transformation are invited to share their analysis on topics related to technology and sustainability during the online sessions. Topics discussed during the ten sessions include digital transformation, information security and generative AI, which explored the sensitivity and business innovation of generative AI, scenarios for AI applications and limitations such as information security regulations. While ensuring the compliance with information security policies and comprehension of AI technologies, the BTS Talk also elevated the risk and safety awareness among staff.

During the third quarter of 2023, the IT Committee also collabroated with Taiwan AI Academy and offered the AIGC Practical Workshop-ChatGPT x Smart Workplace for the New Century, a special training offering hands-on experience with AI tools and entailing special discussions and project presentations. During the four-day program, participants achieved high learning efficiency, transforming knowledge into practice and future work applications. Through the final presentation, participants demonstrated their mastery of AI generated content by producing texts or images featuring professional knowledge, current affairs and emerging trends for websites or blogs. Future programs will incorporate experiments with AI sandbox, laying the groundwork for industry transition at Far Eastern Group towards AI and smart applications.

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A New Chapter in Industry-Academia Collaboration: Program for Lean and Smart Management Talent at FEFC

To cultivate professional talents in the textile and polyester industries and complete the planning for Industry 4.0 and smart manufacturing, FEFC instituted the Industry-Academia Collaboration Program for Lean and Smart Management Talent. Its 15-member faculty team is consisted of field experts and professors from the Department of Industrial Engineering and Management of Yuan Ze University. The program offers 13 courses totaling 55 hours. A total of 18 students have completed the program, making their final reports and presentations.

The participants gained a preminary understanding of FEFC through its existing hardware, software, systems, information platforms and actual projects, and top performers of the 2023 program gained the opportunity to further explore data analysis, business intelligence, big data and AI. Students may also apply for internship opportunities through this program, bridging the gap between industry and academia and facilitating career development in advance. With a visionary outlook, FEFC is developing smart management talents with backgrounds in the textile and polyester industries to reach digital transformation and smart manufacturing.

International Talent Program

International management talents are vital resources for corporations to complete global deployments and adapt to cross-cultural business environments in order to tread a path through the rapidly changing international landscape. FENC's International Talent Program focuses on the cultivation of language and international management skills to create a cross-cultural learning environment that helps employees tackle challenges presented in a multicultural setting.

To serve international brands and enhance international communication, FENC targets language and communication training through the Corporate International General Program. Among the nine courses offered are Business English/Japanese/Spanish; International Etiquette; Business Writing and Communication in Foreign Languages. A total of 141 employees took advantage of the courses and accumulated 832 learning hours. Through a variety of formats, such as exams, workshops and seminars, participants are able to apply the training at work. FENC sites in mainland China utilize the push notifications of the WeChat accounts to help employees broaden international perspectives and elevate language skills.

To keep pace with its global talent deployment, FENC is collaborating with LinkedIn Learning for the third consecutive year in 2023 to strengthen employees' professional English proficiency and international capabilities. The program aims to help employees develop the habit of self-learning through required courses on quarterly themes, personal electives, sharing sessions and study groups. Into the third year of the program, the focus shifted to FENC's overseas production sites. The numbers of participants from regions such as mainland China, Vietnam, Japan and Malaysia rose with a 76% growth rate and a total of 331 participants. Among the LinkedIn Learning accounts for FENC employees, 95% are activated. The average monthly learning reached 4 hours, far exceeding the monthly average among LinkedIn users in the global manufacturing sector. This impressive record was recognized by LinkedIn, which honored FENC with the Outstanding Learning Culture award. In addition to the International Talent Pool, FENC also created a cross-regional collaborative learning system through this program, boosting the international competitiveness for members of the Far Eastern family across the globe.

The expansion and operation of FENC sites in Vietnam have been stabilizing in recent years, and thus the need for local training targeting international management capabilities is climbing. In 2023, FENC started the course series, International Talent Program-Vietnam, offering both virtual and physical courses to hone the international management capabilities among expatriate employees from Taiwan. Between the second and fourth quarters, FENC offered three courses on management and corporate culture with 315 employees in attendance. The courses foster the ability to identify critical talents, manage performance and develop an accountability mindset among Taiwanese managers. Management courses on related topics are also offered in 2024. Extracting from the abundant training experience from their peers in Taiwan, FENC sites in Vietnam are moving full steam with the training of local managers, helping them adapt to multicultural management and flourish as the pillars of corporate management.

Business English Program at FEIW

English is the universal language in the global business community. To better align with the international business community, FEIW offered an English program between March and December 2023 to polish business English skills among its employees. The training encompassed listening, speaking, reading and writing for business settings such as company introduction, work arrangements, customer reception, meetings and business travel, helping employees enhance the quality of international collaboration.

The core emphasis of the language program is to bridge the gap between knowledge and practice in life and at work. The program assessed learning efficiency through multiple approaches. The participants scored 90 on average during the final assessment, held five organizational knowledge sharing sessions and presented a performance in English during the year-end banquet. The program has successfully cultivated international talents with inter-disciplinary skills.

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Sustainability Talent Program

Environmental, social and governance (ESG) considerations have been widely adopted in the corporate community in recent years to foster a sustainable, robust and resilient operation. For corporate talents, the knowledge in ESG is essential.

1. Environmental Aspect: Joining Global Actions on Low-Carbon Transition

FENC provides a series of courses on environmental sustainability to inspire employees to learn about and raise environmental awareness. The courses, which encompass a wide range of topics, are delivered through lectures, film and television works, gamified courses and workshops, and the attendance count reached 1,410 with 5,231 hours accumulated. It is the hope to inspire more future programs that foster skills and knowledge related to environmental sustainability among employees. In addition, as the world focuses intently on reaching net-zero emissions, FENC is offering a course series on the Science-Based Targets Initiative (SBTi). A total of 282 employees from FENC's global locations took advantage of the training, accumulating 4,111 learning hours. The courses equipped the upstream and downstream supply chains with knowledge and skills related to the GHG inventory in order to lay out actionable carbon reduction pathways and fulfill science-based reduction targets. Additionally, FENC is also cultivating sustainability talents at its overseas locations, providing training that imparts knowledge on environmental management, such as ISO14064, ISO14001 and Higg FEM 4.0 and helping employees become Higg FEM verifiers.

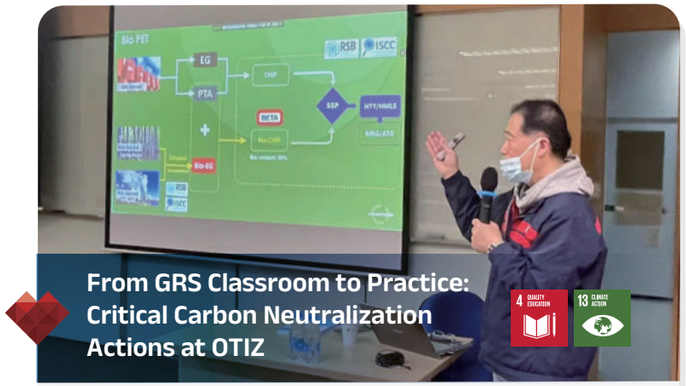
2. Social Aspect: Building the Cornerstone of a Friendly Workplace

FENC's ongoing training, Workplace Violence, focuses on promoting preventive measures among the first-line managers. The attendance count for this training reached 310, accumulating 930 training hours. In July 2023, the Legislative Yuan in Taiwan passed the amendments to the Gender Equality in Employment Act and Sexual Harassment Prevention Act after the third reading. To keep employees up-to-date and support governmental efforts to protect gender equality, FENC conducted the training, Corporate Managers' Guide to Protecting Gender Equality, which highlighted the key aspects in the amendments. The training focuses on raising the awareness and promotion of gender equality among employees at the level of section chief and above in hope of building a diverse, equal and inclusive work environment. The course attendance reached 612, representing a 94% attendance rate with 1,224 of learning hours accumulated.

3. Governance Aspect: Ensuring Risk Management Awareness and the Legacy of Organizational Knowledge

"Sincerity, Diligence, Thrift, Prudence and Innovation" are FENC's founding principles. These are also the guiding principles behind its risk control training and the design of the program, General Business Regulations. Among the courses offered, Ethical Corporate Management and Anti-Corruption helped employees comprehend the rationale behind Company policies and established risk awareness to ensure regulatory compliance, and the completion rate for this course reached 100%. Credit Risk Management and Trade Compliance, an online course produced in house in 2023, provides clarity when it comes to trade compliance among new business staff at its global locations, giving them essential risk management skills to ensure compliance with the Code of Ethics and guidelines established by FENC. The attendance count reached 72 with an average test score of 90. To ensure that FENC fulfills its corporate obligation of managing confidential information, the Company conducted the training on Taiwan Intellectual Property Management Standards (TIPS) at eight units in 2023 to implement systematic management of intellectual property rights. The Company also evaluated and ensured learning efficiency by incorporating training assessments.

To address talent gaps and improve the consistency in the training quality of the apprenticeship system, FENC launched the Knowledge Extraction and Visualization Program in 2018 as efforts to pass down the organizational knowledge. The program was initiated in Taiwan with pilot courses and gradually implemented at FENC sites overseas. It encourages employees to extract key operational skills and transform them into audio visual materials as standard training materials. To address the need for job skill development and succession planning, FEPV finished digitizing 130 organizational knowledge courses in 2023, leveraging the superiority of the digital format over hard copies. The courses include new recruit training, occupational safety and health and skill-specific training. The digital learning platform will be completed in 2024. FENC produced a total of 230 online courses on organizational knowledge across its global sites in 2023, and additional courses are in the pipeline for the coming years.



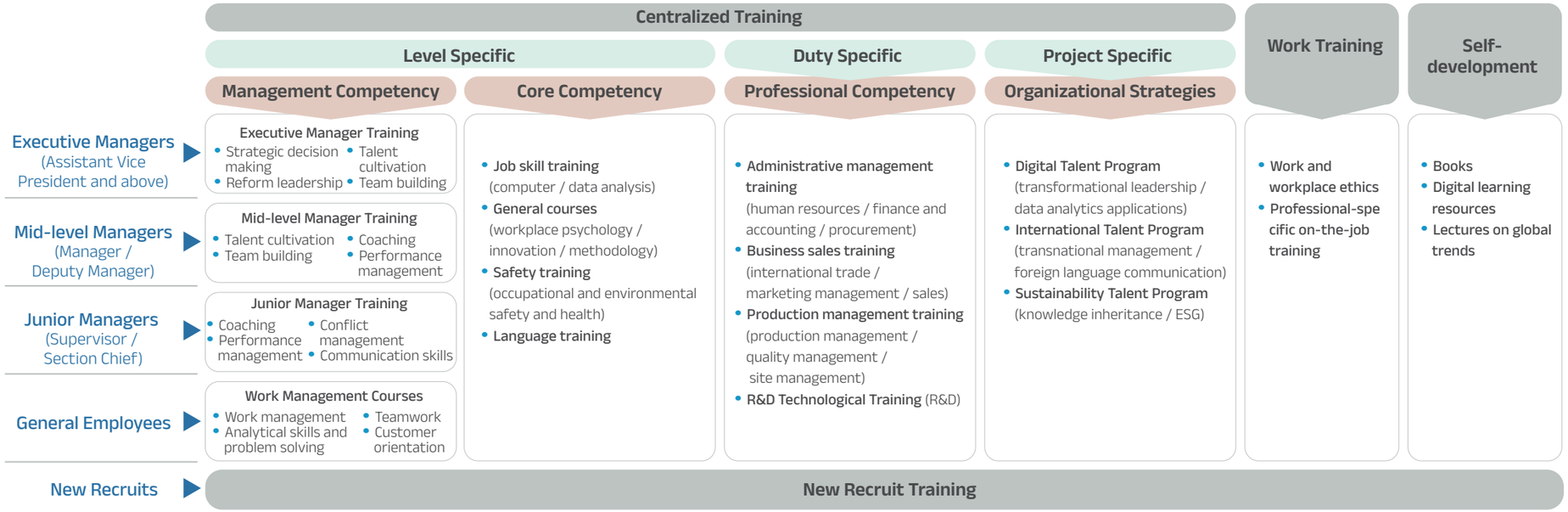
From GRS Classroom to Practice: Critical Carbon Neutralization Actions at OTIZ

Global GHG emissions are on the rise. To tame the surge and reach net zero, the corporate community has a pivotal role to play, and seeking effective carbon management strategies is imperative. To achieve carbon neutrality, OTIZ has been engaging in low-carbon transition through the development of green products. In March 2023, the plant conducted the training, Carbon Neutrality Trends and Analysis, which covered the philosophy behind corporate sustainability and explored topics such as carbon footprints, product life cycle, recycled product certification as well as carbon trading schemes and carbon quota to strengthen employees' environmental awareness and integrate corporate sustainability into development strategies.

In addition, to promote recycled materials and manage product carbon footprints, OTIZ held the Global Recycling Standard (GRS) training, a two-month online program with general courses based on the GRS knowledge that has been internalized within OTIZ. The program, which entails GRS background, overview, terminology and certification standards, was made available to the entire 1,270 employees at the plant. They underwent assessments after the training and achieved a 100% passing rate. Aside from increasing employees' understanding of GRS, OTIZ also helps brands and consumers delve into factors influencing the selection of recycled materials, which is enhancing its brand image and competitiveness.

Content

Training Framework



Average Number of Training Hours of Ranking and Gender

Unit:hour / person

		2020	2021	2022	2023
Section Chief and Above	Male	36.86	28.03	32.13	**36.13**
	Female	28.74	20.32	25.38	**29.73**
	Subtotal	**34.54**	**25.87**	**30.08**	**34.17**
Office Clerk	Male	23.76	26.81	33.21	**47.39**
	Female	15.06	14.87	21.79	**28.02**
	Subtotal	**20.41**	**22.34**	**28.77**	**39.83**
Factory Workers	Male	23.53	21.47	26.27	**21.35**
	Female	19.83	15.54	24.30	**12.13**
	Subtotal	**21.33**	**17.67**	**25.05**	**15.69**
Total Employees	**Male**	**24.84**	**24.67**	**29.72**	**34.14**
	Female	**18.62**	**15.59**	**23.77**	**17.16**
	Subtotal	**21.80**	**19.95**	**26.61**	**25.46**

Average Number of Training Days of Ranking and Gender

Unit:day / person

		2020	2021	2022	2023
Section Chief and Above	Male	4.61	3.50	4.02	**4.52**
	Female	3.59	2.54	3.17	**3.72**
	Subtotal	**4.32**	**3.23**	**3.76**	**4.27**
Office Clerk	Male	2.97	3.35	4.15	**5.92**
	Female	1.88	1.86	2.72	**3.50**
	Subtotal	**2.55**	**2.79**	**3.60**	**4.98**
Factory Workers	Male	2.94	2.68	3.28	**2.67**
	Female	2.48	1.94	3.04	**1.52**
	Subtotal	**2.67**	**2.21**	**3.13**	**1.96**
Total Employees	**Male**	**3.11**	**3.08**	**3.72**	**4.27**
	Female	**2.33**	**1.95**	**2.97**	**2.15**
	Subtotal	**2.73**	**2.49**	**3.33**	**3.18**

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2022~2023 Training Categories and Attendance

		Taiwan		Mainland China		Vietnam		Japan		U.S.		Total	
		2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
New Recruit Training	Sessions	91	**85**	347	**354**	2,219	**1,817**	35	**15**	18	**5**	2,710	**2,276**
	Attendance count	749	**463**	1,102	**1,415**	54,140	**13,400**	38	**72**	35	**5**	56,064	**15,355**
Specialized Training	Sessions	3,009	**3,066**	2,430	**2,663**	1,552	**1,058**	682	**670**	271	**483**	7,944	**7,940**
	Attendance count	20,439	**22,129**	16,014	**18,326**	20,203	**24,821**	685	**670**	702	**1,420**	58,043	**67,366**
Management Training	Sessions	403	**395**	61	**41**	80	**68**	0	**0**	53	**55**	597	**559**
	Attendance count	1,592	**2,446**	1,480	**604**	830	**1,105**	0	**0**	106	**110**	4,008	**4,265**
Occupational Safety and Health Training	Sessions	792	**959**	134	**161**	497	**912**	12	**12**	134	**203**	1,569	**2,247**
	Attendance count	18,745	**18,576**	4,674	**5,711**	17,354	**45,622**	1,370	**264**	1,370	**1,967**	43,513	**72,140**
Anti-corruption Training	Sessions	106	**70**	177	**156**	213	**240**	1	**1**	1	**1**	498	**468**
	Attendance count	6,133	**4,924**	5,490	**5,121**	13,555	**9,692**	71	**264**	77	**74**	25,326	**20,075**
Human Rights Training	Sessions	19	**87**	176	**155**	237	**218**	1	**1**	1	**1**	434	**462**
	Attendance count	4,411	**5,517**	5,412	**5,104**	13,502	**9,760**	171	**270**	175	**176**	23,671	**20,827**
Total	**Sessions**	**4,420**	**4,662**	**3,325**	**3,530**	**4,798**	**4,313**	**731**	**699**	**478**	**748**	**13,752**	**13,952**
	Attendance count	**52,069**	**54,055**	**34,172**	**36,281**	**119,584**	**104,400**	**2,335**	**1,540**	**2,465**	**3,752**	**210,625**	**200,028**

Note: Modifications were made to the internal training categories in 2022.

Average Number of Training Hours and Training Days of Regions

Unit:hour / person

	2020	2021	2022	2023
Taiwan	26.82	29.50	26.40	**29.65**
Mainland China	30.70	22.23	19.24	**20.37**
Vietnam	16.29	14.48	29.22	**25.31**
Japan	14.44	14.70	24.30	**23.74**
U.S.	43.51	52.17	52.52	**70.22**
Total	**21.80**	**19.95**	**26.61**	**25.46**

Unit:day / person

	2020	2021	2022	2023
Taiwan	3.35	3.69	3.30	**3.71**
Mainland China	3.84	2.78	2.41	**2.54**
Vietnam	2.04	1.81	3.65	**3.16**
Japan	1.81	1.84	3.03	**2.96**
U.S.	5.44	6.52	6.57	**8.78**
Total	**2.73**	**2.49**	**3.33**	**3.18**

Note: The average training hours at FENC sites in the U.S. increased significantly in 2023. To improve work efficiency and quality while complying with the increasingly stringent occupational safety requirements, occupation-specific and occupational safety training has been reinforced for all employees, showing growth in training hours by 39% and 25% compared to 2022, respectively.

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4.3 Reinforcing Occupational Safety and Health Management

4.3.1 Implementation of Occupational Safety and Health Management

Occupational Health and Safety Policy and Target

To establish a safe and healthy workplace with comfort while consistently lowering the rate of workplace accidents and disasters, FENC established Occupational Health and Safety Policy as the highest guiding principle governing the management of safety and health of the Company. With "risk control" and "continuous improvement" as the management principle, operational safety is our utmost concern. The Company takes an active stand toward improving the work environment, manufacturing equipment and operational approaches to ensure the safety and health of the workers (including employees and who are not employees (the contractors of the Company)) and stakeholders.

Occupational Health and Safety Policy

Participating in Occupational Health, Safety and Sustainability Development Program From OSHA, Ministry of Labor

There has been a heightened emphasis on the management of occupational safety and health in recent years with increasing efforts in engagement and implementation among corporate entities. Using GRI 403: Occupational Health and Safety 2018 from the Global Reporting Initiative (GRI) as the reference, OSHA established the Guidance on OSH Indicators for CSR Reporting Towards SDGs. The aim is to encourage corporations to make disclosures based on the GRI principles, measure performance through leading indicators and spark innovation. To gain insight into coporate practice in the management of occupational safety and health, OSHA launched the Occupational Health, Safety and Sustainability Development Program.

FENC was invited to partake in this program, and an interview was held between FENC's occupational safety and health consultant, Li-Ren Xu, and Associate Professor Ruo-Ting Lin of China Medical University. The two made exchanges on the Company's overall objectives, strategies and action plans regarding the management of occupational safety and health as well as obstacles durning implementation. The interview gave OSHA an in-depth look into the implementation of occupational safety and health among Taiwanese corporations, and OSHA presented a certification of appreciation to FENC for its contribution to promoting workplace sustainability.

2023 Sustainable Leading Enterprise in Healthy Workforce Award from OSHA, Ministry of Labor

The Occupational Safety and Health Administration (OSHA), Ministry of Health presented the Sustainable Leading Enterprise in Healthy Workforce Award for the first time in 2023. The award recognizes exemplary performance from benchmark corporations to keep the industry mindful of workplace health and safety when promoting ESG, guiding the industry and its supply chain to elevate workforce health and sustainability.

Since 2022, OSHA has been analyzing the occupational health and safety performance of corporations through leading indicators from their corportate sustainability reports and recognizing top performance. Those ranking among the top 10% in the evaluation are candidates for the Sustainable Leading Enterprise in Healthy Workforce Award.

The award criteria include increasing efforts from corporate executives in the promotion of a healthy workforce and specific actions and progress in the fulfillment of corporate commitment. The promotion and implementation of a healthy workforce are evaluated on multiple fronts with "protecting, attracting and retaining talents" as the goal. Corpoate endeavors in expanding influence are also evaluated, aiming to encourage corporations to establish sustainable supply chains.

Among the 330 companies listed on the Taiwan Stock Exchange and 94 listed on the Taipei Exchange, FENC received high marks and the award from OSHA. The Company also received the title, Sustainable Leading Enterprise in Healthy Workforce Award in the Chemical Industry category, demonstrateing excellence in and commitment to employee health and safety as well as sustainability. OSHA held the award ceremony on November 16, 2023, and the award was accepted on behalf of FENC by Alan Tsai, Senior Executive Vice President of President Office.

Awardees of the 2023 Sustainable Leading Enterprise in Healthy Workforce Award (Chinese)

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Executive Support and Involvement in Occupational Safety and Health

During the quarterly FENC Board meetings, the president from each Business presents the Occupational Safety and Health Management Report compiled by the Labor Safety and Health Department from the headquarters. In 2023, 4 reports were presented. The Board serves the supervisory role and conducts review and questioning over the report. Improvements needed will be acted upon at production units based on Board resolutions to ensure proper occupational safety and health management.

Overseas Audits on Industrial Safety; Occupational Safety and Health; Firefighting; Environmental Protection

From May to June 2023, FENC's Labor Safety and Health Department conducted a month-long audit at 11 production and operation sites as well as one office building in mainland China and Vietnam. The audit targeted nine major categories across industrial safety; occupational safety and health; firefighting; environmental protection with different priorities that targeted each industry. The categories are safety and health operational guidelines; risk management and control mechanism; management of change, contractor management; incident investigation; emergency response measures; pre-startup safety review; mechanical integrity; permit to work system (PTW). The department provided a total of 133 recommendations during the audit period, all of which have been implemented by the end of 2023.

Continuous Operation of Occupational Safety and Health Management

As of the end of 2023, the occupational safety and health management system has been implemented at all FENC sites.

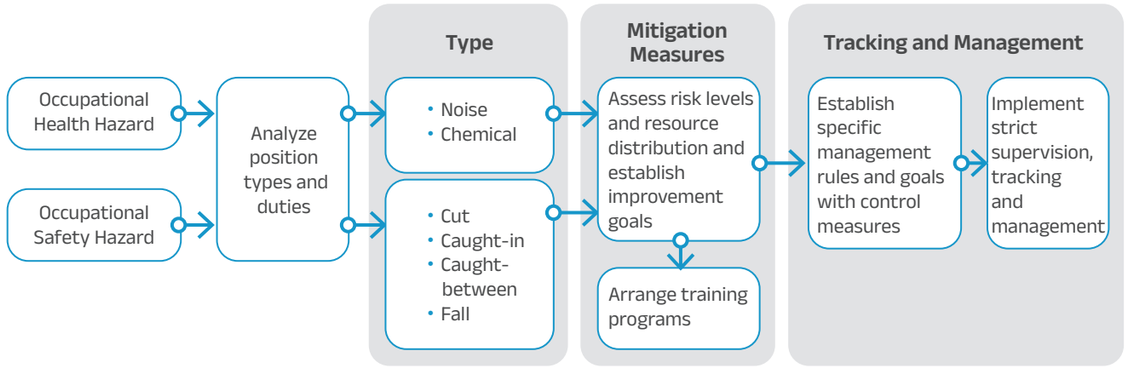
1. A total of 21 sites, representing 100% of the scope of this report, have implemented the system, covering 100% of the workers (employees and contractors). Internal audits cover 100% of FENC production sites. Among them, 17 have obtained ISO 45001 certification and undergone external audits, which cover 90% of FENC workers, including employees and contractors.
2. Conducts related to occupational safety and health management; worker engagement; consultation and communication; prevention and mitigation of occupational safety and health impacts directly related to job duties are carried out in accordance with the stipulations in the occupational safety and health management system.

Risk Identification, Assessment and Control

Occupational Safety and Health Policy and principles governing FENC production sites are as follows:

1. The incorporation of new production lines, production processes or equipment is governed by Change Management Process. An application for change shall be filed and the process includes self-assessment on risk and control, change review/supervisor approval, pre-launch evaluation and closing.
2. Risk identification shall be conducted to determine the risk level of operations associated with raw materials, products, activities and services which may potentially harm the operator, including workers (employees and contractors), or cause damages to equipment.
3. Improvement goals shall be established based on risk levels and distribution of resources. Hardware improvement takes the priority, followed by control measures such as administrative management with special plans or operational guidelines. Implementation of the control measures are strictly monitored to minimize risks. Operation of control mechanisms is based on Regulations Governing Risk Identification, Assessment and Control set forth at each plant.
4. Plans and implementations regarding overwork, workplace violence and the protection of the health of the middle-aged and elderly as well as maternity care at FENC production sites are conducted in accordance with local regulations. There were no irregularities in 2023.
5. All production sites arrange risk control training for employees. In 2023, 55 sessions were held with 2,705 employees completing 6,387 training hours.

Hazard Recognition, Assessment and Analysis Procedures at Production Sites



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Building Workplace Safety and Health with Labor-Management Participation

FENC establishes Occupational Safety and Health Committee at production sites, serving as the highest authority at each organization on the review and discussion of safety and health management. Setting up labor representatives in accordance with the seat ratio stipulated by regulations. The Committee convenes quarterly to determine the formulation, coordination and supervision of safety and health related issues at each plant to ensure full implementation. Contractors engagement and communication please refer to Boosting Stakeholder Dialogue and 4.4.1 Supplier Management.

Occupational safety and health management is one of the priority concerns when it comes to labor relations at FENC. The following subjects are included in the labor relations meetings, Occupational Safety and Health Committee meetings, and collective bargaining agreements with employees:

1. Provide personal protective equipment.
2. Implement labor relations management and establish the occupational safety and health committee with labor and employer representations.
3. Involve labor representatives in the health and safety inspection, review and investigation.
4. Provide job-related training for workers.
5. A clear reporting and grievance mechanism for employees encountering health or safety issues is established to ensure their right to refuse unsafe work and protect them from being punished for the refusal.
6. Schedule regular health checkups for workers.
7. Comply with regulations from International Labor Organizations.
8. Clearly establish safety and health goals and ways to achieve such goals.

Reinforcing Safety and Health Awareness Through Training

FENC provides regular training to make sure that every employee is familiar with occupational safety and health regulations as well as the management mechanism. The total occupational safety and health training hours accrued by FENC and contractor employees are 254,595 and 42,117 in 2023, respectively. Major occupational accidents that had occurred in Taiwan are cautionary tales for FENC. To prevent similar accidents, the Labor Safety and Health Department recommended that FENC sites in Taiwan, mainland China and Vietnam increase disaster prevention and emergency response drills in 2023 and enhance the effectiveness of training to ensure disaster prevention.

2023 Employee Safety and Health Personnel Training Statistics

	Number of Classes				Number of Trainees				Training Hours			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
On-The-Job Training on Safety and Health	869	993	1,311	**2,528**	17,590	19,967	34,421	**50,674**	131,835	84,031	165,251	**173,781**
Health Management Training	194	252	272	**376**	7,123	12,435	11,961	**13,341**	14,371	13,844	15,046	**14,914**
Hazardous Chemical Training	162	89	140	**176**	4,327	2,154	3,295	**4,431**	17,231	8,810	19,925	**18,669**
Protection Personnel Training	15	15	20	**26**	184	213	213	**281**	416	330	412	**569**
Emergency Response and Personal Protective Equipment Training	292	464	337	**615**	12,316	6,138	10,860	**14,654**	45,800	15,296	20,052	**33,229**
Internal Safety and Health Auditor Training	30	44	31	**129**	405	238	444	**2,858**	3,417	1,113	3,252	**7,046**
Risk Control Training	33	82	54	**55**	2,239	1,717	2,046	**2,705**	4,248	5,217	3,782	**6,387**
Total	**1,595**	**1,939**	**2,165**	**3,905**	**44,184**	**42,862**	**63,240**	**88,944**	**217,318**	**128,641**	**227,720**	**254,595**

The Occupational Safety and Health Committee

Operational Sites	Number of Committee Members	Percentage of Worker Representatives
Headquarters	11	36%
Hsinpu Chemical Fiber Plant	29	34%
Kuanyin Chemical Fiber Plant	21	33%
OGM	19	53%
Kuanyin Dyeing and Finishing Plant	37	38%
Hukou Mill	11	36%
Plant 1 of OPTC	15	33%
Plant 2 of OPTC	17	35%
FEFC	13	38%
FEIS - Petrochemical Business	20	85%
FEIS - Polyester Business	37	65%
WHFE	19	32%
OTIZ	48	67%
FEIW	24	71%
FEDZ	63	98%
FEAZ	30	53%
FEAV	42	19%
FENV	15	13%
FEPV	112	61%
FIGP	45	67%
APG Polytech	10	50%

Note: There is no provision in the Vietnamese regulation concerning the number of labor seats in the occupational safety and health committee.

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2023 Contractor Safety and Health Personnel Training Statistics

	Number of Classes		Number of Trainees		Training Hours	
	2022	2023	2022	2023	2022	2023
On-The-Job Training on Safety and Health	725	**1,287**	7,201	**9,766**	36,996	**22,010**
Health Management Training	181	**625**	2,159	**2,827**	1,982	**2,570**
Hazardous Chemical Training	178	**529**	644	**1,444**	321	**1,187**
Protection Personnel Training	0	**3**	0	**113**	0	**113**
Emergency Response and Personal Protective Equipment Training	222	**547**	874	**3,451**	1,067	**14,113**
Internal Safety and Health Auditor Training	1	**2**	24	**83**	24	**524**
Risk Control Training	41	**39**	505	**858**	899	**1,600**
Total	**1,371**	**3,032**	**11,407**	**18,542**	**41,289**	**42,117**

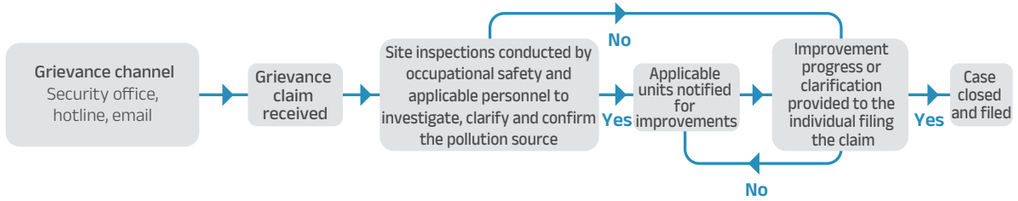
Chemical Safety Management

All production sites of FENC have established chemical management regulations of chemicals based on Globally Harmonized System of Classification and Labelling of Chemicals (GHS).

Chemical management at all production sites places are according to the items as following:

1. Chemical management at all production sites places an emphasis on source management. When procuring hazardous chemicals, the manufacturer, importer or supplier must provide the hazardous label and Safety Data Sheets (SDS). The same information is required when changes are made to existing data.
2. When the chemicals arrive at the plant, on-site staff or the end-user must conduct examination based on the label, SDS and applicable regulations prior to acceptance.
3. Post identification for hazardous chemical and prepare safety data sheet (SDS).
4. The Company utilizes Chemical Control Branding (CCB) to evaluate the likelihood of exposure (usage and the degree of spread) and takes corresponding or control measures to mitigate risks. When changes occur to the types of chemicals as well as operational or production procedure, exposure assessment must be conducted again within 3 months before or after the changes occur.
5. Waste liquids and containers for chemicals are disposed of and treated by qualified waste disposal companies in accordance with the regulatory requirements.
6. To track and ensure the health of employees responsible for chemical operation, special health checkups are provided and their work environment is monitored every six months

Grievance/Reporting/Acceptance Mechanism Related to Hazardous Chemicals



SHEF Task Force, Mainland China

FENC's production sites in Shanghai, Suzhou, and Wuxi in mainland China hit record lows in terms of the injury rates and the numbers of workers experiencing occupational injuries in 2023. The performance has satisfied the 2023 safety goals set by the SHEF Task Force. The priority tasks carried out by the SHEF Task Force in 2023 are as follows:

1. Assistance was provided to FEDZ and FEIW to establish the safety, health and environmental and firefighting teams, and the implementation of jurisdictional management began in January 2024. The plants also started a trial of the paperless PTW system for special risk operations.
2. A total of 34 special training sessions were conducted on occupational safety, health and environment covering topics such as safety, health and environment instructors; team leader safety; hoisting operation; temporary electricity use; contractor management; hazardous chemical safety; identification and assessment of safety risk; governmental inspection; safety observation; safety leadership; hazardous waste management. A total of 905 participants took advantage of the training. The SHEF Task Force was also invited to conduct professional firefighting training for the security team at FEPV to help the staff master the ability to operate fire trucks and respond to fires.
3. Nearly 30 plant visits and exchanges were conducted, during which the SHEF Task Force members conducted cross-validations and audits for the safety, fire protection and management systems. For coaching purposes, the task force also inspected the detection and monitoring systems for wastewater, waste gas and waste materials in accordance with the latest regulatory requirements.
4. Technological and practical support was provided during the safety observation campaigns at OTIZ and FEAZ. Assistance was also provided to help FEAZ build a safety culture and pass the level 3 certification of Nike's Culture of Safety Maturity Assessment.
5. Promotion and implementation efforts continued in the reporting of various safety, health and environmental incidents to help identify hidden dangers and deficiencies immediately. The total number of close calls reported increased from 25 in 2022 to 104 in 2023.
6. A total of 60 notices of newly promulgated governmental regulations and standards were provided to employees promptly and four issues of the SHEF magazine (22 issues to date) were published. The quarterly magazine features subjects such as forklift safety, safety culture and special equipment safety. Also among the subjects are the eight preventions during summer, which include the prevention against electric shocks, lightning strikes, flooding, drowning, fires and explosions, traffic accidents, heatstroke and food poisoning. Mostly written by employees from the front line, the content is a fusion of professional expertise and field experience, and it is the hope that more employees will benefit from them.
7. Assistance was provided to FEIW and other FENC sites to strengthen safety management among contractors.
8. Ongoing efforts are devoted to develop, expand and optimize the functions of the SHEFs smart management platform.

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Safety and Health Enhancement Campaign – Worker Engagement

1. Performance Review of Occupational Safety and Health Management System at Kuanyin Chemical Fiber Plant

To encourage businesses to self-manage occupational safety and health, the Ministry of Labor commissioned verification agencies and instructed local labor departments to conduct the review of occupational safety and health management systems. Kuanyin Chemical Fiber Plant initiated a review of its own safety and health management system, which was approved by the Ministry of Labor. The approval is valid from July 26, 2023 to July 25, 2026.

2. 2023 Occupational Safety and Health Hazard Prevention Tour Exhibition From Hukou Mill

Hukou Mill conducts educational campaigns to help employees experience first-hand the importance of preventing occupational safety and health hazards. To improve their awareness of physical and mental health as well as safety and prevention, the plant provided labor safety videos; simulation of hazards such as noise, confined space, falls and chemicals; displays of safety and health protective equipment. A total of 180 employees took part in the campaigns.

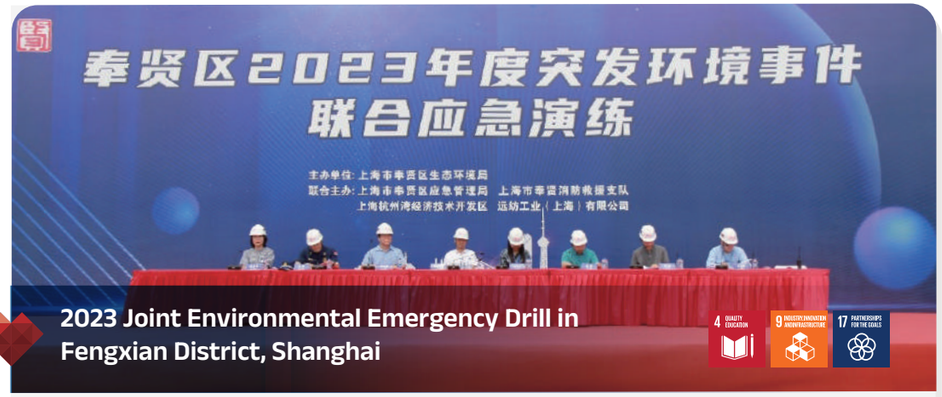
3. Road Safety Lecture at Hsinpu Chemical Fiber Plant

According to the Ministry of Transportation and Communications, an average of nearly 1,000 traffic accidents occur every day in Taiwan. Traffic accidents involving workers commuting to and from work account for 30% to 40% of occupational accidents in Taiwan, making commuting a high-risk factor for workers. To prevent traffic accidents and ensure safety during employee commutes, Hsinpu Chemical Fiber Plant invited experts from the Hsinchu Safety-Educational Center as lecturers during the 14 defensive driving courses for a total of 1,620 employees to enhance their safety awareness.

Strengthening Emergency Response with Safety Drills

To strengthen employees' ability to react immediately during emergencies and activate emergency responses to reduce the loss of lives, property and production capacity, all FENC sites must conduct risk identification and assessment with considerations given to the geographic location, type of hazardous chemical, and area prone to natural disasters. Once the assessment is completed, staff shall consider controllable measures within the plant and propose emergency response procedures targeting various emergency scenarios. The order of each training and drill is determined based on the type and frequency of the disaster.

During an emergency, all production sites shall follow the protocol established for emergency response and notification procedure. Staff shall identify the disaster, notify applicable units and personnel, and engage in damage control to keep the situation from worsening. Ongoing assessment shall be made to the on-site conditions to minimize harm to the staff, property and environment with adequate treatment to prevent secondary disasters. The investigative unit shall conduct thorough reviews over the cause and propose improvement strategies. A report shall be presented and the unit responsible for the emergency shall undergo educational training to prevent future occurrence.



2023 Joint Environmental Emergency Drill in Fengxian District, Shanghai

FEIS took part in the 2023 joint environmental emergency drill co-organized by the Ecological Environment Bureau, Emergency Management Bureau and Fire Rescue Department of Fengxian District, Shanghai as well as Hangzhou Bay Economic and Technological Development Zone. The drill, which aims to improve environmental emergency responses, includes immediate mobilization, evacuation, notification for police, internal reporting and self-rescue. During the event, FEIS also collaborated with the governmental agencies for the rescue mission, controlled air pollution and responded to wastewater discharge caused by the emergency. The exercise tested the effectiveness of the firefighting apparatus and emergency response of FEIS while strengthening the coordination between FEIS and the local government to enhance the plant's preparedness for actual emergencies.

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FEPV's Fire Safety Competition on National Fire Prevention Day, Vietnam

FEPV held its first fire safety competition in 2023 with the following activities:

1. **Fire Safety Information Challenge:** On October 3, 2023, 26 employees selected from each department took part in a fire safety information challenge to test their understanding and familiarity with fire safety regulations. All participants passed the challenge and the top three contestants were presented with award certificates and prize money.

2. **Fire Safety Competition:** To help the firefighting team members at FEPV familiarize with the firefighting operation and rescue procedure, the competition was designed with four levels of the firefighting practice.
   - Level One: Obstruction challenge
     It is evitable that firefighters have to overcome obstructions at the fire scene, and they must proceed with caution. During the obstruction challenge, contestants had to jump through three hurdles swiftly, racing against time for the rescue efforts.
   - Level Two: Technical challenge
     Among the many causes of fires, the common types include a grease fire from the kitchen, electrical fire, chemical fire or fire caused by flammable substances. During this challenge, contestants needed to put out kitchen fires using one of the two techniques, covering the fire with a damp cloth or using a fire extinguisher.
   - Level Three: Rescue challenge
     Firefighters need to move any injured individuals away from the fire scene as soon as possible. Level three tested the contestants' rescue ability and speed.
   - Level Four: Fire hose challenge
     The last and ultimate challenge involved extinguishing fires by handling the high-pressure fire hose with a good aim for the point of origin, and firefighters often need to risk their lives to identify the ignition point in the fire scene. This level required contestants to demonstrate their skills in managing the fire hose to put out the fire.

3. **Comprehensive Drill:** With the fire incident in Hanoi, Vietnam as the scenario, the drill involves a major fire at a motorcycle parking lot filled with gasoline and flammable substances. For this scenario, the fire was beyond the control of FEPV's firefighting efforts, and staff had to quickly call for backup from the professional firefighters in the industrial park. A total of 18 firefighters and two fire trucks were mobilized during this drill.

This fire safety competition is not merely about competing. It is an opportunity for staff to develop fire safety awareness and rescue techniques. The competition provided solid practice for the participating teams and honed their firefighting skills. They also gained a profound understanding of the importance of emergency response during fire incidents. Future efforts will continue to improve workplace safety through similar campaigns.


Obstruction challenge


Technical challenge


Rescue challenge


Fire hose challenge


Award certificates

Content

4.3.2 Occupational Injuries

At FENC, the end game for occupational safety and health is "zero occupational disasters". The Company values the safety and health of each and every employee and protects them by raising their awareness and understanding through conducting risk assessment and identification; preparing promotional campaigns and public notice; holding pre-work and toolbox meetings; designating safety and health month with programs and activities. In the unfortunate event of occupational disasters, immediate actions are taken to address the emergency. The following procedures are applicable to all production sites:

Establish investigation team immediately to identify the root cause of the accident → Formulate improvement strategies based on the root cause → Implement improvement measures → Review on the progress of improvement measures

All improvements must be completed within 2 months. Facility improvements that require construction contracts shall be completed within 3 to 6 months.

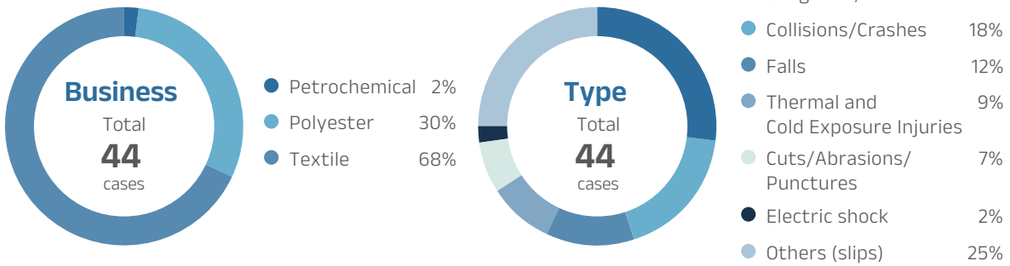
Based on the statistics, a total of 44 cases of occupational injuries among employees occurred at FENC production sites in 2023, which is down significantly by 43% from 2022. Among the cases are two high-consequence work-related injuries, which are defined as injuries from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within six months. At FIGP, one worker was injured during machine operation. The worker accidentally extended his hand into the chain guard and his fingers got caught. After receiving medical treatment, the worker returned home for recovery. As of December 2023, he had been awaiting evaluation by the labor unit under the Ministry of Health, Labour and Welfare of Japan to determine whether he could return to work. The chain guard has been reinforced, making it unmovable to prevent similar incidents. One worker at APG Polytech was injured during a fire caused by combustible dust. The injured worker has recovered. The plant has investigated the incident and will modify the operating procedures or update the equipment based on the result.

Among the occupational injuries are 12 cases of "caught-in/between," which account for the highest percentage at 27%, and the major cause is a lack of hazard awareness among workers. In response, FENC has proposed the following measures to prevent occupational disasters:

1. Request executive managers' participation in safety and health inspections from time to time and promote pre-work hazard recognition.
2. Implement the 5S methodology to ensure workplace safety and health and eliminate risk factors.
3. Remind operators of possible danger zones or proper operation by adding warning labels at the job site.
4. Encourage employees to engage in safety campaigns and provide recommendations for improvement to raise safety awareness.
5. Increase safety training to highlight potential danger and operational safety to enhance employees' safety awareness.

The investigation of and correction measures for occupational accidents at all FENC sites have been completed following the steps referenced above.

Statistics on Occupational Injury in 2023



The 2023 statistics on occupational injury from FENC production sites are compared against the 2022 statistics from Occupational Safety and Health Administration, Ministry of Labor of Taiwan, as shown in the following table. The disabling injury frequency rate and severity rate at the Polyester Business are higher than those from the industry overall, which is the result of higher lost time caused by two high-consequence work-related injuries during the reporting year. The Polyester Business has ensured that all necessary mitigation measures are implemented.

Comparison Between FENC and Nationwide Statistics on Occupational Injuries

	Petrochemical Industry		Polyester Industry		Textile Industry	
	FR	SR	FR	SR	FR	SR
Statistics from Taiwan OSHA	1.06	1253	0.70	8	1.86	155
Statistics from FENC	1.12	11	1.11	28	1.02	14

Note:
1. Disability injury frequency rate (FR) = total number of disabling injuries ×1,000,000 ÷ total manhours worked.
2. Disability injury severity rate (SR) = number of injured days off work × 1,000,000 ÷ total manhours worked.
3. FENC data is compared against the 2022 statistics for the petrochemical, chemical material manufacturing and textile industries from Occupational Safety and Health Administration, Ministry of Labor.

26 Years of Disaster-Free Working Hours at FEFC

Since its inception in April 1997, FEFC has maintained a 26-year record of zero lost days due to disabling occupational injuries. As of December 2023, the plant had accumulated 10.44 million hours of zero disabling occupational injuries. Since 2006, the plant has been participating in the zero-accident campaign held by the Industrial Safety and Health Association and registering the hours with 7,348,359 zero occupational disaster hours verified.

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Statistics on Occupational Injury

		2020	2021	2022	2023
Occupational Injury Cases	Male	76	68	60	**32**
	Female	42	30	17	**12**
	Total	**118**	**98**	**77**	**44**
Injury Rate (IR)	Male	0.34	0.32	0.24	**0.15**
	Female	0.19	0.14	0.07	**0.06**
	Total	**0.52**	**0.45**	**0.31**	**0.21**
Lost Time Injury Frequency Rate (LTIFR)	Male	1.68	1.58	1.19	**0.76**
	Female	0.93	0.70	0.34	**0.29**
	Total	**2.61**	**2.27**	**1.53**	**1.05**
Absentee Rate % (AR%)	Male	0.20	0.31	0.15	**0.36**
	Female	0.32	0.23	0.26	**0.31**
	Total	**0.53**	**0.54**	**0.41**	**0.67**
Lost Day Rate (LDR)	Male	7.20	3.42	3.23	**2.73**
	Female	3.89	1.42	1.32	**1.68**
	Total	**11.09**	**4.83**	**4.55**	**4.41**
Number of Work-Related Fatalities	Male	1	0	0	**0**
	Female	0	0	0	**0**
	Total	**1**	**0**	**0**	**0**
Rate of Work-Related Fatalities	Male	0.004	0.00	0.00	**0.00**
	Female	0.00	0.00	0.00	**0.00**
	Total	**0.004**	**0.00**	**0.00**	**0.00**

Notes:
1. Statistics cover 100% production sites in this report, including permanent employees and temporary employees. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
2. Total work hours of employees are 41,902,895 hours in 2023.
3. Between 2020 and 2022, there were no high-consequence work-related injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months). However, there were 2 severe occupational injuries related to being caught-in/between and dust combustion in 2023. These incidents correspond to a 0.01% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2023.
5. Please refer to 7.1 Environmental and Employee Data for the calculation formula and definition.

Contractor's Occupational Injury at Production Sites

		2020	2021	2022	2023
Occupational Injury Cases	Male	1	5	8	**9**
	Female	0	0	1	**0**
	Total	**1**	**5**	**9**	**9**
Injury Rate (IR)	Male	0.04	0.26	0.45	**0.49**
	Female	0.00	0.00	0.06	**0.00**
	Total	**0.04**	**0.26**	**0.50**	**0.49**
Lost Time Injury Frequency Rate (LTIFR)	Male	0.20	1.30	2.23	**2.46**
	Female	0.00	0.00	0.28	**0.00**
	Total	**0.20**	**1.30**	**2.50**	**2.46**
Number of Work-Related Fatalities	Male	3	0	0	**0**
	Female	0	0	0	**0**
	Total	**3**	**0**	**0**	**0**
Rate of Work-Related Fatalities	Male	0.12	0.00	0.00	**0.00**
	Female	0.00	0.00	0.00	**0.00**
	Total	**0.12**	**0.00**	**0.00**	**0.00**

Notes:
1. Statistics cover 100% production sites in this report.
2. Total work hours of contractors are 3,658,778 hours in 2023, including contractors of engineering and labor services.
3. Between 2020 and 2022, there were no high-consequence work-related injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months). However, there was 1 severe occupational injury related to being caught-in/between in 2023. This incident corresponds to a 0.05% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2023.
5. Please refer to 7.1 Environmental and Employee Data for the calculation formula and definition.

A total of nine occupational injuries among contractors at FENC production sites were recorded in 2023. One is a high-consequence work-related injury, which is defined as injuries from which the worker cannot, does not or is not expected to recover fully to pre-injury health status within six months. Among the remaining eight cases are one "fall," one "collision," one "cut" and one "thermal exposure." Four cases fall under the "others" category. The high-consequence injury involved "caught-in/between," which occurred at FIGP. During machine operation, the rotating shaft was jammed while the contractor was still holding the rope connecting to the shaft. Unable to free himself from the rope in time, his fingers were caught in the machine. The worker has received proper treatment. As of December 2023, he had been home for convalescence. To prevent future occurrences, fences and sensors have been installed to keep workers at a safety distance from the rotating operation and shut off the machine automatically when workers are too close.

FENC is committed to the management of safety and health. We grieve the loss of lives due to workplace disasters. Therefore, we establish SOPs for all operations and require staff compliance. This is a priority for safety and health management to prevent such tragedy from ever happening again.

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Occupational Safety Enhancement and Innovation Program at Hsinpu Chemical Fiber Plant

Since 2020, Hsinpu Chemical Fiber Plant has been upgrading occupational safety management through a special program, which spans from the modification of occupational safety and health organizations, inspection projects, rewards and penalties to the development of a safe and healthy culture. Projects implemented in 2023 are as follows:

1. Offer rewards for achieving zero occupational accidents

As an encouragement for ensuring workplace safety and health and achieving zero occupational accidents, rewards are given to units for every 100,000 hours accumulated without occupational accidents, effective in January 2021.

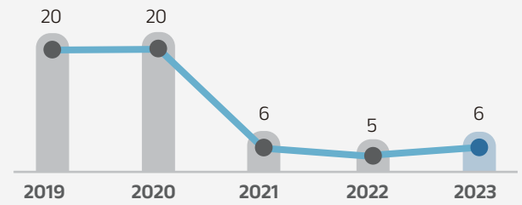
Year	Awarded Unit	Awarded Personnel	Reward
2021	19	1,994	$880,0777
2022	32	1,998	$1,323,428
2023	26	2,500	$1,017,912
Total	**77**	**6,992**	**$3,221,417**

2. Enhance hot work audits

Having been reinforced since 2020, the hot work audits and coaching are delivering noticeable results, and the number of deficiencies has been declining since 2021. In 2023, the monthly audits were increased from 60 to 86 times.

Hot Work Deficiency Cases Identified between 2019 and 2023

Unit: Case



3. Conduct occupational safety and health audits and coaching targeting high-risk areas

Hsinpu Chemical Fiber Plant was removed from the watchlist for high-occupational-disaster and high-risk plants. To maintain the intensity and frequency of audits in addition to those for occupational safety and health, the Headquarters and the plant created an audit team to conduct joint audits. A priority audit checklist targeting the high-risk areas is compiled monthly. Twelve audits in total in 2023.

Project Performance:

Throughout the project implementation in 2023, seven site inspections were conducted by external occupational safety centers. The plant did not receive any citations for fines resulting from non-compliant facilities.

Promoting Occupational Safety and Health with Stakeholders

1. Non-Profit Safety and Health Promotion – Kuansin E Family

In 2017, Kuanyin Chemical Fiber Plant joined the Labor Safety and Health Family Registry, a coaching program launched by the Office of Labor Inspection of Taoyuan City Government. It was then the plant established Kuansin E Family and served as the core leader of the program. To scale the program operation and demonstrate its commitment to safety and health management, Kuanyin Chemical Fiber Plant established another safety and health family, "Wei Nin Ping An," in 2023 as a core leader in the Labor Safety and Health Registry, providing coaching and mentorship for smaller plants to develop workplace safety and health awareness and culture.

Kuansin E Family has been assisting the government with the implementation of occupational safety and health management since its founding. Implementation efforts in 2023 include the following:

- A total of three training and promotional events were conducted. The events consisted of occupational safety and health promotion, lectures on workplace violence, relief of mental and emotional stress, factory fire prevention and emergency response. The participants included safety and health management personnel, junior staff and representatives overseeing the plants coached by Kuansin E Family. A total of 61 participants attended the sessions.
- Kuansin E Family demonstrated support for the Office of Labor Inspection of Taoyuan City Government by participating in and co-organizing external occupational safety and health programs.
  - From October to December, 2023, Kuanyin Chemical Fiber Plant assisted the Office of Labor Inspection of Taoyuan City Government and co-hosted a campus occupational safety program for students from Ping Nan Junior High School, Long Gang Junior High School and Shih Men Junior High School in Taoyuan City. During these events, the plant provided immersive learning opportunities through VR and guided the students to identify hazards and preventive measures when working at height. By experiencing falls through the VR simulation, student realized the severity of such hazards and the importance of using personal protective equipment, heightening safety and health awareness in their young minds. After the event, the Taoyuan City Government presented the certificate of appreciation as a token of gratitude for Kuanyin Chemical Fiber Plant.

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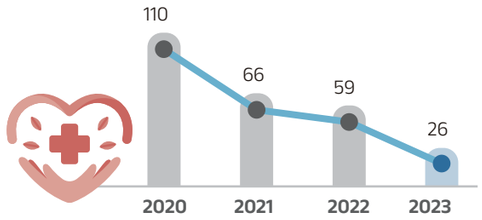
– On December 18, 2023, the Safety and Health Technology Center and the Office of Labor Inspection of Taoyuan City Government invited Kuanyin Chemical Fiber Plant to the 2023 Workplace Safety and Intelligent Disaster Prevention Seminar to discuss "Innovative Management of Confined Space Operations," including pre-work hazard identification, monitoring during operation, and post-work inspection.

- Kuansin E Family provided strong member support, helping them diagnose occupational safety and health issues and proposing improvement measures. Of the 26 measures recommended in 2023, 25 have been completed, representing a 96.2% improvement rate. Compared to 2022, the number of improvement measures recommended dropped by 33, a sign that the coaching provided through Kuansin E Family has heightened members' awareness of self-management regarding safety and health. By reducing health and safety deficiencies through construction or administrative improvement, Kuansin E Family and its members are building workplace safety and a safety culture.

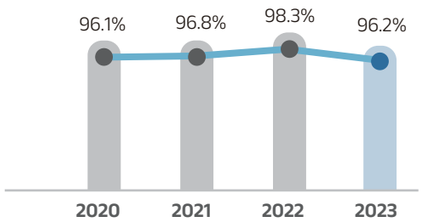
- Kuanyin Chemical Fiber Plant's continuous efforts in the promotion of the Labor Safety and Health Family Registry have borne fruit, and such efforts were recognized by the Taoyuan City Government with an award during the Safety and Health Family Assembly and 2023 Press Conference on Friendly Workplace, Safety and Health Promotion.

Performance of Safety and Health Family Program

Safety and Health Deficiency Diagnosed for Members (case)



Improvement Rate (%)



4.3.3 Healthy Workplace – Employee Health and Care

Employees are FENC's most treasured assets. The Company never hesitates to devote resources that nurture employees' mental and physical health. It is the Company's wish to foster a workplace that offers safety, comfort and friendliness for all employees.

Employee Health Management and Promotion

1. Regular Health Check

To promote healthy workplace, FENC headquarters, Hsinpu Chemical Fiber Plant and Kuanyin Chemical Fiber Plant established their own health management systems. Staff may log on at any time to review past health check reports and monitor their own health. They may also register online for health promotion campaigns. The system provides health-related knowledge to help employees improve health management.

In addition to establishing health promotion plans in accordance with the regulations, the health management system conducts analysis based on employees' health reports. When anomalies are detected, a comprehensive monitoring mechanism is designed according to the type and severity of conditions. The mechanism includes classification, tracking and medical consultation in order to provide employees with effective, systematic and continuous health management. During the process, occupational physicians and nurses provide holistic health risk assessment and control, offering complete care to safeguard employees' health.

FENC production sites in mainland China offer annual health checks to employees who have completed one year of employment. The health center establishes a comprehensive health profile for each employee and invites medical doctors to explain employees' health conditions during the one-on-one consultation. Production sites in Vietnam have also arranged preliminary health checks for employees.

2. Health Management for Special Hazardous Operation

To control occupational diseases, FENC production sites established the following control measures targeting hazardous operations:

Health Check and Tiered Health Management for Special Hazardous Operation

Health Check Items	Number of People Being Assessed		Tier 1 Management		Tier 2 Management		Tier 3 Management		Tier 4 Management	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Noise	498	143	330	122	151	14	3	7	14	0
High Temperature	133	0	68	0	65	0	0	0	0	0
Dust	236	1	197	1	39	0	0	0	0	0
Ionizing Radiation	27	1	20	0	7	1	0	0	0	0
Organic Solvents and Specialty Chemicals	66	16	52	15	14	1	0	0	0	0

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Tiered health management is offered to employees based on their conditions. Tier one involves the provision of health information as references. At tier two, the doctors specify tasks unsuitable for certain health conditions in addition to providing the health information. For tiers three and four, employees' duties and tasks are selected to match their health conditions. The Company conducts site visits to evaluate operational risks and make improvement accordingly. Additional health-related measures include providing adequate PPE and requiring workers to wear PPE properly; labeling restricted zones with entry for authorized operators only; conducting hazard exposure at the operating environment semi-annually and reducing worker exposure; requiring workers to wear radiation dosimeters during radiation operation; installing local exhaust at the testing area; establishing health protection plans for operators with regular health checks for special hazardous operation with tiered management.

At production sites in mainland China, employees susceptible to occupational diseases undergo annual health checks targeting specific occupational hazards with reexamination and follow-ups, where on- and off-the-job health checks are conducted to prevent occupational diseases and ensure labor rights.

FENC's production sites in Vietnam have arranged advanced healthcare services for workers who are at high risks of occupational hazards. Nearly 80% of the workers at the garment plants are female. Hence, more health resources targeting women's health are provided. Examples include educational materials on the cervical cancer, breast cancer as well as maternal and newborn care. The plants also collaborate with brand customers to provide consultation services regarding family planning, which has been popular among the female workers.

3. Four Major Health Programs and Health Protection for Middle-Aged and Elderly Employees

FENC has developed worker-centric health services in line with the governmental labor care policies and structural shifts in the global labor market. While reinforcing the prevention of occupational injuries and diseases, the Company also implements various health promotion campaigns to improve employees' self-management and health awareness, offering comprehensive mental health support and urging employees to take proactive steps towards improving mental health. FENC encourages employees to form exercise groups and provides lunch boxes that offer balanced nutrition to help employees maintain health.

As the world embraces an aging workforce, it is vital to ensure occupational safety and health among the middle-aged and elderly workers. At FENC, employees from this age cohort undergo tailored health risk assessments. Based on the results, occupational health professionals implement health management programs with regular work ability assessments and provide recommendations such as changing work locations and duties as well as reducing working hours or workload. FENC also offers measures that promote work-life balance through health promotion activities.

FENC production sites in Taiwan have been promoting four major health promotion programs aimed to protect employees' mental and physical health, including the ergonomic hazard prevention program covering musculoskeletal disorders caused by repetitive movements; prevention program for diseases induced by overwork; maternity health protection program; workplace violence prevention program.

FENC has provided assistance to 146 individuals, 125 males and 21 females, who are identified as potentially hazardous cases and hazardous cases. Medical appointments and health consultation are arranged for the worker assessed as experiencing overwork. Occupational health nurses email health related information to provide personal health consultation and recommendations with follow-up assistance and care. The nurses also notify the supervisors to provide aid to employees.

Workers assessed as having musculoskeletal disorders caused by repetitive movements receive medical referrals, appointments with occupational health physicians and health consultation. The Company conducts workplace visits when deemed necessary to determine the association between the disease and work duties. Workers also receive individual health consultation with recommendations as well as follow-up assistance and care. The 53 workers identified as potentially hazardous case.

Statistics of Risk Identification and Assessment

Hazard	Individuals Undergoing Hazard Recognition and Risk Assessment		Non-hazardous		Potentially Hazardous		Hazardous	
	Male	Female	Male	Female	Male	Female	Male	Female
Maternal Health Care	-	43	-	43	-	0	-	0
Workplace Violence	2,883	604	2,883	604	0	0	0	0
Overwork	2,380	577	2,315	562	59	15	6	0
Musculoskeletal Disorders Caused by Repetitive Movements	2,445	589	2,385	583	48	5	12	1

Maternal protection is highly valued at production sites in mainland China. To enhance care for pregnant employees, FEIS created a private quarter for expectant mothers to rest in comfort and safety and enhanced the sense of workplace happiness among female employees. At production sites in the Suzhou region, female employees who are nursing are provided with a one-hour breastfeeding break each day. Private breastfeeding rooms are also prepared to help them nurse their newborns.

At OTIZ, resident physicians and nurses provide in-house preliminary health check and consultation for employees during working hours at the infirmary of the plant. An occupational health profile is established for each employee to help them receive holistic care.

FIGP uses hoists when moving production waste to help employees avoid back pains caused by heavy lifting. The device also makes this operation effortless for female employees.

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4. Health Programs

To help employees develop exercise routines, improve health and cut carbon footprints, Hsinpu Chemical Fiber Plant started an eight-week challenge, during which participants walked 10,000 steps a day, and the top three contestants were given recognitions. A total of 285 employees competed in teams and accumulated over 234 million steps, the equivalent of circling Earth 41 times, which cut carbon emissions by 33,000 $kgCO_2e$, the equivalent of planting 1,800 trees. While safeguarding employee health, the contest also contributed to emission reduction. Employees developed the habit of walking daily, which lowers the risk of cardio vascular diseases, strengthens musculoskeletal health, enhances the immune system and prevents diabetes.

Hsinpu Chemical Fiber Plant promoted cancer screenings and offered to screen cervical cancer, breast cancer, oral cancer and colon cancer for all employees, including contractors. The focus was on raising cancer prevention awareness and establishing regular screening practices among employees. The plant collaborated with the local health offices and offered the screening at the plant. It also provided preventative care information and subsidies for the screening. By making cancer screenings accessible and convenient, employees avoided hospital visits as well as financial burdens, which incentivized them to receive early screening and treatment. A total of 280 employees took advantage of the free screening service, which was offered between March and September, 2023.

FEAV launched a health program designed for female employees. The program offered a series of disease-related health information for female employees, among whom seed teachers were selected to undergo training and spread the knowledge to their female colleagues in plain language. The health knowledge they acquired also helped them reduce health issues. The training, which includes nutrition, family planning, prenatal and postpartum care, breast cancer, cervical cancer, personal hygiene, menstrual health and hygiene, AIDS and contraception, enhances health awareness and practice, improves the quality of life and ultimately boosts productivity. This campaign, which was conducted between February and July 2023, benefitted a total of 2,500 employees.

Badge of Accredited Healthy Workplace from the Health Promotion Administration, Ministry of Health and Welfare

FENC is committed to building a friendly workplace that safeguards employees' physical and mental health and helps them achieve work-life balance, which will in turn boost productivity and financial prosperity. FENC's efforts in creating a workplace that fosters happiness won its fourth Badge of Accredited Healthy Workplace from the Health Promotion Administration, Ministry of Health and Welfare. Hsinpu Chemical Fiber Plant, which applied for the badge for first time, was also approved.

4.4 Shaping Sustainable Supply Chain

FENC is a vertically integrated conglomerate that spans across the petrochemical, polyester and textile industries with vast and complex procurement handlings. The selection, management and procurement of suppliers as well as ESG impact assessment are conducted by the FEG Purchasing Center as well as the procurement departments and procurement units responsible for purchasing primary raw materials at all FENC sites.

Beginning in 2016, FENC has been filing the total green procurement from the previous year with the government. As of the end of 2023, over NT$15.7 billion of green procurement has been made by the FEG Purchasing Center. The FEG Purchasing Center has been recognized as the benchmark unit for green procurement among private enterprises and organizations by the Department of Environmental Protection of Taipei City Government for a total of 6 years.

4.4.1 Supplier Management

Management Policy

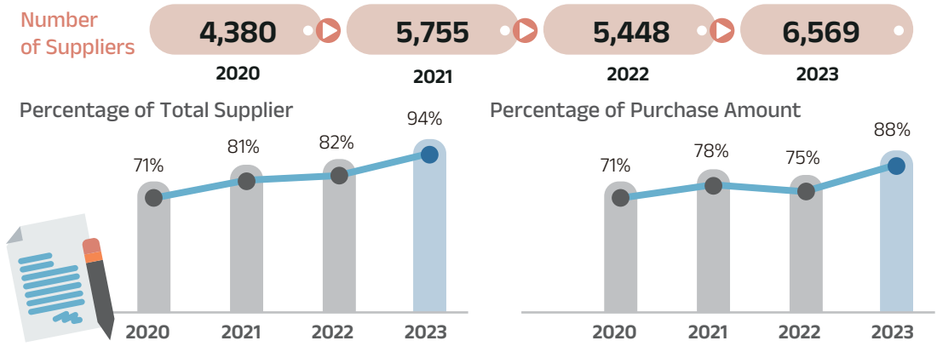
FENC establishes supplier management rules that respect local regulations and production needs at each Company site. The management is guided by the principles listed below:

1. Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement

To collaborate with suppliers on our mission to accomplish sustainability development goals, FENC refers "Responsible Business Alliance Code of Conduct" to establish "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" and requests suppliers signing. The mandate is implemented in stages.

Content

The Number and Purchase Amount Percentage of Suppliers Signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement"



Note:
1. The percentage of suppliers signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" = the number of suppliers signing "Code of Conduct and Corporate Social Responsibility Commitment Statement" ÷ total number of suppliers x 100%.
2. The total number of suppliers varies from year to year.
3. The number of suppliers signing "Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement" of OPTC is 98%.
4. Since 2021, targets include Suppliers that work with the procurement units of FIGP and APG Polytech.

Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement

2. ESG-Based Supplier Selection and Evaluation

- **Selection process**

Additional criteria are established for different types of procurement projects, and all applicable clauses are stated in the contract to ensure compliance.

Procurement units conduct written or on-site evaluation on new suppliers and classify them based on selection criteria. Each year, the procurement units evaluate the major suppliers with end-users. The results serve as references for contract renewal in the coming year. There are 1,249 new suppliers in 2023, and 1,169 (94%) of which have been evaluated.

At FENC sites in Vietnam, an ESG checklist is incorporated into the supplier selection segment of the procurement process. Suppliers are required to implement measures regarding carbon reduction; GHG management; waste management; recycling and reuse; no forced labor; occupational health and safety; reasonable working hours and welfare; diversity and equality; anti-discrimination. Third-party verification are also required to verify suppliers' ESG performance. Those unable to meet the requirements are considered high-risk suppliers and removed from the list of candidates. At FENC sites in Japan, assessments on the management of labor safety and health are conducted during supplier selection.

- **Regular evaluation**

At the beginning of each year, major suppliers from the previous year are evaluated, and the results serve as a reference for awarding procurement contracts for the current year. Suppliers that do not qualify are placed on a watchlist and provided with improvement recommendations, and those that are unable to improve are removed from the list of candidates. To help suppliers with unsatisfactory evaluation improve, FEAV provides product samples or opportunities for plant visits and observation.

In 2023, the FEG Purchasing Center invited six significant suppliers to complete the self-assessment questionnaire on occupational health and safety sustainability from OSHA. The questionnaire gives suppliers an assessment of the current status on occupational safety and health management. It also gives FENC an understanding of the progress that suppliers are making and serves as a basis for further improvements.

The following table is a compilation of all suppliers assessment by the procurement units. Evaluated categories include environment, labor, human rights and society. When the evaluation indicates major impacts were made, the Company may provide suppliers with assistance for improvements or terminate the contract depending on the severity. The result identifies two suppliers as posing negative impacts under the "labor practice" category, both of which are in violation of FENC's occupational safety and health regulations. One demonstrated dramatic improvement after receiving coaching, and the partnership continues. However, the second supplier failed to improve. After evaluating the situation, FENC has ended the partnership.

Supplier Assessment Aspects and Number of Suppliers in 2023

	Environment	Labor Practice	Human Rights	Society
Total Number of Selected Suppliers	6,586	6,586	6,593	6,578
Number of Suppliers That Have or May Have Negative Impact	0	2	0	0
Number of Suppliers That Have Made Improvement	0	1	0	0
Number of Supplier That We Have Stopped Working With	0	1	0	0

Note: Environmental evaluation includes pollution prevention, waste treatment, energy and resource consumption, chemical use management as well as GHG emission; labor practice evaluation includes occupational safety, equality and training; human rights evaluation includes child labor, forced labor and rights of the indigenous people; social evaluation includes corruption, monopoly and fraud.

FEPV requires wood pellet suppliers to provide the forest management certification from the Forest Stewardship Council (FSC), ensuring that the wood pellets are sourced from FSC-certified forests or recycled materials to avoid over-development of the forest resources and fulfill its commitment to non-deforestation.

3. Priority Status for Local Suppliers

FENC gives priority consideration to local suppliers when it comes to procurement. Such policy promotes local economic development and allows the Company to provide better after sales service. APG Polytech is located in the state of West Virginia in the U.S. The inland position makes the railway its main mode of transportation. Therefore, APG Polytech gives priority status to suppliers within close proximity, which cuts delivery time as well as carbon emissions.

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Percentage of Procurement from Local Suppliers in 2023

	Percentage of Procurement from Local Suppliers				Percentage of Procurement from Local Suppliers After Deducting Main Raw Material			
	2020	2021	2022	2023	2020	2021	2022	2023
Taiwan	32%	44%	44%	**45%**	70%	47%	63%	**72%**
Mainland China	63%	60%	64%	**61%**	76%	75%	85%	**89%**
Vietnam	60%	18%	19%	**13%**	60%	44%	67%	**70%**
Japan	96%	96%	98%	**85%**	96%	96%	98%	**85%**
U.S.	93%	74%	86%	**92%**	93%	63%	58%	**71%**
Total	**51%**	**49%**	**53%**	**53%**	**74%**	**60%**	**75%**	**80%**

Note:
1. Local supplier is defined as a domestic supplier. In Taiwan, mainland China and Vietnam, local suppliers are unable to provide certain main raw materials.
2. Percentage of purchase from local suppliers = Purchase amount from local suppliers ÷ total purchase amount x 100%.
3. Main raw materials included in the 2020-2022 statistics are PX, PTA, MEG, Bio-MEG and cotton, including recycled cotton. Starting from 2023, the main raw materials don't include cotton (including recycled cotton).

Procurement and Management of Main Raw Materials

Main raw materials purchased by FENC are PX, PTA, MEG and Bio-MEG. The main raw materials constitute the largest expenditure category for FENC and a critical factor for ensuring product quality.

As a response to stakeholders' concerns on the possible environmental impact of bulk materials, FENC has set standards that are above the industry norm. We adhere to internal procurement management procedure and regulations, choosing bulk material suppliers that comply with government regulations and ESG guidelines. Company audits are conducted by third-party audit firms. PX, PTA and MEG: Compliance with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) and Halal Certification are required.

We support the use of renewable and environmental-friendly materials. Meanwhile, we are developing and using renewable and plastic materials that, such as Bio-MEG, Bio-PTA, 100% Bio-PET and PLA.

Raw material shipping at APG Polytech is conducted through railway and marine transport. To ensure safety, APG Polytech must maintain close communication with material suppliers and transport carriers. Strict adherence to the rules and regulations must be ensured to prevent accidents and leakages. All suppliers of primary raw materials for the company are participants of American Chemistry Council's Responsible Care Program. The program advocates the environment, health, safety and safeguarding (EHS&S) in the international chemical engineering industry. It also demonstrates the commitment to health and safety of the employees, local communities and the overall environment from the industry. When the suppliers become members of this program, they gain access to its resources, such as seminars, training and consultation to enhance operational safety and performance in EHS&S.

Risk and Response on Main Raw Material Procurement

Stockout Risk	Solicit diversified suppliers	The Company selects reputable suppliers of a certain scale with a mix of different manufacturing methods to incorporate diversity in the selection process and achieve the goal of stable supply.
	Cultivate quality and strategic partnerships	FENC maintains long-term and mutually benefitting partnerships with domestic and international suppliers and exchanges market information regularly.
Quality Risk	Request higher yield rates from suppliers	Raw materials must meet quality standards set by the plant to reduce waste of energy and resources due to defective products.
Climate Change Risk	GHG reduction	Suppliers must identify and manage climate-related risks. They are encouraged to set GHG reduction targets at the company level and seek cost-effective ways to achieve the targets.
	Enhance resource efficiency	Aiming to reduce overstocking and waste of resources, ongoing review of procurement plans is conducted to encourage continuous growth.
Price Risk	Utilize diversified procurement guidelines	The Company makes price forecast and responds to market changes with agility. We choose procurement timing and utilize both futures and spot price. We also control the stockpile of raw materials based on changes in market price to reduce the impacts of fluctuating price.
Credit Risk	Select suppliers with international qualifications	The Company chooses reputable suppliers that are members of ICA and comply with international standards to ensure that the raw materials provided satisfy Company standards as stipulated in the procurement contract.
Transportation Risk	Adopt multi-modal transport	Raw materials are fully insured during the shipping process. Detailed shipping information is requested to enable tracking and ensure the safety of raw materials and carriers. In cases of force majeure, the shipping model is modified immediately in order to maintain the pace.

Procurement of Main Raw Materials

Unit: 1,000 metric tons

Main Raw Material	2020	2021	2022	2023
PX	1,542	1,574	1,369	**1,192**
PTA	1,800	1,838	1,773	**1,389**
MEG and Bio-MEG	718	783	687	**671**

Note:
1. PTA procurement includes external procuremnet and internal transfer.
2. Starting from 2023, the main raw materials don't include cotton (including recycled cotton).

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Supplier Engagement

FENC engages in dialogues with suppliers through various channels in order to monitor supplier operation.

1. The Company provides a mailbox for supplier feedback on its website. Grievance channel and procedure please refer to Contact and Grievance Channe .
2. The Company monitors the suppliers and contractors monthly and conducts dialogue meetings. The FEG Purchasing Center visited 335 suppliers in 2023.
3. The Company holds quarterly supplier meetings to conduct exchange and recognize suppliers for their excellence.
4. The Company holds ad hoc technology exchange meetings with suppliers.
5. Partner with suppliers on mutually benefitting projects.

4.4.2 Transport Contractor Management

Shipping of raw materials and products at FENC involves land and marine transport. The Company wishes to ensure safety during transportation while minimizing GHG emissions and pollution. Whether shipping internationally or domestically, through land or sea, any mishaps could lead to disastrous damage to the environment and the Company. Therefore, the Company holds transport operations to the highest local and global standards and only teams up with the most reliable logistics operators and international organizations to further its commitment to social and environmental sustainability.

Selection and Management of Transport Contractors

Prior to commencing any shipping activities, FENC makes careful selection of reputable transport suppliers with clean records that identify with the commitments in Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. The Company also conducts annual reviews to evaluate contractor operation.

1. Marine Transport

FENC establishes partnerships with reputable international suppliers that are soundly managed and abiding by the principles of International Maritime Organization (IMO). Evaluation and management over the marine transport contractor are conducted on a regular basis.

Control Mechanism and Action Plan for Marine Transport Contractors

Control Mechanism	Action Plan
Selection	1. All transport suppliers shall comply with local and international regulations. 2. Marine transport suppliers shall be selected carefully with environmental protection, energy conservation and carbon reduction as priority considerations. It is crucial and demanded that suppliers comply with environmental regulations under each jurisdiction regarding loading, gas emission, fuel consumption and waste fuel disposal. 3. The Company works with transport suppliers complying with the rules under IMO 2020. The entire fleet shall limit the sulphur content in fuel oil to under 0.5% m/m sulfur, use alternative fuel or adopt emission reduction mechanism that achieve equivalent effect. Such measure reduces sulphur pollution by 80% compared to the regular fleet. FENC also pays for the low sulphur surcharge (LSS).
Management	1. The Company conducts monthly reviews on transport suppliers. Contracts with individuals, ships or corporations listed on the international sanctions list or Specially Designated Nationals (SDN) list by Office of Foreign Assets Control (OFAC) will be terminated immediately. 2. The Company makes quarterly reviews on the records of long-term contracts with transport suppliers. Immediate improvement measures are required for any misconducts, and the outcome will be taken into consideration for future contracts. 3. The Company examines violations committed by transport suppliers through public information platforms such as National Enterprise Credit Information Publicity System, TianYanCha.com and Credit Publicity Platform of Import and Export Business of Customs of the People's Republic of China.
2023 Performance	All marine transport contractors have satisfied the above selection criteria in 2023. There were no transport disputes or occupational safety issues. Nor were there any incidents that pose negative environmental and social impact.

2. Land Transport

Vehicles involved in land transport may directly impact public safety. Therefore, in addition to meeting minimum capacity, transportation safety is a priority concern during contractor selection. The Company compiles case studies and conducts regular training for the transporters and dispatchers on the contractor's end to improve their risk awareness and response, creating win-win in occupational safety between FENC and the contractors.

To ensure contractors' commitment to safety, all transport contractors must incorporate risk indicators into the emergency response in addition to regular management practices; review and evaluate past disasters; analyze possible risks; continue improving safety management system. There were no traffic accidents in 2023.

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Control Mechanism and Action Plan for Land Transport Contractors

Control Mechanism	Action Plan
Selection	1. Transport suppliers must ensure that all vehicles comply with local emission standards applicable to roads and harbors. Suppliers with current Company contracts must phase out dated vehicles. 2. Based on the goods transported, transport suppliers must obtain required permits and licenses in accordance with governmental regulations and the weight limit. 3. Contractors are evaluated on existing environmental measures, the level of incorporation of environmental technologies and waste reduction plans. Priority status is given to contractors with low environmental risks.
Management	1. The audit team led by executive managers visits major transport contractors to conduct annual on-site audits and reviews. 2. Random safety inspection: Areas inspected include the gas consumption by transport vehicles; investment progress on environmental protection facilities; condition of empty containers; equipment and facilities at the container storage yard; container storage environment; pollution treatment; staff compliance with occupational safety standards; plant regulations. All deficiencies must be addressed. 3. Monthly discussions are held with contractors to examine delivery planning, new occupational safety regulations and deficiencies during the transport process. Meetings are held when appropriate. 4. Conduct a minimum of one annual transport safety and health review meeting with transport carriers and plant representatives. Transport suppliers must prepare review and improvement reports addressing non-compliance. The Company also ensures that suppliers implement control over vehicle equipment; driver behaviors; GPS speedometer reading; personal equipment; loading and unloading operations; prevention of driver fatigue. 5. Training: FENC requires regular health checkups for the employees of transport suppliers. The Company also provides annual safety training with safety awareness campaigns and audits from time to time. 6. Incentivization: Transport suppliers incentivize drivers who conserve fuels and FENC incentivizes transport suppliers with early green vehicle adoption by allocating additional shipment. 7. Freight consolidation: Light-weight products for different customers are consolidated into one delivery vehicle to reduce the number of vehicles and trips. 8. Increase in transportation capacity: The warehouse capacity is expanded with additional loading and unloading points as well as separated loading zones to improve efficiency. 9. Smart route planning: Delivery routes are optimized for vehicles to pick up recycled packaging materials on the return trip and avoid truck deadheading.
2023 Performance	1. Key discussions at the 2023 review meeting for transport, environment, safety and health at each production site: • There is a lack of strength in the PET chips, post-consumer-recycled bags and pallets, and the transport contractors were consulted for clarification. • When empty containers must be transferred among different routes, staff must confirm with the freight company in advance. • When poor container conditions may pose potential safety hazards, the drivers shall take the container to the maintenance shop for repair. • All vehicles, containers and tanks are maintained and inspected on a regular basis to ensure zero occupational disasters. • Operators are notified of precautions during loading and unloading within the plant as well as severe penalties for contraband. Transport suppliers are asked to enhance relevant training. 2. In 2023, all FENC's land transport contractors and random inspections were in compliance with the above standards.

Risk Indicator and Control Mechanism for Land Transport Contractors

Item	Risk Indicator	Control Mechanism
Qualification and Behavioral Review	1. Vehicle operators exhibit behaviors that violate traffic safety regulations and traffic signals, such as speeding, drunk driving, running red light and not maintaining safe trailing distance. 2. Vehicle operators work overtime and experience driver fatigue. 3. Professional vehicle operators must provide required license for vehicles operated, and permit for transporting hazardous materials to carry out such operations.	1. Pre-work training and trial runs are provided for suppliers. 2. Working hours are subject to local labor regulations.
Transport Equipment	1. The selection of comprehensive transport equipment. 2. The use of chemical tankers for chemical materials. 3. The use of environmentally friendly vehicles to reduce CO_2 emissions. 4. Regular maintenance and exhaust check at the inspection station.	1. Inspections are conducted before, during and after the transport. 2. On-site route planning and inspection are conducted in advance to ensure the safety and efficiency of land transport. Vehicles are required to follow the planned routes to reduce the distance traveled, fuel consumption and carbon emissions. 3. The GPS system is installed to monitor vehicle conditions. 4. Heavy duty diesel vehicles in compliance with the governmental emission standards are used to minimize the emission of hazardous materials and microparticles (black smoke).
External Environment	1. Weight limit. 2. Road maintenance. 3. Poor weather conditions that affect visibility. 4. Dusty conditions and environmental pollution.	1. Vehicle capacity shall comply with the weight limit set forth in traffic regulations. 2. Safety is priority. Transport operation shall be postponed during poor weather or road conditions. 3. When transporting breakbulk cargo, lead with sprinkler truck to reduce dust.

3. Plant Control

Contractors are required to comply with all rules and regulations regarding safety and transport at each plant to ensure transportation safety and management. Transport contractors must require that vehicle operators thoroughly understand the safety requirements established at each plant prior to entering the premise to minimize occupational disasters.

Control Mechanism for Safe Transport of Hazardous Objects

- Transport suppliers shall comply with all regulations set forth in Regulations Governing Transport of Dangerous Goods.
- All signage shall comply with local regulations on Identification of Vehicles Transporting Dangerous Goods.
- All operators and passengers on vehicles carrying hazardous materials shall complete professional training and physical examination per regulatory requirements and shall carry adequate personal protective equipment on the vehicle.
- Governmental permits are required for delivering hazardous materials and transportation routes shall comply with local regulations.
- Regular inspections shall be conducted over the vehicles and canisters carrying hazardous materials.
- FENC ensures supplier compliance with safety regulations concerning the transport of hazardous materials through random inspections and regular review meetings on transportation environmental safety and health.

2023 Performance: There were no incidences involving leakage of hazardous chemicals and materials during the transport of raw materials and finished products for FENC.

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5 Cultivating Compassionate Bonds

Target Readers:

Employee / Labor Union	Shareholder / Investor / Financial Institution
External Audit Agency	

Content

2023 Highlight

Social Engagement
NT$ 80 Million

The Magic of Circular Economy
Free On-campus Environmental Education Program
42 Sessions
Benefiting **2,204** Students
(As of the end of January 2024)

Far Eastern Memorial Foundation
Approximately **NT$160 Million**
for Arts and Cultural Programs in Four Years

FENV and FEAV
Improving **Water Purification** and **Sanitation**
for Remote Elementary Schools

The 14th **FENC Classic Marathon**
Participation From Over
4,000 Runners

Y. Z. Hsu Science Award
Accumulating Nearly
NT$190 Million

Taiwan Young Student Physicists' Tournament
2,112 Contestants
NT$14.67 Million Total Prize Money

Taiwan Young Student Physicists' Tournament
Recognized and **Advised by Ministry of Education**

Y. Z. Hsu Innovation Forum
91% Satisfaction
Program Videos **18,000** Views
Program Website **One Million** Impressions

Far Eastern Humanities and Arts Forum
Nearly **300** On-site Participants

Far Eastern Architectural Design Award
Historic Tour Month – Rediscovering Dadaocheng
Praises From Nearly **600** Participants

Content

With the belief, "benefited from the society, returning benefits to the society," FENC has been dedicating itself to non-profit and charitable causes for over half a century. The Company promotes the well-being and broadens international perspective within the society through its core strengths or capital, and gives back to the public by establishing non-profit organizations powered by synergistic efforts within the corporation. Such efforts have brought together forces from all fields, creating a coalition that fosters inclusion and understanding and paving the way to a beautiful society.

5.1 Social Engagement at FENC Sites

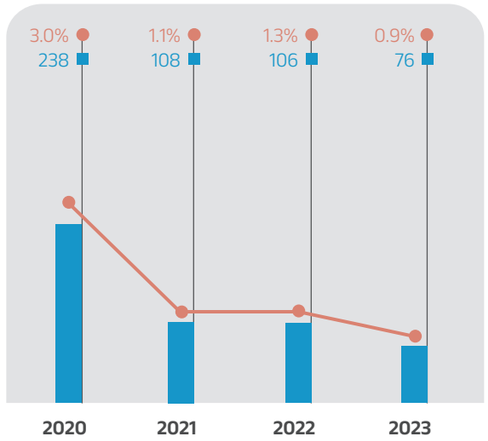
FENC's worldwide operation spans across Taiwan, mainland China, Vietnam, Japan and the U.S. For years, FENC has been building rapport with residents in the communities adjacent to its operation sites, such as Hsinchu County and Taoyuan City in Taiwan. The company engages community organizations and provides resources, such as venues for community assemblies or fire drills. The Company also extends a helping hand to the underprivileged members of the community, conduct beach cleanup campaigns and help schools and local neighborhoods clean their environment. Volunteers from all FENC sites contributed a total of 3,341 hours to non-profit causes in 2023. In order to promote the circular economy, recycling and reuse, FENC formed partnerships across disciplines to develop environmental education programs, spreading the seeds of recycling and circularity.

5.1.1 Expanding Social Impact Through Core Strengths

FENC taps into its core competencies in the implementation of environmental education, trying to raise public awareness of recycling and environmental protection. For instance, FENC partners with B Corporations on the development of "The Transformative Magic of Circularity," a school program targeting fifth and sixth graders featuring the circular economy. This is a free on-campus program offered to schools adjacent to FENC production sites in Taiwan. As of the end of January 2024, 42 sessions had been held, which benefited 2,204 students. FENC production sites in Vietnam also joins AEON Vietnam Co., Ltd. (AEON) and holds regular environmental festivals, where the Company interacts with participants through lectures, games and exhibitions to help them be familiar with recycling concepts and proper recycling methods. Additionally, FENC built displays showing the process and applications of PET bottle recycling and remanufacturing. The displays have been provided to Beitou Refuse Incineration Plant since 2015 as part of the exhibits at its environmental education center, the Egret Academy, to boost public understanding towards the recycling of PET bottles. More details are included in Special Report 3. Cultivating Circular Economy Through Environmental Education. Aside from the above, FENC production sites also incubate future talents by offering internship opportunities to students.

Amount Invested in Social Engagement and Percentage to Profits After Tax

Unit: NT$ million



Note:
1. The total amount invested in social engagement includes the main subsidiaries on FENC's consolidated statement. Among them, FarEasTone Telecommunications, Co., Ltd publishes its own Sustainability Report.
2. The 2020 social engagement investment grew considerably due to a donation totaling NT$118.751 million for the establishment of Y. Z. Hsu International Conference Hall. Without this donation in 2021, the total dropped by 53% compared to 2020.

Enhancing Student Perception and Cognition Through Internship

In July 2023, the Education Department of New Taipei City Government held a student camp for the second-generation Vietnamese immigrants. Twenty college, high school and vocational school students from immigrant families were chosen to participate in a collaborative program that incorporated efforts from the industry, government and academia. The students flew to Vietnam. While exploring their culture, they took part in activities that featured fashion textile and visited international corporations, including FENC.

FENC's garment plants in Vietnam produce sports apparel for major international brands. The plants have been actively incorporating automated production, logistics and warehousing systems to enhance the operational and management performance. FEAV showed its support for the government by welcoming the visiting students with a demonstration of the production process and a tour through the plant. The experience helped students gain insights into the future trends for international corporations in Southeast Asia, and acquire practical corporate experience and competitiveness essential for their future careers.

Since 2016, FEIS – Petrochemical Business has been offering cognitive apprenticeship programs to students from the School of Resource and Environmental Engineering of East China University of Science and Technology. The junior students joined the program on site with staff from the Environmental Safety and Technology Departments, who explained wastewater treatment theories and facilities. The Utilities Department then demonstrated wastewater treatment on site to the students and faculty along with various operational procedures. The visit combines theories and field practices, helping students develop a more intuitive understanding towards wastewater treatment.

Hukou Mill also received 76 students and faculty members from the College of Fashion and Textiles of Fu-Jen Catholic University on May 10, 2023. The staff illustrated the production process as well as the products, and followed up with a tour of the plant to demonstrate the production techniques, helping students comprehend the complex subjects.

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5.1.2 Community Care and Sustainability Action

FENC production sites advocate the United Nations Sustainable Development Goals (UNSDGs) by participating in a wide array of community activities. Among them is the donation made by OGM to Shulin Elementary School to repair the pavement near the school entrance. In 2022, FEIW donated the Far Eastern Sky Farm to Wuxi Child Welfare Center. The goodwill continued in 2023 with additional donation of goods. Meanwhile, a visit to the Wuxi Child Welfare Center was arranged for the children of FEIW employees as a summer camp activity, where the children interacted through games. FEAV also shows its support for community care through ongoing sponsorship to orphanages. In 2023, all FENC production sites continued their efforts in social engagement, mitigating social and environmental issues by focusing on the eradication of poverty, improvement of sanitation and protection of the natural environment.

Improving Water Purification and Sanitation for Remote Elementary Schools (WASH)

Though water supply and sanitation facilities are available at schools in Vietnam, many are not fully utilized or in need of repair. To provide clean drinking water to the school children and to improve the facilities for better hygiene and environmental health, FENV joined the Water, Sanitation and Hygiene (WASH) program in 2022 and 2023.

FENV worked with lululemon on the project, Vender Here to Be 2022. The project team joined non-profit organizations to install restrooms and water purification facilities for Bu Gia Map Elementary School in Bình Phước Province, Vietnam. The construction, which began in March 2022, was completed in September with three-year maintenance service. The improvement is expected to reduce the occurrence of diarrhea and other diseases caused by the lack of sanitary facilities among students, and provide students in remote elementary schools with access to clean water and a comfortable school environment. The project raised the awareness of hygiene and sanitation among over 300 school children. FENV and FEAV also installed the water purification system for Tan Hoa Elementary School in July 2023 and provided the maintenance service, ensuring hygiene and sanitation for each child.

FENC Classic Marathon, Running for Environment, Health and Public Good

The 14th FENC Classic Marathon took the center stage on October 21, 2023. The 6K, 9K, 22K and 42K runs attracted over 4,000 running enthusiasts, including international participants and even group runners from Vietnam. During the race, the runners enjoyed the bucolic beauty of Hsinpu amid the gentle breeze.

While competing for medals and rewards, all runners received a Far Eastern running jersey. The 2023 jerseys are made of recycled waste apparel using FENC's textile recycling technology. They are moisture wicking and quick drying. They also protect against the ultraviolet light from the scorching sun. This technology has given waste apparel a second life.

In recent years, FENC Classic Marathon has become a major sports event in the Hsinpu region. While the event receives support from the Company, the voluntary service provided by the employees has also been instrumental. The sports carnival brought back many retired employees, and the performances provided by students of the nearby Wenshan Elementary School spread warmth and affection among the local residents.

In addition to advocating health and environmental protection, FENC has been collaborating with Huashan Social Welfare Foundation since 2016 on the "Love for the Elderly" campaign. The Company invites runners to donate their race chips to raise funds for the disadvantaged elderly in the Hsinpu region. As of 2023, the donated chips helped raise a total of NT$790,000, which was used to prepare gifts during traditional festivals and provide year-round home service, such as home visits and escorts for medical appointments.

14th FENC Classic Marathon Attracting Over 4,000 Runners (Chinese)

Content

Building Hope Through Poverty Eradication and Health Promotion

The year 2023 was a year of collaboration for FENC. Its production sites formed alliances across the society, donating scholarships and goods that benefited school children, families in poverty and the disadvantaged population.

At APG Polytech, social engagement and community care are a long-term endeavor. Each year, APG Polytech invites its employees to join Crosslight of Hope- – Thanksgiving Food Drive, donating and delivering food to local families in need so they can enjoy a healthy Thanksgiving. Over 50 employees took part in the 2023 food drive. They were personally involved in every step, purchasing, packing and delivering the food. It is the hope that the food drive will help strengthen the bond and mutual trust between APG Polytech and the local community. While employees gain a sense of satisfaction, the needs of the local families are met. APG Polytech also donated scholarships and sports equipment to three local high schools. In February 2023, a local non-profit organization, Lily's Place, hosted the event, Death by Chocolate. The event included an auction, during which APG Polytech donated healthcare funds to infants with neonatal abstinence syndrome (NAS) by making bids, helping to end the cycle of addiction for these young lives.

In Vietnam, FEPV participated in the program led by the Child Protection Association in Bình Dương Province and offered scholarships to 19 students from low-income families. FENV collaborated with the police force for firefighting, disaster preparedness and response from Bình Phước Province on a welfare program, which provided 30 new year gifts to low-income and middle-to-low-income families, sharing warmth and love during the new year. FEAV participated in the program from the Economic Security Unit and presented 200 gifts to disadvantaged families in Trà Vinh Province in October 2023.

OGM partnered with the EMBA Alumni Association of National Central University and the United Manufacturers Association from Taoyuan Environmental Science and Technology Park and Tatan Industrial Park, and donated to ten junior high and elementary schools in Guanyin and Xinwu Districts of Taoyuan City. The donation funded scholarships, club activities and after-school tutoring programs, providing better school environment and resources to help students from remote areas in Taoyuan to pursue their dreams. The donation has benefited approximately 1,500 students.

FEDZ teamed up with its customer, lululemon, and planned a donation for local schools offering special education. The donation included fitness equipment, such as plastic hurdles, ball pit balls, outdoor trampolines, tricycles, 15-meter wooden fitness training sets and bouncing balls with handles. The equipment, which provides exercise assistance to children with special needs, has received compliments from the students and teachers!

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Clean Initiative for Earth

In April 2023, OPTC led a team of 110 members, including employees and their families, to join a marine and beach cleaning as well as energy conservation campaign held in Caota Sand Dunes. During the beach cleaning event, participants removed 2.6 metric tons of waste materials and 0.5 metric tons of recyclables. On May 7, Kuanyin Dyeing and Finishing Plant held a beach cleaning campaign at the section three coastal area south of Yongan Fishing Harbor. The event received the support of 48 employees.

OTIZ held a family mountain cleaning campaign on May 13. The 46 partici pants broke into smaller teams and picked up trash as they walked through the mountains, lessening the burden on mother nature with actions.

Between July and September 2023, FENV started the campaign, Waste Batteries for Reusable Bags, with local neighborhood associations. Local residents received free reusable bags designed and produced by FENV when they recycled batteries. The campaign helps local residents and their children understand the proper ways to recycle waste batteries and the environmental consequences when done improperly. The residents eagerly participated and recycled a total of 100 kilograms of waste batteries, which were disposed of by hazardous waste treatment agencies after the event. The campaign has successfully raised environmental awareness among the local residents.

FEAV arranged a company trip for the employees and their families in September. A total of 2,767 members participated in a wide range of activities during the trip, including team building, sightseeing and evening banquets. The trip also incorporated an environmental aspect, the beach cleaning. The activity demonstrated FEAV's commitment to and implementation of ESG. It also helped build cohesion. While protecting the environment, the beach cleaning improved the environmental awareness among the employees and communities.

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5.2 Social Engagement by Corporate Foundations

FENC believes in "benefitting from the society, returning benefits to the society." The Company has been branching into charitable causes since the 1960s, devoting attention to education, arts, culture, healthcare and technology while dedicating corporate resources to humanitarian care for local communities. It is the hope that by providing long-term support in social engagement, FENC will bring warmth to all who are in need.

Vision and Direction for Social Engagement

Quality Healthcare	SDG 3.8	Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.
Youth Talent	SDG 4.3	By 2030, ensure equal access for all women and men to affordable quality technical, vocational and tertiary education, including university.
Industry Evolution	SDG 8.2	Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value-added and labor-intensive sectors.
Social Development	SDG 11.3	By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Establishing the Non-Profit Organizations to Contribute to the Society

Click the LOGO to Enter the Website

Tech Sector

Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation (Chinese Website)
Established in 2001

Educational Sector

Asia Eastern University of Science and Technology
Established in 1968

Yu Chang Technological and Commercial Vocational Senior High School (Chinese Website)
Established in 1980

Yuan Ze University
Established in 1987

Arts and Culture Sector

Far Eastern Memorial Foundation (Chinese Website)
Established in 1976

Medical Sector

Far Eastern Medical Foundation
Established in 1977

Far Eastern Memorial Hospital
Established in 1981

Far Eastern Polyclinic (Chinese Website)
Established in 1988

5.2.1 Quality Healthcare

Improving Quality of Medical Service with Medical Institutes: Far Eastern Memorial Hospital / Far Eastern Polyclinic

In the 1970s, Y. Z. Hsu, founding individual of Far Eastern Group (FEG), became aware of the lack of modern hospitals in New Taipei City. Back then, patients suffering major injuries or acute illnesses had to seek medical treatments in Taipei City. The distance often caused delayed treatment and ultimately tragedies. To prevent such unfortunate occurrences, FEG made donations to establish Far Eastern Medical Foundation, which was founded upon the missions to build hospitals; incentivize medical research; provide emergency and medical care as well as free clinics for underprivileged patients. The Group went further by building Far Eastern Memorial Hospital in Banqiao in 1981 and Far Eastern Polyclinic in Taipei City in 1988.

Far Eastern Memorial Hospital (FEMH) has officially begun its 42nd year of service. It is the first medical center in New Taipei City and has grown over the years. FEHM currently offers 81 medical specializations, 1,415 beds and 150,000 monthly out-patient appointments with two medical centers. Its dedication to patient service is acknowledged by the National Quality Award as well as Disease Specific Care Certification.

In May 2023, FEMH signed the Sustainable Development Proposal for hospitals with Taiwan Institute for Sustainable Energy (TAISE), pledging to foster robust governance and exercise its social influence to fulfill environmental sustainability. The aim is to reach carbon neutrality and complete the green transition by 2050. In recent years, FEMH has been improving the building design, air-conditioning and lighting system to minimize energy consumption. It also examines the water and waste management on a regular basis to safeguard the health of the people, conserve energy and reduce carbon emissions. FEMH received the International Golden Award for Tobacco-free Hospitals in 2023. The hospital incorporates smart recognition using information system, provides automatic inter-disciplinary referral for patients who are trying to quit smoking, and promotes the smoke-free culture from the inside out, reaching schools and communities, and creating a sustainable smoke-free environment for all ages.

Far Eastern Memorial Hospital fulfilling its responsibility with continuous improvement in healthcare quality and efficiency

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Consecutive National Innovation Awards for FEMH

Following the four Excelsior Awards from National Innovation Awards in 2022, FEMH was honored yet again with four Excelsior Awards for innovations in academic research and two additional awards for innovative excellence in 2023. The winning projects span across AI, precision testing and innovative surgical technologies, demonstrating excellence in academic research and clinical development, and providing quality care to patients with a multitude of treatment options.

AI-powered Healthcare Revolution

FEMH utilizes AI, big data as well as machine learning and prediction to address the shortcomings regarding manual assessment and classification of burn area and depth. The hospital also optimized medical image analysis and lesion detection to provide the best medical treatment and shorten the detection time. The three award-winning projects related to AI are "One-stop CT Myocardial Perfusion Imaging in the Evaluation of Patients with Severe Coronary Artery Stenosis;" "AI-powered Burn Diagnosis Platform and Software;" "AI-assisted Automatic Meningioma and Acoustic Neuroma Detection System."

Early Dementia Diagnosis with Innovative Biomarkers

FEMH uses amyloid T-cell responses as innovative biomarkers for cognitive impairment, which identify patients with mild cognitive impairment with higher precision than p-Tau181, the biomarker approved by the U.S. Food and Drug Administration, thus receiving the Excelsior Award.

A New Era for Spine Surgery with UBE

The two projects receiving the Excelsior Awards for innovative excellence are "The Application and Development of Unilateral Biportal Endoscopic (UBE) Spine Techniques in Spine Surgeries" and "Fast Navigation and Smart Screw Implant System for Spine Surgery in Hybrid Operating Room," which have ushered in a new era for spine surgeries. Since 2018, FEMH has performed over 1,000 UBE surgeries with multiple papers published in academic journals. The injection device and bone chisel also received authorization for technology transfer, attracting medical doctors from home and abroad to further their study at FEMH. In addition, the hospital developed the hybrid surgical navigation system with biomedical companies and has received patent approval.

Eliminating Vision Problems – 2023 Children's Eye Care Art Competition

To promote vision health among school children in New Taipei City, the Education Department and Department of Health of New Taipei City Government collaborated with Far Eastern Memorial Foundation, FEMH, Asia Eastern University of Science and Technology and National Yang Ming Chiao Tung University on a children's vision care campaign in 2021 to improve vision health among school children.

In 2023, Far Eastern Memorial Foundation brought back Professor Yiing-Mei Liou from National Yang Ming Chiao Tung University, who has a wealth of knowledge in vision care for children. The foundation hosted the 2023 eye care art campaign with FEMH, Asia Eastern University of Science and Technology, Rotary District 3481 and Yung Chi Paint and Varnish Manufacturing Company Ltd., and the Education Department of New Taipei City Government served the advisory role. Third to sixth graders from elementary schools in New Taipei City were invited to paint the landmarks of New Taipei City with their families in an outdoor environment. A total of 56 teams registered for the competition.

Tpark was chosen as the venue for the comfort, greenery and relaxing atmosphere that the office workers and local residents enjoyed on a daily basis. With an ecological park that occupies approximately 30,000 square meters, children and their parents could protect their vision by relaxing their eyes when painting in this urban oasis.

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5.2.2 Youth Talent

Establishing Educational Institutes That Facilitate Diverse and Adaptive Learning: Asia Eastern University of Science and Technology / Yu Chang Technical and Commercial Vocational Senior High School / Yuan Ze University

FENC values diverse and adaptive learning, encouraging students to apply what they have learned to achieve self-fulfillment. Over the years, the Company has established the Oriental Institute of Technology, Yu Chang Technical and Commercial Vocational Senior High School and Yuan Ze University, providing students with options in terms of the right educational environment based on career development to bridge the gap between what students learn at schools and the skills required at the workplace. Since 2012, the affiliates of FEG expanded the practical training program for students. As of today, 979 students have participated in the industry-academia internship program and entered the companies after graduation. Such programs have created a win-win for students, corporations and society. (Please refer to 4.1.2 Recruitment and Retention.)

New Program for New Age, Cultivating Resilient Talents at Asia Eastern University of Science and Technology

Asia Eastern University of Science and Technology, formerly known as Oriental Institute of Technology, delivered a remarkable performance at Seoul International Invention Fair, winning four gold, two silver and eight bronze awards as well as two special prizes, one from Saudi Arabia and one from Malaysia. Among the winning projects, a gold award and special prize from Saudi Arabia were presented to "Biosensing Drug Storage Device" for incorporating a humanized design to send medication reminders to patients and stabilize patient conditions. "Rehabilitation Device and Methodology for Cognitive Degeneration" won the silver award and special prize from Malaysia for the design of a multi-player game that encourages social interaction and increases a sense of well-being among the elderly. The students and faculty of Asia Eastern University of Science and Technology focus on the research of advanced studies such as cloud computing, big data and AI. Their collaboration have sparked inventions that embody their incredible research and innovative abilities.


Multi-Faceted Competitiveness for Students at Yu Chang Vocational High School

The world is changing at an incredible pace, and Yu Chang Vocational High School (YCVS) has positioned itself as an incubator of talents with critical skills that will drive global development. The school focuses on adaptive development; cross-industry learning; digital technology; initiative and innovation; humanistic aesthetics; international specialization, and aims to cultivate professional and technical talents with the capabilities to implement, compete and influence while meeting future challenges with sustainable mindsets and global mobility. In 2024, YCVS established the Department of Distribution Management, hoping to integrate the manpower and resources with the retail and distribution establishments under Far Eastern Group. The aim is to promote the industry-academia program and help students gain insight and real-world experience in the distribution industry through school education, special projects, career visits and internships. YCVS invites industry experts to share their field experience to strengthen technical capabilities for the young talents, helping them hone skills essential for employability and industry development for them to flourish into the pillars of corporations.

To incubate global talents, Far Eastern Group and Yuan Ze University (YZU) established the Industrial Academy and International Academy in 2022. The training programs and special projects at Industrial Academy are tailored to provide corporate solutions. With both corporate and academic members on the faculty team, the program reduces the skills gap, matching the right employer with the right student, and the right talent with the right corporation.


Corporate Academy by YZU and FENC

FENC collaborated with YZU on the university social responsibility (USR) program. Staff from the R&D unit gave presentations on the development of FENC's recycling technology and innovative low-carbon products. The students learned about the actual products in the product showroom, which deepened their impressions of the products and design concept. A total of 266 students participated in the program.

YZU has been providing significant support to corporations to address the challenges posed by carbon emissions. The post-baccalaureate program for Carbon Zero Sustainable Development, a new degree program from the university, provides one-on-one coaching on subjects such as the carbon exchange and carbon neutrality. The College of Management and Office of Research and Department also co-founded the Low Carbon and Smart Counseling Team to help corporations conduct GHG inventory. The team incorporates smart diagnosis to provide recommendations in terms of strategizing for carbon reduction. In September 2023, the program obtained certification from the Industrial Development Bureau of the Ministry of Economic Affairs as a counseling team, which led to industry-academia partnerships commissioned by multiple corporations.

Shining International Spotlight Onto Taiwan With International Competitions: Taiwan Young Student Physicists' Tournament

To build a solid foundation in science education among young students, Y. Z. Hsu Science and Technology Memorial Foundation started the Y. Z. Hsu Competition-Taiwan Young Student Physicists' Tournament in 2009 with the Department of Physics, National Taiwan Normal University. The competition is open to high school student teams around the nation. Students who perform well during the competition will be recruited to the national team, which will train with professors from National Taiwan Normal University and compete in the International Young Physicists' Tournament (IYPT).

The twelve questions for contestants of the Taiwan Young Student Physicists' Tournament are selected from the 17 questions published by IYPT. The tournament attracts students from top high schools each year. They conduct experiments or simulations based on each question; report and debate over their findings with other contestants during the tournament. The 15th Taiwan Young Student Physicists' Tournament (TYPT) was held in 2023. More than 50 schools have participated over the years, including Taipei Municipal Chien Kuo High School, Taipei First Girls High School and Affiliated Senior High School of National Taiwan Normal University. A total of 2,112 students have competed in the tournament and awarded NT$14.67 million in prizes. Since 2010, Y. Z. Hsu Science and Technology Memorial Foundation has been sponsoring food, accommodation and transportation for the IYPT national team members. The students were exceptional, winning 1 gold, 6 silver and 6 bronze medals.

The influence of the Taiwan Young Student Physicists' Tournament (TYPT) is far-reaching. The tournament prompted the establishment of physicist's clubs in Taipei Municipal Jianguo High School and Kaohsiung Municipal Kaohsiung Senior High School. The questions given during the tournament are also taught during the physics courses.

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At the National Taiwan Normal University, Taipei American School, National Changhua Girl's Senior High School and Mingdao High School. Starting in 2014, the National Taiwan Normal University has been offering speculative physics, which discusses questions from the International Young Physicists' Tournament (IYPT) during a current year. The instructors guide students to navigate through the thought process of inference, speculation and research. Many science programs in Taiwan also started referencing the physics materials referenced during IYPT, such as the national competition for innovative science teaching aids; physics tournaments for high schools and colleges; national competitions for high school physics inquiry and practice; national and regional science fairs.

The K-12 Education Administration of Ministry of Education recognizes that TYPT as well as the International Young Physicists' Tournament (IYPT) national team training and competition plan improves science competency among high school students, expands their world view and boost their competitiveness. Since 2023, the K-12 Education Administration has assumed the role of project advisor, encouraging the students and faculty members winning IYPT medals with certificates of recognition. The official recognition from K-12 Education Administration is beneficial in terms of cultivating talents in scientific research for the long term. It also attracts more top-performing students to compete, accumulating the momentum for scientific and technological innovation for the society.

Inspiring Next Generation Talents to Embrace Emerging Fields With Platform of Exchange: Y. Z. Hsu Innovation Forum

Y. Z. Hsu Science and Technology Memorial Foundation hosted the first Y. Z. Hsu Innovation Forum in 2013 to encourage youth to enter the field of science and technology and create a new future for the next generation. In 2023, five more Y. Z. Hsu Innovation Forum were held. FENC brought the forum to senior high schools, including Taipei First Girls High School, The Affiliated Senior High School of National Taiwan Normal University, Taipei Municipal Zhongshan Girls High School, Taipei Municipal Song-Shan Senior High School and National Experiment High School At Hsinchu Science Park. This arrangement gives high school students exposure to diverse technological fields. Winners of Y. Z. Hsu Science Award are invited as speakers and panelists to share their experience and legacy, inspiring young students to embrace emerging technological industries. Based on the satisfaction survey, the satisfaction rate reached 91%.

15th TYPT – Feedback from IYPT Taiwan Team Members

Xing-Yi Lai (second left) represented Taiwan in the 2016 IYPT and won the team gold medal, the first gold for Taiwan in this event.

Xing-Yi Lai

- 2016 IYPT Taiwan team member
- A graduate from Concordia High School, and currently a PhD candidate in Physics at the University of California, Davis, U.S.

Finding the mission in life from the best in theoretical research

Xing-Yi Lai represented Taiwan in the 2016 IYPT held in Russia. The team won the gold medal, the first gold ever for team Taiwan. To Lai, the questions from the IYPT are challenging. Though they are designed for high school students, the theoretical basis is cutting edge, which pushes the level of difficulty to the college level or even that of research institutes.

During training, Lai spent time with many college professors, which gave him the opportunities to learn about research in physics at the professor and PhD levels. He also found his career aspirations through IYPT, and decided to become a physics professor.

Zong-Lin Xie (second right) was the member of the first team representing Taiwan in IYPT. He attended the 2010 IYPT held in Austria and won the team silver medal during the event.

Zong-Lin Xie

- 2016 IYPT Taiwan team member
- A graduate from Taipei Municipal Chien Kuo High School, and currently a postdoctoral fellow at the National Oceanic and Atmospheric Administration, U.S.

Entering research frontiers with limitless possibilities

Zong-Lin Xie, who is currently a postdoctoral fellow at the National Oceanic and Atmospheric Administration in the U.S., is pursuing his passion in physics and computer. His work involves software development that simulates changes in weather patterns, which are critical to predicting the climate change. As he looked back to his IYPT experience, he believed that with an open-ended physics problem, one can always identify the key question, and therefore, it is critical to ask the right question. In addition to thinking critically, students should learn to listen carefully to others' research statements. The training and experience enabled Xie to develop the fundamental research skills before entering college, such as programming, data analysis, presentations and raising questions, which paved the way for his journey in academic research.

When thinking about life in high school, Xie said that he might not remember his classes or test scores, but he would always remember the days of working intensely with his teammates towards a common goal. TYPT was the perfect outlet for his youthful passion.

During the 2014 IYPT held in England, Zhong-Jun Xie (second right, front row) was the Taiwan team captain, and won the team silver medal for Taiwan.

Zhong-Jun Xie

- 2014 IYPT Taiwan team member
- A graduate from Kaohsiung Municipal Senior High School, currently a doctoral candidate in Physics at the University of Maryland, U.S.

Capturing the spirit of science and the courage to pursue the truth

Zhong-Jun Xie is currently working on quantum simulation for his research on nuclear physics. When recalling the TYPT memory from high school, he couldn't help but getting excited. He served as the councilor for team Bulgaria when Taiwan hosted the 2013 IYPT and took care of the foreign contestants during the tournament. During the 2014 IYPT held in England, he was the captain of team Taiwan, and took home the team silver medal. Physics tournaments were a major part of Xie's high school life. "I truly, truly love this tournament."

An international tournament is a chance to observe contestants of the same age from different countries. For isntance, team Singapore, which often dominated the tournaments, combined experiments and theories with perfection, and team Slovak Republic treated research with professional prudence and rigor. Xie was greatly impressed with both teams.

Xie learned that the success of science lies in the use of reasonable error-finding approaches to eliminate erroneous hypotheses and arrive at the accurate conclusion. He remembered this from chap 1 of the science of biology in junior high school. In Taiwan, however, hands-on experience is rarely incorporated into the junior high and high school education. TYPT and IYPT have perfectly exemplified the science education.

Source: 15th Anniversary Retrospective of TYPT

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2023 Results of Y. Z. Hsu Innovation Forum

Session	Taipei First Girls High School	Affiliated Senior High School of National Taiwan Normal University/Taipei Municipal Zhongshan Girls High School/Taipei Municipal Song-Shan Senior High School	National Experimental High School at Hsinchu Science Park
Speaker	Wanjiun Liao, Chair Professor Department of Electrical Engineering, National Taiwan University The 12th Y. Z. Hsu Science Chair Professor – Information and Communication Science and Technology	Nae-Lih Wu, Distinguished Professor Department of Chemical Engineering, National Taiwan University The 18th Y. Z. Hsu Science Chair Professor – Green Technology	Hsuan-Yi, Huang, Distinguished Professor Department of Chemistry, National Tsing Hua University The 19th Y. Z. Hsu Science Chair Professor – Nano Science and Technology
Influence	A total of 609 participants attended the five lectures on site, which received a 91% satisfaction rating overall. The program videos accumulated 18,000 views and the website impressions reached approximately one million times.		

Forum in National Experiment High School at Hsinchu Science Park

Coverage of 2023 Y. Z. Hsu Innovation Forum (Chinese)

Video footage of 2023 Y. Z. Hsu Innovation Forum (Chinese)

5.2.3 Industry Evolution

Encouraging Academia to Accelerate Technological Research, Development and Innovation: Y.Z. Hsu Science Award

Chairman Douglas Tong Hsu with winners of the 21st Y. Z. Hsu Science Award

Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation is founded on the mission to promote "technology and innovation." Since 2002, the foundation has been presenting Y. Z. Hsu Science Award to encourage academia for dedication to innovative research and development in the technological fields. The foundation consistently exerts efforts and resources into the cause, making Y. Z. Hsu Science Award one of the most prominent awards in scientific research in Taiwan. As this award marches into its 21st year in 2023, it is now one of the most significant technology awards in Taiwan and the number of applications reached 238. Over 2228 scholars and experts participated in the peer review and chose 26 winners for Science Chair Professor, Science Paper Award, Yuan Ze Chair Professor and Outstanding Professor Award. Among them, winners of Y. Z. Hsu Science Chair Professor received NT$11.4 million. Over the 21 years of the award history, 467 awards have been presented with NT$190 million in prize money, which is a remarkable record.

After devoting decades of effort and resources, the Y. Z. Hsu Science Chair is now one of the prominent science awards in Taiwan. Among past awardees, many went on to become the academicians of Academia Sinica, the most prestigious honor in the academic field, including academicians Lih-Juann Chen, Chung-Yuan Mou, Shie-Ming Peng, Li-Chyong Chen, Pan-Chyr Yang, Huey-Kang Sytwu, Soo-Chen Cheng, Ann-Shyn Chiang and Chien-Hong Cheng.

5.2.4 Social Development

FAR EASTERN Y.Z.HSU FOUNDATION (Chinese)

Nearly half a century had passed since the founding of Far Eastern Memorial Foundation. In recent years, the foundation has been sponsoring a multitude of arts and cultural events and organizations, including Far Eastern International Forum for Architecture, children's vision care campaigns, Ming Hwa Yuan Arts and Cultural Group, Rhong-Shing Chorus, Asian Cultural Council and the Little Yellow Cap campaign for promoting vulnerable individual protection services (VIPS). The foundation also funded Confucius-Mencius Society of the R.O.C., publishing Confucius-Mencius Monthly and editing Confucius-Mencius Journal. Such support has provided ample resources for more arts and cultural organizations to flourish and release the infinite power of art. The investments made by the foundation over the last four years had reached nearly NT$160 million, and the 2023 highlights are as follows:

Interdisciplinary Dialogue to Create Livable, Inclusive and Sustainable Environment: Far Eastern International Forum for Architecture

Lucia Tung (center), CEO of Far Eastern Memorial Foundation, with artists Ikuko Sakawaki (left) and Zhen Shen (right)

In 2023, Far Eastern Memorial Foundation hosted Far Eastern Humanities and Arts Forum, and invited Japanese artist Ikuko Sakawaki and Taiwanese artist Shen Zhen, who is also the chairman of Art Society of China, to engage in a dialogue on Chinese and Japanese art through their perspectives. The dialogue was accompanied by a demonstration by the artists and guqin performance, bringing a magnificent cultural feast to nearly 300 audience members.

Far Eastern Humanities and Arts Forum / Dialogue between Ikuko Sakawaki and Zhen Shen on Chinese and Japanese Art (Chinese)

2023 Far Eastern Architectural Design Award – Rediscovering Dadaocheng

The first Historic Tour Month was held in August 2022 and received wide acclaims. The program returned with 16 tours planned for April 2023, and all were fully booked shortly after the registration began. Nearly 600 participants attended the tours, which were held in Dadaocheng, a significant trading port in northern Taiwan during the late Qing dynasty. The tours were led by Professor Chien-Lang Lee, Professor Emeritus Tsung-Hsien Chou, Professor Ching-Chih Lee and expert Charles Lin. They walked with the participants, who appreciated history, architecture and culture along the streets of the most charming historic district in Taipei, listening to untold stories and taking in the splendor of Dadaocheng with each step. As they tasted the elegant tea and refreshments, they were also savoring the local culture through the architecture and history.

Far Eastern Architectural Design Award – Historic Tour II / Historic Building Tours With Experts (Chinese)

Urban Detective Ching-Chih Lee on Historic Buildings of Dadaocheng (Chinese)

Website of Far Eastern International Forum for Architecture (Chinese)

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6 Advocating Balanced Coexistence

Target Readers:

- Government
- External Audit Agency

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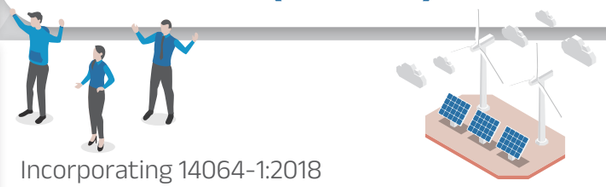
2023 Highlight

Gold Award from Intelligent Living Space Design Competition
Architecture and Building Research Institute
Ministry of the Interior

TPKE Building
LEED from U.S Green Building-Gold
Candidate for Green Building Certification (Taiwan)-Gold
Candidate for Smart Building Certification (Taiwan)-Bronze

First in Taiwan
Real Estate Development Industry Linking Green Buildings and Energy-Saving Indicators
Green Financing Project

Sustainable Digital Power Forum
Pledging to March Towards Net Zero With 9 Tpark Tenants



Incorporating 14064-1:2018
Standards for GHG Inventory
Energy Management System and **Carbon Emission Dashboard**

TPKA Building
Air Conditioning Improvement Project

Industry-Leading System Development
Patent Approval for Digital Real Estate Turnover

Building Information Modeling
Creating User Guide and Library
Improving Facility Management Efficiency

Content

Target and Progress

	Increase in Proportion of Green Building Floor Area	Reduction of Electricity Consumption per Unit of Floor Area
2030 Target	Reaching 57%	↓8%
2025 Target	Reaching 55%	↓4%
2024 Target	Reaching 50%	↓2%
2023 Target	Reaching 50%	↓1%
2023 Progress	59% (Completed)	Remain constant
Action Plan	• Stay informed on green building regulations and trends. • Send applicable staff to undergo training regarding green building labels.	• Identify the sources of electricity consumption and implement customized reduction measures to tackle each source. • Replace equipment with low energy efficiency. • Promote energy conservation to building tenants or occupants.

Note: 1. The boundary of GHG inventory for "Increase in Green Building Floor Area" covers the buildings with titles registered under FERD with 2022 as the base year.
2. The boundary of GHG inventory for "Reduction of Electricity Consumption Per Unit of Floor Area" is adjusted to cover the FERD office and public areas within TPKA R&D Building in Tpark. The base year is 2022. Tpark is continuing tenant engagement in the leased areas to promote energy reduction.
3. In 2022, FERD established the short-, mid- and long-term carbon reduction targets. Hence, 2022 is set as the base year for "Reduction of Electricity Consumption Per Unit of Floor Area."

Material Topics

Land Resources Management

Significance and Purpose of Management for FENC

To revitalize and utilize its properties throughout Taiwan, FENC entrusts FERD with affairs in real estate development and management. Through integrated planning by professional managers, the Company continues to experience steady growth in its real estate business and asset performance.

Management Approaches and Effectiveness Evaluation Mechanisms

- Align property planning with the latest regulations and market demand.
- Procure green building materials and construction methods that minimize pollution.
- Establish standard operating procedures with tracking mechanisms for the construction environment and process.

Authority

- FERD

Sustainable Community

Significance and Purpose of Management for FENC

FERD holds a strong conviction in sustainable management. All operations, which span from land planning and development to real estate management are approached with environmental protection and low carbon as the ultimate objective. By leveraging advanced technology, FERD is on track to create a smart and green park campus that fosters sustainable development to strike a dynamic balance between the mankind and environment.

Management Approaches and Effectiveness Evaluation Mechanisms

- Enhance GHG inventory, management and reduction.
- Embody green building concepts in new constructions and aim for obtaining green building labels.
- Expand the channels and formats of stakeholder engagement.

Authority

- FERD

Content

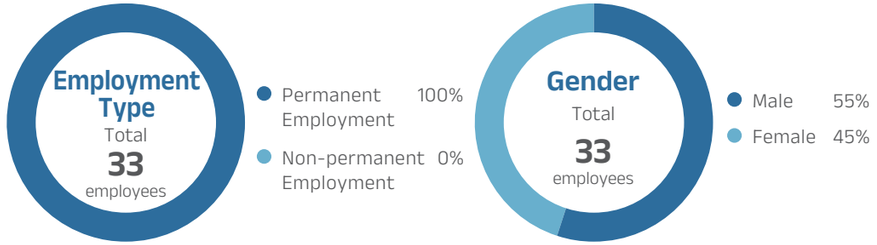
6.1 Optimizing Land Resources

6.1.1 About FERD

Far Eastern Resources Development Co., Ltd (FERD) is a wholly owned subsidiary of FENC, which consolidates and manages nearly 660,000 square meters of property and large-scale development projects. Overseeing real estate development, leasing and sales as well as operational management, FERD aims to improve resource efficiency and investment performance through the Development Operation Department, Administrative Management Department, Property Management Department and Engineering Department. With forward thinking, innovative spirit and a sustainable mindset, FERD is charting the blueprint for future development prudently, regenerating city and regional prosperity.

Administrative management, internal control as well as risk management and response at FERD are conducted in accordance with the rules and measures set forth by its parent company. There are no significant changes made to FERD's organizational structure, ownership, supply chain and headcount. In 2023, FERD paid NT$87.93 million in house tax and NT$470 million in property tax.

2023 Structure of Manpower at FERD



6.1.2 Progress of Major Development Projects

Taipei Far Eastern Telecom Park (Tpark)

Taipei Far Eastern Telecom Park (Tpark) occupies a 24-hectare site in Banqiao District of New Taipei City, where Far Eastern Textile Ltd. Co. once was. Tpark has been following the development and evolution of the Taiwanese economy closely and transitioned into the first telecommunications and digital technology park in Taiwan. With a robust infrastructure, Tpark offers its facilities as the R&D and innovative base for top Taiwanese and international telecommunications businesses, aiming to drive the next wave of economic development. Tpark follows a long-term master plan with sustainable and humanistic approaches for spatial and architectural design. Appealed by its modern and smart R&D buildings, many information and telecommunications companies have formed an industry cluster at Tpark. The park also offers residential, commercial and parking zones to satisfy all users. Additionally, an ecological park occupying nearly three hectares brings greenery, comfort and health into the development. In recent years, to stay net-zero committed along with the international community, Tpark developed innovative applications such as the carbon emission management system and a set of carbon reduction guidelines and strategies, taking measured steps towards setting the paradigm of an industrial park that fosters sustainability and carbon neutrality.

Other Development Projects

1. Spa Resort
   The 10-hectare project is located in Jiaoxi Township, Yilan County. Approval has been obtained for the zoning change, traffic impact study and urban design review. The building permit was obtained in May 2021 and the application for design modification in pending approval.

2. FE International Conference Hall
   FE International Conference Hall is located in Zhongli District, Taoyuan City. Designed by world-renowned Spanish architect Santiago Calatrava, this architectural masterpiece will house three landmark buildings, an international convention center,

Saving Planet! FERD's Sustainable City Financing

FERD commissioned Hua Nan Commercial Bank, Ltd. and Far Eastern International Bank Co., Ltd. to issue a five-year syndicated loan in the amount of NT$6 billion. Contract signing for the three parties was held on July 6, 2023.

FERD is dedicated to the development of sustainable cities, creating environmentally friendly space with the latest green construction methods and material applications. By linking sustainable indexes such as the building areas, number of building projects and building energy efficiency to the credit conditions, FERD is encouraging energy conservation, promoting green building and increasing energy efficiency. This is the first green financing project that is linked to the performance of both green building and energy conservation in the real estate development industry. The project was recognized by the international magazine, The Asset, with Triple A Country Award for Best Sustainability – Linked Loan Real Estate Taiwan. By infusing the sustainable DNA into real estate projects, FERD is taking action towards the global net-zero vision.

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Yu-Ziang Memorial Hall and an art center, which will be pivotal in the advancement of the local arts and culture, charity and academic disciplines, making its imprint as an international landmark in Taiwan. The groundbreaking ceremony was held on April 12, 2021, and construction for Yu-Ziang Memorial Hall started in April 2022.

3. Wugu Logistics Center

Located in Wugu District, New Taipei City, Wugu Logistics Center is a three-story structure in support of the development of e-commerce. The building permit was obtained in March 2023, the construction date was filed with the authorities in July, and the topping-out ceremony was held in December.

4. New Century New Vision

New Century New Vision is a residential development adjacent to Tpark. The demolition of existing structures was completed In April 2022, and the building permit was obtained in May. The application for design modification is currently pending review.

Tpark Development Projects

R&D Office

TPKA

Completed in 2010, TPKA Building is the first R&D office building at Tpark. In 2022, 96.7% of TPKA Building was leased.

- Green Building Label (Taiwan)- Qualified

TPKD

TPKD Building was completed in January 2020. In January 2021, Google officially opened its doors at Tpark. The building is Google's first and largest hardware development center outside the U.S.

- Green Building Label (Taiwan)-Diamond
- Leadership in Energy and Environmental Design (LEED) from U.S. Green Building Council-Gold

TPKE

Being the fourth R&D building in Tpark, TPKE Building was completed in the fourth quarter of 2022, and the occupancy permit was obtained in January 2023.

- Candidate for Green Building Certification (Taiwan)-Gold
- Candidate for Smart Building Certification (Taiwan)-Bronze
- Leadership in Energy and Environmental Design (LEED) from U.S. Green Building Council-Gold

Note: TPKC R&D Building is currently under the management of Far EasTone Telecommunications Co., Ltd. Since 2021, its sustainability performance has been disclosed in Far EasTone Corporate Sustainability Report.

Residential Building Zone

Eco Park Zone A (Residential Building Zone C)

The demolition and building permits were obtained in May 2021 and the application for design modification is pending approval.

Parking Facility

TPKP Parking Garage

The occupancy permit was obtained in the third quarter of 2023, and operation began in the fourth quarter.

- High Distinction Award for Architecture, 2022 Taiwan Concrete Institute (TCI) Concrete Construction Award

Note: The construction of Eco Park Zone B (Residential Building Zone B) was completed at the end of 2022 and sales has begun. Its operation and management are now under the property management and its sustainability performance is excluded from the scope of the Sustainability Report effective in 2023.

Special Shareholder's Meeting with HSBC

Sales of Eco Park, the high-profile residential development in Tpark, began in 2023, which presented an opportune time to hold a shareholder's meeting featuring the property tour. The meeting was co-hosted by Investor Relations at FENC and the Hongkong and Shanghai Banking Corporation Limited (HSBC). Nearly 20 investors attended the meeting, including FENC's current shareholders and potential investors.

The property tour covered Tpark and Eco Park, as well as presentations on the development planning, sustainable principles and performance of FENC's land development business.

Guided by sustainable principles, Tpark is designed as a modern industrial park with aesthetic and humanistic elements. It is built with the low-impact precast construction and advanced seismic isolation technology, ensuring safety and comfort for the residential and office areas. Tpark has established sustainable development goals. In the future, the development will continue to expand in green building areas and phase down electricity usage and carbon emissions.

The investors witnessed the fruit of years of hard work behind the commercial, office, residential and park development. They were impressed by the comprehensive planning of Tpark, and the tour also boosted the confidence among juridical entities in the quantified value of FENC's real estate development.

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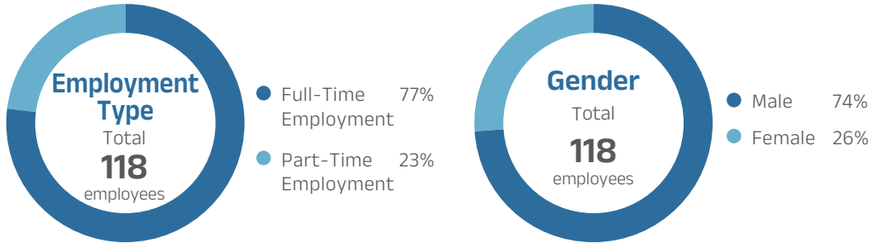
6.1.3 Tpark Contractor Management and Park Maintenance

Occupational Health and Safety

Worker safety is fundamental and paramount when it comes to construction management. FERD chooses suppliers that comply with safety and all applicable requirements stipulated by the current regulations in Taiwan. In addition to providing a safe construction environment, workers' protection is ensured by raising their safety awareness. Contractors must provide vocational training as well as health, safety and on-site management training. The implementation of training and regulatory compliance are required and supervised by FERD to minimize any damages resulted from man-made hazards.

In 2023, there were no occurrences of injuries in the line of duty, or severe occupational injuries during the construction within Tpark.

2023 Information on Contractor Staff



Note: All staff are nationals of the Republic of China. The contractors are in charge of scheduling the shifts based on the types and progress of construction projects. Therefore, requests for leave and absence are determined by the contractors based on individual company requirements.

Occupational Injuries Among Contractor Staff at Tpark

	2020	2021	2022	2023
Number of Occupational Injury Cases	0	0	1	0
Number of Work-related Deaths	0	0	1	0
Injury Rate (IR)	0.00	0.00	0.23	0.00
Rate of Work-Related Deaths	0.00	0.00	0.23	0.00

Note:
1. Injury rate (IR) = total number of occupational injuries × 200,000, which is equivalent to process safety total incident rate (PSTIR) in the SASB standards for the chemical industry.
2. Rate of Work-related Deaths = Number of Work-related Deaths ÷ Total Work Hours × 200,000.
3. IR, LDR and Rate of Work-related Deaths indicate the percentage of every 100 workers with 40 work hours a week, 50 weeks a year.
4. Occupational injuries include premature deaths, permanent total and partial disabilities, temporary total disabilities and minor injuries that result in no more than one lost day. Traffic accidents that occur during employees' commute to and from work are excluded.

Waste Management

Waste generated at Tpark is broken down to construction and general waste. Construction waste includes materials such as construction debris and reinforced concrete from construction projects, which are disposed of in accordance with regulatory requirements. Waste avoidance is also implemented with the Green Building Label requirements as guidance. General waste includes domestic and kitchen waste generated by construction and office workers. Efforts to promote waste avoidance and recycling continues at Tpark are ongoing through tenant and employee engagement. The commercial buildings at Tpark are for office purposes only, and no hazardous waste is generated.

Waste Quantity by Construction Project

	2020	2021	2022	2023
Construction Waste (Unit: Cubic Meter)	2,146	30,849	20,568	**0**
General Waste (Unit: Metric Ton)	305	480	599	**66**

Note:
1. Construction waste includes construction debris, bricks or the mixture of reinforced concrete, soil and gravels. The reporting of construction waste has been conducted in accordance with the regulatory and inspection standards from governmental agencies such as the local public works department, and filed based on the volume of earthwork measured in cubic meters. General waste includes domestic and kitchen waste generated by construction workers measured by weight in metric tons.
2. The 2020 construction projects within Tpark include TPKD and TPKE Buildings as well as Eco Park Residential Zone B. The 2021 projects include TPKE Building, Eco Park Residential Zones A and B as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Eco Park Residential Zones A and B, TPKP Parking Garage and New Century New Vision. The 2023 projects include Eco Park Residential Zone A and TPKP Parking Garage, which has a data collection period from January to July.
3. The 2023 project, Eco Park Residential Zone A, is awaiting the approval of design modification. Only administrative affairs are in progress, and no construction waste is generated. The domestic waste has been disposed of by the waste management company commissioned by the public works office, and therefore, not included in the boundary of GHG inventory. No construction waste was generated from the construction of TPKP Parking Garage in 2023. The occupancy permit was obtained on July 5. Therefore, the data collection period for domestic waste in 2023 was between January and July.
4. All waste generated during construction was removed from the construction site and disposed of by qualified waste management companies. The waste materials were sent to legal resource storage and treatment facilities to be temporarily stored, piled, landfilled, transferred, recycled, classified, processed, calcinated or reused.

Quantity and Treatment of General Waste Generated From Operations

Unit: metric ton

	TPKA				TPKD			
	2020	2021	2022	2023	2020	2021	2022	2023
Incinerated	192	128	145	**171**	-	75	129	**162**
Recycled	27	23	27	**24**	-	14	32	**40**
Total	**219**	**151**	**172**	**195**	**-**	**89**	**161**	**202**

Note:
1. The numbers of employees hired by the tenants of TPKA Building grew by 8.5% in 2023 compared with 2022.
2. TPKD Building began operating in 2021. Waste and resource management at TPKD Building has been under the responsibility of the tenants' operational teams. The disclosure in this report regarding TPKD Building is also provided by the tenants.
3. TPKE Building is being remodeled by the tenants, and therefore, no data is available for the reporting period.
4. TPKP Parking Garage began the trial operation at the end of October 2023, and 2024 is the beginning of the data collection period regarding waste materials.
5. All construction waste is disposed of from the construction site by qualified waste management companies.

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6.1.4 Smart Green Park

Tpark has set the paradigm of a smart green park by implementing a low-carbon development model that integrates smart technologies with innovations in operation and management strategies. The team phases in digital technologies such as AI to build smart systems and platforms to monitor carbon emissions throughout all stages of the building life cycle. For the operational stage, Tpark developed a smart energy management system to improve the safety and stability of its operation, creating a management model with high efficiency and low risks.

Smart Energy Management

To manage and improve energy efficiency, FERD developed the energy management system, which is anchored upon the digital property management system. It is an all-in-one platform that facilitates energy monitoring, data collection and analysis, fulfilling energy digitization, safe management and low-carbon operation. Future system development efforts will aim for tools that could be shared with the tenants in order to monitor energy usage and make timely adjustments, ultimately reducing energy consumption and carbon emissions with greater results.

1. The energy management system utilizes an all-in-one digital platform that gathers real-time data on energy usage from all districts. It also monitors the operation status of facilities such as the electrical, air-conditioning, water supply, drainage and firefighting systems, increasing the efficiency of operational management significantly.

2. The platform monitors anomalies within the energy system, facilities and equipment, and manages crises immediately to implement safe and smart energy management.

3. The platform collects all energy usage data for analysis to identify patterns, which become the basis for the dynamic management approaches. The approaches also help formulate management and usage strategies that enhance energy efficiency and minimize unnecessary energy consumption and carbon emissions.

Carbon Dashboard Powered by AI and Big Data

Based on the research of United Nations, 38% of the global carbon dioxide emissions come from the construction and building sector. Among them, 74% are related to energy usage; 26% are from construction materials and carbon emissions during the construction stage. To make Tpark a low-carbon technological park that fosters sustainability, and support the government's net-zero pathway for 2050, FERD developed the carbon dashboard, a fusion of technical applications and innovative thinking. The dashboard collects data on carbon emissions during the construction stage and the operational carbon after the handover, which are then analyzed to assess carbon emissions and calibrate carbon reduction trajectories.

1. The dashboard collects activity data concerning water, electricity and oil consumption, fugitive loss and waste disposal, and converts the data into carbon emissions as the source for reporting carbon and GHG inventory for Tpark.

2. The dashboard calculates carbon emissions of the "past" from construction materials using the BIM model and carbon emissions of the "present" using energy data compiled through the FM system to manage carbon inventory with accuracy. By coupling AI and digital twins, the dashboard makes annual weather projections for the future based on the representative concentration pathway (RCP) published by the government to simulate the carbon emissions of the "future."

3. The system collects and analyzes carbon emission data from Tpark using digital tools to facilitate dynamic carbon emission management and formulate mid- to long-term carbon reduction guidelines.

In addition to the management units, it is planned to include tenants as future users to calculate the carbon emissions generated at the leased buildings and provide more tailored services that align with the green trends.

Smart Management Platform

In recent years, construction and development projects have been encouraged to incorporate BIM, which visualizes architectural design, improves collaborative efficiency and facilitates conflict management. However, the extent of utilization for most current users is limited to the design stage, where two-dimensional drawings are converted into three-dimensional images, without tapping into its true potential during the construction management stage. FERD thus established user guidelines for BIM incorporation and the component library in 2022, providing clear instructions for project teams during all stages. The guidelines and component library are expanding and maximizing the power of BIM, which has enhanced the efficiency in organizational communication and system usage. The benefits of incorporating BIM are as follows:

1. Information integration and sharing: Project teams from the design, construction and management stages may access the same data on a real-time and consistent basis, which improves efficiency and minimizes information gap. BIM also facilitates the management of whole building life cycle, which could be adopted during the design stage, adding benefits for the subsequent construction, operation and maintenance stages. Incorporating BIM helps the managers of Tpark monitor the facilities with higher precision, conduct preventive maintenance and prolong the life of the facilities.

2. Whole building life: BIM could be adopted during the design stage, adding benefits for the subsequent construction, operation and maintenance stages. Incorporating BIM helps the managers of Tpark monitor the facilities with higher precision, conduct preventive maintenance and prolong the life of the facilities.

3. Digital facility traceability: A BIM component library was established to record detailed facility information, including equipment, materials and maintenance records, which is beneficial for the operation and management stages.

4. Real-time project progress: The project team may review the project progress on a real-time basis to improve management efficiency.

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Patented Innovative Digital Real Estate Handover

A construction project enters the handover stage once it is completed. However, with thousands of items on the handover checklist, reviewing them manually would be time- and labor-consuming. FERD has solved this problem by developing the digital real estate handover system, an innovative application that has received patent approval. The system allows the handover procedure to commence simply by using the mobile phone, which increases the efficiency dramatically.

Mobile Scan

Scan the construction site with the phone to generate a model of as-built conditions.

Model Layering

Layer the as-built model and the BIM model, and confirm a match between the on-site conditions and the BIM model.

As-built Drawing and Information

Export the itemized list with quantity the BIM model and check against the lists from construction settlement to complete the handover.

Exchange of Smart City Experience with Delegation from Bình DươngProvince, Vietnam

The delegation from Bình Dương Province, Vietnam visited Tpark on August 5, 2023 for an exchange on issues such as smart city and economic development. Members of the delegation included the Deputy Secretary of Provincial People's Committee and staff from the Department of Science and Technology, Department of Information and Communications, Department of Planning and Investment, Office of Smart Cities and Becamex IDC, an investment company from the industrial park in Vietnam. Tpark has set the benchmark for a smart technological park that embodies sustainability. Its status comes not only from being the first industrial park in Taiwan dedicated to the information and telecommunications industry, but for being a trailblazer that fully embraces sustainability in its development projects. During the exchange, FERD's project team shared the forward-thinking planning that went into the development of Tpark, as well as the challenges and responses. The members were impressed by the stormwater management system and the various smart applications. Both sides benefited on multiple fronts from the insightful exchange.

Gold Award From Intelligent Living Space Design Competition

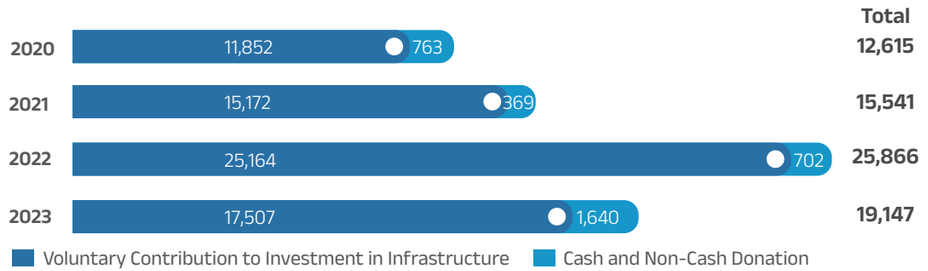
Grounded upon its sustainable principles, Tpark is building smart and low-carbon living with cutting-edge technologies. During the Intelligent Living Space Design Competition held by the Architecture and Building Research Institute, Ministry of the Interior, Tpark stood out among its industry peers with, "Tpark, a Park of Smart and Low-carbon Sustainability," winning the gold award for its forward-looking design.

6.2 Building Sustainable Community

6.2.1 Foster Social Prosperity

Social Engagement Investment

Unit: NT$ thousands



Note:
1. Voluntary contribution to investments in infrastructure in 2023 includes the maintenance of landscaping within Tpark and the roads as well as the operation of the ecological ponds at the north and south parks.
2. The cash and non-cash donation made in 2023 included social engagement (hosting and co-hosting charitable events) and community engagement.

FERD is a member of the community, and it has been attending to the local needs and bettering public welfare over the years. FERD hosts the LOHAS charity market several times a year on the ground floor of TPKA Building, and invites non-profit organizations such as Children Are Us Bakery and Hsinchulun Food Truck as well as local fruit vendors to sell their products. The LOHAS charity market opened ten times in 2023 and the non-profit organizations participated 36 times. Since 2020, Tpark has been hosting the Christmas Charity Market every December. The market features various charitable and sustainable themes, paying love forward by connecting the warmth expressed by the tenants and charitable organizations.

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2023 Tpark Christmas Charity Market-Paying Love Forward

On December 21, 2023, FERD held 2023 Tpark Christmas Charity Market-Paying Love Forward and invited ten non-profit partners, including eight organizations that provide care for the disadvantaged population in the local community and two that provide support in the African nations. The market helps boost their revenues and draw public attention. The event featured "Paying Love Forward." To encourage the participants to shop at one of the charitable booths, those who made the purchase would receive a small thank-you card filled with love and gratitude. FERD supports the circular economy with actions by using zero waste booths throughout the market. The booths are constructed with PC/PS faux wood, which is made of recycled materials. The entire booth can also be taken apart and reassembled into a new one.

Tpark partnered with Bjorgaas Foundation for the Christmas Charity Market, and the representative from the foundation gave the following feedback: "We are very grateful to the organizer's invitation to take part in 2023 Tpark Christmas Charity Market-Paying Love Forward. It gave us the opportunity to meet everyone in December, a month of appreciation, and to share our belief, 'Bjorgaas, Together We Can.' We appreciate the organizer's thoughtfulness. They decorated the market with cute African animals, encouraged participants to support the non-profit organizations and their reward programs, and put in promotional efforts before the event... Though a cold front was coming through, we felt the warmth of the care and passion from the staff at Tpark. It was truly touching that they spent the time to listen to the needs of the people in the Republic of Malawi in Africa and to understand the service programs offered by Bjorgaas Foundation. They also spent the money, giving substantive support, and many people cheered for us. These are the warmest support in the cold winter. Thank you."

6.2.2 Environmental Protection and Ecological Preservation

Tpark's Journey to Net Zero

In the global race towards zero emissions, the development team at FERD is laying out a net-zero pathway with comprehensive strategies. Tpark introduces a continuous stream of advanced technologies and delivers innovative, carbon-reducing solutions. Tpark has established digital models and systems that closely monitor all carbon emission data, which is driving the development of a low-carbon management model and comprehensive carbon reduction strategies for the future, making it an exemplary zero-emission industrial park.

2023 Tpark Forum, Pivoting Technology to a More Sustainable Future!

Corporations are faced with challenges posed by the need for low-carbon and net-zero transition, and FERD is stepping up to face the challenge. On November 16, 2023, FERD hosted the forum, Pivoting Technology to a More Sustainable Future! Experts from the industry, government and academia converged during the event to share their insights on accelerating the pace to net zero through AI. Peter Hu, Executive Vice President of Far EasTone Telecommunications Co., Ltd., shared ways of utilizing AI to accelerate the twin transition, and Professor Ching-Ying Yu from Yuan Ze University discussed the international green transition trends with the use of AIoT. During the event, FERD presented the sustainable management practice and performance at Tpark, including the stormwater management and rainwater recycling systems as well as the ecological park, which provides nearly 40,000 square meters of green space that fosters biodiversity. These elements are shaping Tpark into a low-carbon technological park of international caliber. Ming-Shan Jeng, Deputy General Director of Green Energy and Environment Research Laboratories, Industrial Technology Research Institute, talked about the development of energy and carbon reduction technologies. The chairman of Green Industry Association also shared the experience in governmental coaching for developing carbon reduction strategies.

FERD held a kick-off ceremony for its march towards net zero with representatives from nine Tpark tenants, including Far EasTone Telecommunications Co., Ltd.; Synonogy Inc.; Elo Touch Solutions (Taiwan) Limited; SMART Modular Technologies; Unilever PLC; E.SUN Commercial Bank; CIMFORCE; Trihealth Enterprise Co., Ltd.; TMY Technology, Inc. The Department of Economic Development, New Taipei City represented the local government as the witness to corporate efforts and determination to reach net zero.

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Energy Efficiency Management

To fulfill its ESG commitment and join the global push for carbon reduction, FERD launched an air-conditioning improvement project in July 2023 to increase energy efficiency at TPKA Building. The project entails the replacement and update of multiple air-conditioning equipment, including the chillers, to enhance energy efficiency and reduce carbon emissions. The comparison of pre- and post-improvement energy consumption indicates that the improvement helps FERD avoid 186 tCO_2e of carbon emissions each year.

Energy Consumption of R&D Office

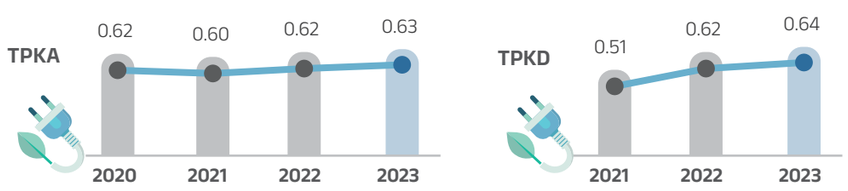
Unit: GJ

	2020	2021	2022	2023
TPKA	37,984	36,587	37,544	**38,184**
TPKD	-	28,019	34,268	**36,228**
TPKE	-	-	-	**19,871**
Total	**37,984**	**64,606**	**71,812**	**94,283**

Note:
1. The energy use comprises mainly non-renewable energy purchased from the electricity company as the power supply for office buildings.
2.TPKD Building began operating in 2021. The disclosure in this report regarding TPKD Building is provided by the tenants.

Energy Consumption per Unit Floor Area of R&D Office

Unit: GJ / m³



Note:
1. The floor areas accounted for refer to the actual square meters occupied or leased.
2. TPKD Building began operating in 2021. The disclosure in this report regarding TPKD Building is provided by the tenants.
3. TPKE Building is not officially in operation, thus excluded from the boundary.

GHG Management

To enhance the precision of GHG disclosure, FERD incorporated the ISO 14064-1 standards in 2023 to conduct the GHG inventory with Tpark as the boundary. The inventory received third-party assurance on March 15, 2024.

GHG Emissions

Unit: tCO_2e

		2023	Proportion
Direct Emissions	Scope 1	255	31%
Energy Indirect Emissions	Scope 2	567	69%
Total		**822**	**100%**

Note:
1. The operational control approach is adopted.
2. The boundary of GHG inventory covers Tpark, including the TPKA, TPKD and TPKE Buildings, TPKP Parking Garage and other outdoor areas.
3. The main types of GHG included in the inventory include CO_2,CH_4, N_2O, HFCs, SF_6, NF_3 and PFCs.
4. Scope 1 emission sources include water coolers, air conditioners, freezers, cooling equipment and fire extinguishers. Scope 2 emission sources are purchased electricity.
5. The emission factor is based on the GHG emission factor table (version 6.0.4) published by the Ministry of Environment, and the 2022 electricity carbon emission factor published by the Energy Administration, Ministry of Economic Affairs on June 21, 2023. The values are converted to carbon dioxide equivalents using the global warming potential (GWP) for each emission source, and the value of GWP is based on the 6th assessment report issued by Internal Governmental Panel on Climate Change (IPCC).
6. FERD incorporated the ISO 14064-1 standards for GHG inventory in 2023. Therefore, the year 2023 is the base year for scopes 1 to 3 emissions.

Other Indirect GHG Emissions (Scope 3)

Unit: tCO_2e

	2023	Proportion
Fuel- and Energy-related Activities	115	52%
Waste Generated in Operations	79	36%
Business Travel	1	1%
Employee Commuting	25	11%
Franchises	0	0%
Investments	0	0%
Total	**220**	**100%**

Note:
1. The consolidation approach for emissions is operational control.
2. The boundary of GHG inventory covers Tpark, including the TPKA, TPKD and TPKE Buildings, TPKP Parking Garage and other outdoor areas.
3. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the GHG Protocol.
4. The GHG emission generated from the processing, Purchased Goods and Services, Capital Goods, Upstream Transportation and Distribution, Upstream Leased Assets, Downstream Transportation and Distribution, Downstream Leased Assets are excluded due to the lack of materiality based on the principles for assessing significant indirect GHG emissions in ISO 14064-1:2018.
5. FERD does not engage in franchising and investing, thus without GHG emissions under “franchises and investments.”

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Water Resource Management

At Tpark, the water supply for the office areas and construction projects is provided by Taiwan Water Corporation. Rainwater is recycled and reused through the rainwater retention tanks under each building and rainwater infiltration facilities throughout the premises. The design retains rainwater within Tpark and prevents flooding in the low-lying areas during storm events. In the past, domestic wastewater from Tpark was discharged after purification and reported in accordance with the regulatory requirements. In June 2021, its wastewater system was connected to the public sewage system. To confront the challenges posed by water scarcity, the management unit at TPKA Building implemented water conservation measures by adjusting the water pressure of faucets in all restrooms. Public notices have also been posted to urge employees and tenants to conserve and cherish water.

Water Withdrawal, Recycling and Reuse

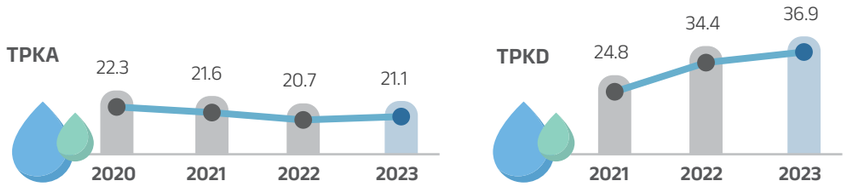
Unit: megaliter

		2020	2021	2022	2023
Tap Water (TDS ≤ 1,000 mg/L)	TPKA Building	47.7	44.8	43.8	**48.5**
	TPKD Building	-	32.2	61.1	**66.5**
	TPKE Building	-	-	-	**4.8**
	TPKP Parking Garage	-	-	-	**1.1**
	Outdoor Area	12.3	13.5	0.2	**0.9**
	Construction	30.9	12.3	18.2	**2.5**
	Total	**90.9**	**102.8**	**123.3**	**124.3**
Rainwater, Recycled and Reused Water (Condensate Water from Air Conditioning)	TPKA Building	1.4	1.0	1.0	**2.3**
	TPKD Building	-	-	4.6	**6.8**
	TPKE Building	-	-	-	**-**
	TPKP Parking Garage	-	-	-	**-**
	Total	**1.4**	**1.0**	**5.6**	**9.1**
Total		**92.3**	**103.8**	**128.9**	**133.4**

Note:
1. The sources of water withdrawal are tap water and rainwater, which pose no impacts to water sources.
2. Rainwater and recycled water enter the same pipelines. Therefore, the calculation is combined.
3. TPKD Building began operating in 2021. Waste and resource management at TPKD Building has been under the responsibility of the tenants' operational teams. The disclosure in this report regarding TPKD Building is also provided by the tenants.
4. The 2020 construction projects within Tpark include TPKD and TPKE Buildings as well as Eco Park Residential Zone B. The 2021 projects include TPKE Building, Eco Park Residential Zones A and B as well as TPKP Parking Garage. The 2022 projects include TPKE Building, Eco Park Residential Zones A and B, TPKP Parking Garage and New Century New Vision. The 2023 projects include Eco Park Residential Zone A and TPKP Parking Garage, which has a data collection period from January to July.

Water Consumption Per Capita at R&D Office

Unit: kiloliters / person



Note:
1. The numbers of employees hired by the tenants of TPKA Building grew by 8.5% in 2023 compared with 2022.
2. TPKD Building began operating in 2021. The disclosure in this report regarding TPKD Building is provided by the tenants. In March 2022, a new restaurant opened, hence increasing water withdrawal and water consumption per person per unit.
3. TPKE Building is not officially in operation, thus excluded from the boundary.

Conserving the Beauty of Nature

FERD attends to the preservation, maintenance, utilization, restoration and improvement of the natural environment with great care. All land development projects are guided by biodiversity principles, and incorporate elements such as ecological ponds, landscape design and the preservation of large green areas.

Protecting Local Biodiversity With the Removal of Invasive Alien Species

Jumbay tree (Leucaena leucocephala), which is on the list of 100 of the World's Worst Invasive Alien Species from the International Union for Conservation of Nature (IUCN), has been sighted at Tpark. Invasive alien species are a serious threat to local biodiversity. Jumbay tree is native in Central and South America. It was introduced to Taiwan as a material for paper pulp. However, this is a fast-growing allelopathic plant with high excludability. It releases mimosine, which suppresses the growth of other plant species, thus threatening the indigenous plants of Taiwan and the natural environment. To minimize its negative impact, FERD removed approximately 0.28 hectares of Jumbay trees within Tpark, and will continue to monitor, maintain and care for the ecological balance within Tpark to safeguard local biodiversity.

None of the land development area of FERD are located within wildlife preservation areas or reserves, and no animals on site are listed on the IUCN Red List of Threatened Species or national conservation lists.

Content

7. Appendix

7.1 Environmental and Employee Data

The boundary of data collection for this chapter includes the production businesses listed in the Sustainability Report.

Direct and Energy Indirect GHG Emissions

Unit: $ktCO_2e$

(market-based)		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Direct Emissions	Scope 1	364	389	352	**334**	771	805	687	**604**	137	146	124	**78**	1,272	1,340	1,163	**1,016**
Energy Indrect Emissions	Scope 2	195	152	150	**127**	655	537	474	**465**	310	326	245	**214**	1,160	1,015	869	**806**
Biogenic Emissions		27	25	24	**18**	0	0	2	**4**	0	0	11	**11**	27	25	37	**33**
Total		**559**	**541**	**502**	**461**	**1,426**	**1,342**	**1,161**	**1,069**	**447**	**472**	**371**	**292**	**2,432**	**2,355**	**2,032**	**1,822**
GHG Emissions per Unit of Production (tCO_2e / metric ton of production)		**0.24**	**0.23**	**0.24**	**0.25**	**0.19**	**0.17**	**0.16**	**0.15**	**1.05**	**0.96**	**0.82**	**0.74**	**0.32**	**0.29**	**0.27**	**0.26**

Unit: $ktCO_2e$

(location-based)		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Direct Emissions	Scope 1	364	389	352	**334**	771	805	687	**604**	137	146	124	**78**	1,272	1,340	1,163	**1,016**
Energy Indrect Emissions	Scope 2	195	152	150	**127**	655	537	486	**488**	310	326	245	**214**	1,160	1,015	881	**829**
Biogenic Emissions		27	25	24	**18**	0	0	2	**4**	0	0	11	**11**	27	25	37	**33**
Total		**559**	**541**	**502**	**461**	**1,426**	**1,342**	**1,173**	**1,092**	**447**	**472**	**369**	**292**	**2,432**	**2,355**	**2,044**	**1,845**

Note:
1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
2. GHGs include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.
3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
4. Biogenic emissions are not included in the total.
5. In 2020, 100% of the emission data passed the internal audit; 66% passed the third-party verification for the ISO 14064-3 standards or local regulations, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Plant 1 of OPTC, Plant 2 of OPTC, FEIS- petrochemical business and polyester business.
6. In 2021 and 2023, 100% of the emission data passed the internal audit and third-party verification for the ISO 14064-3 standards.
7. In 2022, 100% of the emission data passed the internal audit; 88% passed the third-party verification for the ISO 14064-3 standards, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Kuanyin Dyeing and Finishing Plant, plant 1 and 2 of OPTC, FEFC, OGM, FEIS polyester business, WHEF, OTIZ, the polyester plant and the knitting and dyeing plant of FEPV, FIGP, and APG Polytech.
8. The boundary of data collection for GHG emissions per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

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Other Indirect GHG Emissions (Scope 3)

Unit: $ktCO_2e$

	Petrochemical			Polyester			Textile			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Purchased Goods and Services	2,219	2,484	**2,200**	4,763	4,461	**4,467**	772	695	**630**	7,754	7,640	**7,297**
Capital Goods	6	20	**17**	38	67	**60**	9	4	**14**	53	91	**91**
Fuel- and Energy-related Activities	84	89	**82**	291	247	**215**	57	70	**41**	432	406	**338**
Upstream Transportation and Distribution	92	66	**53**	137	146	**151**	9	8	**20**	238	220	**224**
Waste Generated in Operations	5	7	**4**	4	4	**3**	4	3	**2**	13	14	**9**
Business Travel	0.03	0.04	**0.07**	0.43	0.62	**1.15**	1.20	0.29	**0.75**	1.66	0.95	**1.97**
Employee Commuting	0.40	0.47	**0.43**	19.63	19.46	**19.14**	4.30	10.39	**6.67**	24.33	30.32	**26.24**
Upstream Leased Assets	0.76	2.15	**2.20**	0.37	0.52	**1.52**	49.06	0.46	**0.43**	50.19	3.13	**4.15**
Downstream Transportation and Distribution	75	74	**78**	317	288	**290**	36	19	**8**	428	381	**376**
Processing of Sold Products	-	-	**-**	-	2,824	**2,731**	-	-	**78**	-	2,824	**2,809**
End-of-Life Treatment of Sold Products	-	-	**-**	-	294	**287**	-	0.34	**68**	-	294	**355**
Downstream Leased Assets	0.01	0.10	**0**	0.06	0.08	**0.19**	0	0	**0**	0.07	0.18	**0.19**
Franchises	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
Investments	0	0	**0**	0	0	**0**	0	0	**0**	0	0	**0**
Total	**2,482**	**2,743**	**2,437**	**5,570**	**8,352**	**8,226**	**942**	**810**	**869**	**8,994**	**11,905**	**11,532**

Note:
1. The scope of data collection covers 21 production sites, which account for 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
2. Significant indirect GHG emissions are identified in accordance with ISO 14064-1:2018 and divided into 15 reporting categories based on the GHG Protocol.
3. FENC focuses on the production of polyester and raw materials with an array of terminal applications. The GHG emission generated from the processing, use of sold products must be calculated based on specific scenarios. Due to the lack of objectivity and reference value, the data is excluded.
4. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
5. In 2021 and 2023, 100% of the emission data passed the internal audit and third-party verification for the ISO 14064-3 standards.
6. In 2022, 100% of the emission data passed the internal audit; 94% passed the third-party verification for the ISO 14064-3 standards, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, Hukou Mill, Kuanyin Dyeing and Finishing Plant, plant 1 and 2 of OPTC, FEFC, OGM, FEIS polyester business, WHEF, OTIZ, the polyester plant and the knitting and dyeing plant of FEPV, FIGP, and APG Polytech.

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Energy Consumption

Unit: TJ

	Petrochemical				Polyester				Textile				Total			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Purchased Electricity	1,274	1,137	1,106	960	3,231	3,483	3,079	2,944	1,642	1,989	1,522	1,360	6,147	6,609	5,707	5,264
Purchased Renewable Electricity	0	0	0	0	0	27	131	316	0	0	218	273	0	27	349	589
Self-Generated Renewable Electricity	1	1	4	7	6	6	7	22	32	33	34	37	39	40	45	66
Total Electricity Consumption	1,275	1,138	1,110	967	3,237	3,516	3,217	3,282	1,674	2,022	1,774	1,670	6,186	6,676	6,101	5,919
Natural Gas	4,238	4,077	4,232	3,738	2,259	2,533	2,458	2,991	822	822	738	687	7,319	7,432	7,428	7,416
Heavy Oil	0	0	0	0	266	285	247	70	43	3	8	4	309	288	255	74
Diesel	4	8	6	5	23	28	33	28	0	17	8	6	27	53	47	39
Coal	0	0	0	0	3,719	3,897	3,443	2,419	1,167	1,215	1,039	684	4,886	5,112	4,482	3,103
Coal-Water Slurry	0	0	0	0	2,244	2,297	1,951	1,300	103	144	111	90	2,347	2,441	2,062	1,390
Biomass Fuel	205	201	192	141	0	0	24	41	0	0	101	102	205	201	317	284
Purchased Steam	2	18	22	12	319	297	264	285	375	246	219	173	696	561	505	470
Total Energy Consumption	5,724	5,442	5,562	4,863	12,066	12,853	11,637	10,416	4,184	4,469	3,998	3,416	21,975	22,764	21,197	18,695
Percentage of Renewable Electricity	0.1%	0.1%	0.3%	0.7%	0.2%	0.9%	4.3%	10.3%	1.9%	1.6%	14.2%	18.6%	0.6%	1.0%	6.5%	11.1%
Percentage of Renewable Energy	3.6%	3.7%	3.5%	3.0%	0.1%	0.3%	1.4%	3.6%	0.8%	0.7%	8.8%	12.1%	1.2%	1.2%	3.4%	5.0%
Energy Consumption per Unit of Production (GJ / metric ton of production)	2.42	2.29	2.67	2.64	2.60	2.53	2.47	2.21	7.69	7.13	7.18	7.06	2.91	2.81	2.88	2.65

Note:
1. Energy consumption at FENC, which is mainly for production purposes, covers energy used for the generation of electricity, heat and steam; cogeneration; firefighting pumps; vehicles for internal transport.
2. The calorific value is based on the factors of calorific value from all production sites.
3. External energy consumption is not taken into account.
4. Data collection on energy consumption accounts for 100% of the production sites within the scope of this report.
5. Percentage of renewable electricity = (purchased renewable electricity + self-generated renewable electricity) / total electricity consumption
6. Percentage of renewable energy = (purchased renewable electricity + self-generated renewable electricity + biomass fuel) / total energy consumption
7. The boundary of data collection for energy consumption per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

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Water Withdrawal and Water Consumption

Unit: megaliter

	Petrochemical				Polyester				Textile				Total			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Rivers/Lakes/Streams	6,346	5,556	5,449	**5,141**	1,540	1,667	1,424	**1,145**	2,583	1,995	1,390	**1,389**	10,469	9,218	8,263	**7,675**
Third-party Water	6,543	7,574	6,900	**5,599**	2,329	2,356	2,094	**2,051**	1,172	1,995	1,701	**1,479**	10,044	11,925	10,695	**9,129**
Groundwater	2	54	0	**0**	1,931	1,794	1,723	**1,490**	68	89	81	**64**	2,001	1,937	1,804	**1,554**
Rainwater	13	12	13	**10**	144	144	122	**92**	28	49	19	**32**	185	205	154	**134**
Total Water Withdrawal	**12,904**	**13,196**	**12,362**	**10,750**	**5,944**	**5,961**	**5,363**	**4,778**	**3,851**	**4,128**	**3,191**	**2,964**	**22,699**	**23,285**	**20,916**	**18,492**
Total Water Consumption	**6,859**	**6,986**	**6,111**	**5,378**	**3,068**	**2,921**	**2,657**	**2,565**	**785**	**801**	**666**	**984**	**10,712**	**10,707**	**9,433**	**8,927**
Water Withdrawal per Unit of Production (kiloliters / metric ton of production)	**5.46**	**5.56**	**5.93**	**5.83**	**1.25**	**1.14**	**1.11**	**0.99**	**8.59**	**8.08**	**6.82**	**7.30**	**2.98**	**2.85**	**2.81**	**2.60**

Note:
1. Rivers, lakes, streams and rainwater are surface water. Third-party water refers to tap water as well as wastewater from external organizations. Groundwater includes well water.
2. The difference between water withdrawal and effluent discharge is considered water consumption, which is mainly the result of evaporation at the cooling tower. Loss during production is a minor contributor.
3. The concentration of total dissolved solids (TDS) across the water withdrawal categories are under 1,000 mg/L.
4. No quarry water, seawater, or produced water that enters an organization's boundary because of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material, and has to consequently be managed by the organization is used at any of FENC production sites.
5. In 2023, Plant 2 of OPTC used the water recycled by Plant 1 of OPTC (247 megaliters), which is categorized under wastewater from external organization within the third-party water.
6. Data collection on water resources management accounts for 100% of the production sites within the scope of this report.
7. The boundary of data collection for water withdrawal per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Water Recycled and Reused

Unit: megaliter

		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Circulating Water	Cooling Water	728,309	704,250	700,497	**598,014**	476,094	502,119	491,856	**480,988**	34,858	33,106	39,274	**44,251**	1,239,261	1,239,475	1,231,627	**1,123,253**
	Other	15,577	16,067	14,668	**28,352**	893	836	859	**821**	0	0	0	**0**	16,470	16,903	15,527	**29,173**
Recycled Water	Recycled Water Excluding Reclaimed Water	359	346	285	**169**	896	741	660	**513**	997	1,055	448	**364**	2,252	2,142	1,393	**1,046**
	Reclaimed Water	2,083	1,782	1,140	**1,095**	154	178	210	**197**	928	1,405	1,548	**892**	3,165	3,365	2,898	**2,184**
Other		392	266	262	**142**	0	0	0	**0**	0	0	0	**0**	392	266	262	**142**
Total Water Recycled and Reused		**746,720**	**722,711**	**716,852**	**627,771**	**478,037**	**503,874**	**493,585**	**482,519**	**36,783**	**35,566**	**41,270**	**45,507**	**1,261,540**	**1,262,150**	**1,251,707**	**1,155,798**
Water Recycling Rate		**98%**	**98%**	**98%**	**98%**	**99%**	**99%**	**99%**	**99%**	**91%**	**90%**	**93%**	**94%**	**98%**	**98%**	**98%**	**98%**

Note:
1. Recirculating water refers to water that cannot be discharged after being used within a water unit and is recirculated within the same water unit for reuse.
2. Recycled water refers to water units recycled after being used, discharged and recycled.
3. Other recirculating water includes water from the boiler, production process, turbine condensate and low pressure condensate.
4. The "Other" category includes produced water which enters the company premise as a result of the production process.
5. Water recycling rate = total water recycled and reused ÷ (total water withdrawal + total water recycled and reused) × 100%
6. Data collection on water recycling and reuse accounts for 100% of the scope of this report.

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Water Discharge

Unit: megaliter

		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
TDS	Freshwater (TDS≤1,000 mg/L)	0	0	0	**0**	944	966	889	**928**	727	847	827	**1,598**	1,671	1,813	1,716	**2,526**
	Other Water (TDS>1,000 mg/L)	6,045	6,211	6,251	**5,372**	1,932	2,074	1,817	**1,466**	2,339	2,480	1,699	**382**	10,316	10,765	9,767	**7,220**
Destination	Surface Water	0	0	0	**0**	1,857	1,999	1,703	**1,341**	1,826	1,849	1,271	**948**	3,683	3,848	2,974	**2,289**
	Off-Site Wastewater Treatment Facilities	6,045	6,037	6,082	**5,125**	1,019	1,041	1,003	**1,053**	1,240	1,478	1,255	**1,032**	8,304	8,556	8,340	**7,210**
	Other Purpose	0	174	169	**247**	0	0	0	**0**	0	0	0	**0**	0	174	169	**247**
Total Water Discharge		**6,045**	**6,211**	**6,251**	**5,372**	**2,876**	**3,040**	**2,706**	**2,394**	**3,066**	**3,327**	**2,526**	**1,980**	**11,987**	**12,578**	**11,483**	**9,746**
Water Discharge per Unit of Production (kiloliter / metric ton of production)		**2.56**	**2.62**	**3.00**	**2.91**	**0.60**	**0.58**	**0.56**	**0.50**	**6.93**	**6.53**	**5.40**	**4.89**	**1.57**	**1.53**	**1.54**	**1.37**

Note:
1. FENC does not discharge effluent directly to the seawater or groundwater / well water. Please refer to the table, Effluent Treatment Methods and Final Discharge Destination.
2. "Other Purpose" refers to: In 2023, Plant 1 of OPTC recycled a portion of the effluent. After being treated at the in-house wastewater treatment facility and meeting water quality standards, the water is supplied to Plant 2 of OPTC.
3. The boundary of data collection for effluent discharge per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Air Pollutant Emissions

Unit: metric ton

	Petrochemical				Polyester				Textile				Total			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
NOx	155	218	172	**110**	446	470	426	**295**	134	122	101	**139**	735	810	699	**544**
SOx	70	80	71	**75**	174	216	223	**284**	92	69	75	**99**	336	365	369	**458**
VOC	141	160	116	**105**	297	302	292	**257**	22	24	17	**20**	460	486	425	**382**
HAP	0	0	0	**0**	1	1	1	**3**	0	0	0	**0**	1	1	1	**3**
Particulate Pollutants	12	17	15	**8**	34	46	37	**37**	28	19	37	**23**	74	82	88	**68**
Total	**378**	**475**	**374**	**298**	**952**	**1,035**	**979**	**876**	**276**	**234**	**229**	**281**	**1,606**	**1,744**	**1,582**	**1,455**
Air Pollutant Emissions per Unit of Production (kg / metric ton of production)	**0.16**	**0.20**	**0.18**	**0.16**	**0.21**	**0.20**	**0.21**	**0.19**	**0.51**	**0.38**	**0.42**	**0.59**	**0.21**	**0.22**	**0.22**	**0.21**

Note:
1. Only emitted gases are listed.
2. Particle pollutants include suspended particle matters (PM), dust and smoke.
3. The collected data covers 3 categories, actual measured value, annualized sampling value and estimates.
4. Data on hazardous air pollutants (HAP) are collected at APG Polytech in the U.S. and FIGP in Japan. The 3 HAPs identified at APG Polytech are ethylene glycol, acetaldehyde and 1,4-Dioxane, which are regulated by U.S. Environmental Protection Agency. Acetaldehyde, which is on the list of HAPs regulated in Japan, is identified at FIGP.
5. Data collection on air pollutant management accounts for 100% of FENC production sites in the scope of this report.

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Air Pollutant Emissions per Unit of Production

Unit: kg / metric ton of production

	Petrochemical	Polyester	Textile	Total
NOx	0.06	0.06	0.29	**0.08**
SOx	0.04	0.06	0.21	**0.06**
VOC	0.06	0.05	0.04	**0.05**
HAP	0.00	0.00	0.00	**0.00**
Particulate Pollutants	0.00	0.01	0.05	**0.01**
Total	**0.16**	**0.19**	**0.59**	**0.21**

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

Waste Generated per Unit of Production

Unit: kg / metric ton of production

		2020	2021	2022	2023
Treatment Method	Recycling and Reuse	19.84	23.46	23.78	**13.01**
	Non-Recycling and Non-Reuse	3.08	2.39	2.14	**2.48**
Type	General Industrial Waste	20.62	23.68	24.27	**13.72**
	Hazardous Industrial Waste	2.30	2.17	1.65	**1.77**
Total Waste		**22.92**	**25.85**	**25.92**	**15.49**

Note: FEAZ, FEAV and FENV are not included.

Waste Volume

Unit: metric ton

		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Treatment Method	Recycling and Reuse	5,928	4,234	1,418	**3,061**	132,327	170,227	157,202	**75,275**	11,272	14,857	15,872	**13,298**	149,527	189,318	174,492	**91,634**
	Non-Recycling and Non-Reuse	3,348	3,660	2,761	**3,070**	12,384	9,455	9,629	**11,354**	7,506	6,156	3,328	**3,034**	23,238	19,271	15,718	**17,458**
Type	General Industrial Waste	4,556	4,844	3,289	**3,368**	137,141	167,553	156,879	**78,092**	13,747	18,712	17,903	**15,148**	155,444	191,109	178,071	**96,608**
	Hazardous Industrial Waste	4,720	3,050	890	**2,763**	7,570	12,129	9,952	**8,537**	5,031	2,301	1,297	**1,184**	17,321	17,480	12,139	**12,484**
Total Waste		**9,276**	**7,894**	**4,179**	**6,131**	**144,711**	**179,682**	**166,831**	**86,629**	**18,778**	**21,013**	**19,200**	**16,332**	**172,765**	**208,589**	**190,210**	**109,092**
Waste Generated per Unit of Production (kg / metric ton of production)		**3.92**	**3.33**	**2.00**	**3.32**	**31.19**	**35.35**	**35.44**	**18.35**	**35.06**	**34.08**	**35.26**	**34.42**	**22.92**	**25.84**	**25.92**	**15.49**

Note:
1. Waste materials are classified based on local governmental regulations. For instance, sludge generated from wastewater treatment is deemed hazardous industrial waste based on the definitions of Chinese and Vietnamese governments while it is deemed as general industiral waste in Taiwan.
2. Non-recycling and non-reused waste disposal are handled off-site by qualified waste treatment companies.
3. The data collection on waste management accounts for 100% of FENC production sites in the scope of this report.
4. The boundary of data collection for waste generated per unit of production for the Textile Business does not include FEAZ, FENV and FEAV.

Content

Number and Rate of New Employee Hires

		Taiwan								Mainland China								Vietnam							
		2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	78	20%	47	12%	121	32%	**84**	**25%**	475	76%	899	160%	390	85%	**354**	**87%**	1,013	52%	1,167	56%	1,685	71%	**395**	**23%**
	Female	38	28%	14	9%	65	38%	**33**	**21%**	168	38%	347	92%	125	49%	**122**	**60%**	1,823	48%	2,491	64%	2,961	68%	**497**	**15%**
	Subtotal	**116**	**22%**	**61**	**11%**	**186**	**34%**	**117**	**24%**	**643**	**61%**	**1,246**	**133%**	**515**	**72%**	**476**	**78%**	**2,836**	**49%**	**3,658**	**61%**	**4,646**	**69%**	**892**	**18%**
31-50	Male	78	5%	69	4%	118	7%	**73**	**4%**	310	17%	715	38%	351	19%	**383**	**21%**	284	26%	337	27%	560	37%	**336**	**23%**
	Female	25	4%	16	3%	33	5%	**24**	**4%**	197	11%	465	26%	221	13%	**246**	**15%**	842	33%	1,094	38%	1,472	46%	**393**	**13%**
	Subtotal	**103**	**4%**	**85**	**4%**	**151**	**6%**	**97**	**4%**	**507**	**14%**	**1,180**	**32%**	**572**	**16%**	**629**	**18%**	**1,126**	**31%**	**1,431**	**34%**	**2,032**	**43%**	**729**	**16%**
Over 51	Male	7	1%	2	1%	4	0%	**6**	**1%**	9	5%	10	4%	5	2%	**24**	**7%**	7	13%	6	9%	11	17%	**8**	**11%**
	Female	0	0%	3	1%	1	0%	**2**	**1%**	0	0%	0	0%	1	11%	**5**	**24%**	3	13%	12	33%	9	19%	**3**	**5%**
	Subtotal	**7**	**1%**	**5**	**1%**	**5**	**0%**	**8**	**1%**	**9**	**5%**	**10**	**4%**	**6**	**2%**	**29**	**8%**	**10**	**13%**	**18**	**18%**	**20**	**18%**	**11**	**8%**
Total		**226**	**5%**	**151**	**4%**	**342**	**8%**	**222**	**6%**	**1,159**	**24%**	**2,436**	**50%**	**1,093**	**24%**	**1,134**	**25%**	**3,972**	**42%**	**5,107**	**50%**	**6,698**	**58%**	**1,632**	**17%**

		Japan								U.S.								Total							
		2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	20	59%	7	19%	6	20%	**28**	**58%**	3	17%	14	48%	6	21%	**1**	**4%**	1,589	53%	2,134	69%	2,208	68%	**862**	**34%**
	Female	2	33%	3	38%	2	15%	**4**	**27%**	1	100%	1	50%	2	50%	**1**	**20%**	2,032	46%	2,856	64%	3,155	65%	**657**	**18%**
	Subtotal	**22**	**55%**	**10**	**23%**	**8**	**19%**	**32**	**51%**	**4**	**21%**	**15**	**48%**	**8**	**24%**	**2**	**7%**	**3,621**	**49%**	**4,990**	**66%**	**5,363**	**66%**	**1,519**	**25%**
31-50	Male	18	24%	13	15%	9	6%	**35**	**21%**	2	4%	10	17%	9	15%	**1**	**2%**	692	15%	1,144	23%	1,047	20%	**828**	**16%**
	Female	1	7%	2	14%	1	5%	**10**	**34%**	0	0%	2	22%	1	10%	**1**	**9%**	1,065	22%	1,579	29%	1,728	31%	**674**	**12%**
	Subtotal	**19**	**21%**	**15**	**15%**	**10**	**6%**	**45**	**23%**	**2**	**3%**	**12**	**18%**	**10**	**14%**	**2**	**3%**	**1,757**	**18%**	**2,723**	**26%**	**2,775**	**26%**	**1,502**	**14%**
Over 51	Male	0	0%	0	0%	1	8%	**1**	**20%**	1	2%	1	2%	1	2%	**1**	**2%**	24	2%	19	1%	22	2%	**40**	**3%**
	Female	0	0%	0	0%	0	0%	**0**	**0%**	0	0%	1	5%	0	0%	**0**	**0%**	3	1%	16	4%	11	3%	**10**	**2%**
	Subtotal	**0**	**0%**	**0**	**0%**	**1**	**6%**	**1**	**14%**	**1**	**1%**	**2**	**2%**	**1**	**1%**	**1**	**1%**	**27**	**2%**	**35**	**2%**	**33**	**2%**	**50**	**3%**
Total		**41**	**29%**	**25**	**16%**	**19**	**9%**	**78**	**30%**	**7**	**4%**	**29**	**16%**	**19**	**5%**	**5**	**3%**	**5,405**	**29%**	**7,748**	**40%**	**8,171**	**39%**	**3,071**	**32%**

Note:
1. The number of new employee hires indicates the number of new permanent employees in an area.
2. The rate is derived by dividing the number of the new employees of an age group by the total number of permanent employees of the same age group, gender and region.

Content

Number and Rate of Employee Turnover

		Taiwan								Mainland China								Vietnam							
		2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	66	17%	65	17%	69	18%	66	20%	572	92%	919	164%	453	99%	351	86%	1,832	94%	897	43%	1,657	70%	833	49%
	Female	32	24%	18	11%	33	19%	26	17%	345	78%	347	92%	162	64%	134	65%	2,956	77%	2,180	56%	2,647	60%	1,255	38%
	Subtotal	**98**	**19%**	**83**	**15%**	**102**	**19%**	**92**	**19%**	**917**	**86%**	**1,266**	**135%**	**615**	**86%**	**485**	**79%**	**4,788**	**83%**	**3,077**	**51%**	**4,304**	**64%**	**2,088**	**42%**
31-50	Male	105	6%	110	6%	141	8%	121	7%	523	29%	726	39%	486	26%	436	23%	593	54%	391	31%	620	41%	506	35%
	Female	57	9%	22	4%	44	7%	26	4%	568	32%	520	29%	453	26%	366	22%	1,439	57%	1,106	38%	1,530	48%	917	30%
	Subtotal	**162**	**7%**	**132**	**6%**	**185**	**8%**	**147**	**6%**	**1,091**	**31%**	**1,246**	**34%**	**939**	**26%**	**802**	**23%**	**2,032**	**56%**	**1,497**	**36%**	**2,150**	**46%**	**1,423**	**31%**
Over 51	Male	119	12%	97	10%	88	9%	119	13%	23	12%	21	9%	22	8%	27	8%	17	31%	3	5%	19	29%	25	35%
	Female	45	14%	17	5%	19	6%	25	7%	18	257%	10	143%	7	78%	8	38%	20	83%	18	50%	14	30%	14	23%
	Subtotal	**164**	**12%**	**114**	**9%**	**107**	**8%**	**144**	**12%**	**41**	**21%**	**31**	**12%**	**29**	**10%**	**35**	**9%**	**37**	**47%**	**21**	**21%**	**33**	**29%**	**39**	**30%**
Total		**424**	**10%**	**329**	**8%**	**394**	**9%**	**383**	**10%**	**2,049**	**43%**	**2,543**	**52%**	**1,583**	**35%**	**1,322**	**29%**	**6,857**	**72%**	**4,595**	**45%**	**6,487**	**56%**	**3,550**	**37%**

		Japan								U.S.								Total							
		2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
		Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Under 30	Male	2	6%	2	6%	2	7%	4	8%	1	6%	0	0%	3	10%	3	13%	2,473	82%	1,883	61%	2,184	67%	1,257	50%
	Female	2	33%	1	13%	0	0%	1	7%	0	0%	0	0%	0	0%	0	0%	3,335	76%	2,546	57%	2,842	59%	1,416	39%
	Subtotal	**4**	**10%**	**3**	**7%**	**2**	**5%**	**5**	**8%**	**1**	**5%**	**0**	**0%**	**3**	**9%**	**3**	**10%**	**5,808**	**78%**	**4,429**	**59%**	**5,026**	**62%**	**2,673**	**43%**
31-50	Male	3	4%	5	6%	1	1%	11	7%	1	2%	5	9%	1	2%	4	7%	1,225	26%	1,237	25%	1,249	24%	1,078	21%
	Female	0	0%	1	7%	0	0%	1	3%	0	0%	2	22%	0	0%	0	0%	2,064	42%	1,651	31%	2,027	36%	1,310	24%
	Subtotal	**3**	**3%**	**6**	**6%**	**1**	**1%**	**12**	**6%**	**1**	**2%**	**7**	**10%**	**1**	**1%**	**4**	**6%**	**3,289**	**34%**	**2,888**	**28%**	**3,276**	**30%**	**2,388**	**23%**
Over 51	Male	0	0%	0	0%	1	8%	1	20%	4	6%	7	11%	5	8%	4	6%	163	13%	128	9%	135	10%	176	13%
	Female	0	0%	0	0%	6	200%	0	0%	0	0%	1	5%	1	5%	1	5%	83	22%	46	11%	47	11%	48	11%
	Subtotal	**0**	**0%**	**0**	**0%**	**7**	**44%**	**1**	**14%**	**4**	**5%**	**8**	**10%**	**6**	**7%**	**5**	**6%**	**246**	**15%**	**174**	**10%**	**182**	**10%**	**224**	**12%**
Total		**7**	**5%**	**9**	**6%**	**10**	**5%**	**18**	**7%**	**6**	**4%**	**15**	**8%**	**10**	**5%**	**12**	**7%**	**9,343**	**50%**	**7,491**	**38%**	**8,484**	**41%**	**5,285**	**28%**

Note:
1. The number of employees leaving is the number of permanent employees who have left the company in the region.
2. The rate is derived by dividing the number of the employee turnover of an age group by the total number of permanent employees of the same age group, gender and region.

Content

Voluntary and Involuntary Resignations Turnover Rate

	Taiwan								Mainland China								Vietnam							
	2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Voluntary	196	5%	259	6%	321	7%	**254**	**7%**	1,862	39%	2,399	49%	1,449	32%	**1,197**	**26%**	5,952	62%	4,263	42%	4,956	43%	**3,274**	**34%**
Involuntary	228	5%	70	2%	73	2%	**129**	**3%**	187	4%	144	3%	134	3%	**125**	**3%**	905	10%	332	3%	1,531	13%	**276**	**3%**
Total	**424**	**10%**	**329**	**8%**	**394**	**9%**	**383**	**10%**	**2,049**	**43%**	**2,543**	**52%**	**1,583**	**35%**	**1,322**	**29%**	**6,857**	**72%**	**4,595**	**45%**	**6,487**	**56%**	**3,550**	**37%**

	Japan								U.S.								Total							
	2020		2021		2022		2023		2020		2021		2022		2023		2020		2021		2022		2023	
	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%	Number of Employees	%
Voluntary	7	5%	9	6%	10	5%	**18**	**7%**	0	0%	0	0%	8	4%	**0**	**0%**	8,017	43%	6,930	35%	6,744	33%	**4,743**	**25%**
Involuntary	0	0%	0	0%	0	0%	**0**	**0%**	6	4%	15	8%	2	1%	**12**	**7%**	1,326	7%	561	3%	1,740	8%	**542**	**3%**
Total	**7**	**5%**	**9**	**6%**	**10**	**5%**	**18**	**7%**	**6**	**4%**	**15**	**8%**	**10**	**5%**	**12**	**7%**	**9,343**	**50%**	**7,491**	**38%**	**8,484**	**41%**	**5,285**	**28%**

Note:
1. The number of employees leaving is the number of permanent employees who have left the company in the region.
2. The term, voluntary resignation, refers to the termination of employment relationships initiated by employees, such as the request to resign or retire.
3. The term, involuntary resignation, refers to the termination of employment relationships initiated by the employer or in accordance with the law, such as retirement upon the statutory retirement age, retirement with distinctions, dismissal and contract termination.
4. The percentage is calculated by dividing the numbers of voluntary resignation and involuntary resignation by the number of employees in the region.

Content

Salary Ratio by Gender

		Taiwan				Mainland China				Vietnam				Japan				U.S.			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Section Chief and Above	(Female to Male)	0.94:1	1.05:1	0.96:1	**0.96:1**	0.83:1	0.83:1	0.82:1	**0.75:1**	1.11:1	1.17:1	1.11:1	**1.01:1**	0.90:1	0.93:1	1.01:1	**1.18:1**	1.02:1	0.97:1	0.99:1	**1.00:1**
Office Clerk	(Female to Male)	1.01:1	1.01:1	1.01:1	**1.02:1**	0.84:1	0.84:1	0.78:1	**0.79:1**	1.04:1	1.04:1	1.02:1	**1.01:1**	0.68:1	0.96:1	0.86:1	**1.01:1**	1.00:1	0.94:1	0.97:1	**0.94:1**
Factory Worker	(Female to Male)	1.21:1	1.22:1	1.22:1	**1.18:1**	0.94:1	0.91:1	0.91:1	**0.91:1**	0.96:1	0.95:1	0.94:1	**0.93:1**	0.84:1	0.93:1	0.91:1	**0.92:1**	0.97:1	1.00:1	1.00:1	**0.99:1**

Note:
1. The ratio is derived by average regular female salary to average regular male salary for the same rank of job.
2. The term, average regular salary, is defined as the remuneration paid to employees in December of the current year, including base salaries as well as monthly allowances and bonuses.

Salary Comparison to Market Level

	Taiwan				Mainland China				Vietnam				Japan				U.S.			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Average Annual Regular Salary over Market Level	43%	45%	45%	**46%**	3%	-2%	-10%	**-16%**	23%	44%	44%	**40%**	1%	14%	35%	**31%**	24%	26%	57%	**59%**

Salary Comparison to Minimum Wage by Gender

		Taiwan				Mainland China				Vietnam				Japan				U.S.			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Entry-Level Salary over Minimum Wage	Male	25%	25%	21%	**16%**	132%	140%	140%	**140%**	12%	12%	12%	**12%**	148%	168%	205%	**186%**	143%	146%	134%	**120%**
	Female	25%	25%	21%	**16%**	102%	113%	117%	**118%**	12%	12%	12%	**12%**	131%	128%	168%	**167%**	143%	146%	134%	**120%**

Note:
1. The data source for the market rate of salaries in Taiwan is the average salary in the manufacturing industry and the minimum wages published by the Directorate-General of Budget, Accounting and Statistics of Executive Yuan. The data source in mainland China is the average wages published by the National Bureau of Statistics of China and the minimum wages published by Shanghai and Suzhou People's Municipal Governments. The data source in Vietnam is the average wages published by the General Statistics Office of Vietnam and the minimum wages among tier-one cities in Vietnam.
2. The data source in Japan is the Ibaraki Labour Bureau. The data source in the U.S. is the United States Census Bureau. All data are derived out of statistics from the current year.

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

	Taiwan				Mainland China				Vietnam				Japan				U.S.			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Salary Between the Highest Salary and Median Salary The Highest Individual Salary : Median Salary of Other Employees	6.60:1	7:48:1	7.38:1	**7.18:1**	4.44:1	5.15:1	5.09:1	**5.01:1**	8.19:1	8.35:1	7.00:1	**9.47:1**	5.60:1	2.38:1	1.54:1	**1.53:1**	2.20:1	2.16:1	2.40:1	**3.50:1**
Salary Increase Between the Highest Salary and Median Salary The Highest Individual Salary : Median Salary of Other Employees	0.15:1	0.41:1	1.15:1	**1.27:1**	0.95:1	1.83:1	2.09:1	**1.00:1**	1.00:1	1.71:1	2.92:1	**5.83:1**	1.00:1	1.05:1	2.81:1	**3.37:1**	1.00:1	1.00:1	1.00:1	**1.00:1**

Note:
1. The data disclosed from production sites in Taiwan, mainland China, Vietnam, Japan and the U.S. reflect the average value from each site.
2. The annual salary ratio is the ratio between the highest individual annual salary and the median annual salary of other employees.
3. The annual salary increase ratio is the ratio of salary increase between the highest individual salary and median salary of other employees. The highest individual salary is excluded from the "other employees" category.

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Human Resource Statistics

		Taiwan				Mainland China				Vietnam				Japan				U.S.				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Permanent Employees	Male (%)	73%	73%	73%	**72%**	54%	55%	57%	**58%**	33%	33%	34%	**33%**	84%	84%	84%	**83%**	82%	82%	82%	**81%**	48%	48%	48%	**49%**
	Female (%)	27%	27%	27%	**28%**	46%	45%	43%	**42%**	67%	67%	66%	**67%**	16%	16%	16%	**17%**	18%	18%	18%	**19%**	52%	52%	52%	**51%**
	Number	4,162	4,176	4,177	**4,012**	4,808	4,870	4,564	**4,513**	9,482	10,241	11,578	**9,629**	142	155	219	**264**	163	180	187	**180**	18,757	19,467	20,725	**18,598**
Temporary Employees	Male (%)	88%	90%	90%	**90%**	59%	62%	53%	**46%**	28%	36%	54%	**39%**	87%	76%	-	**57%**	100%	100%	-	**-**	72%	70%	80%	**76%**
	Female (%)	12%	10%	10%	**10%**	41%	38%	47%	**54%**	72%	64%	46%	**61%**	13%	24%	-	**43%**	0%	0%	-	**-**	28%	30%	20%	**24%**
	Number	950	888	884	**829**	600	593	284	**180**	162	566	56	**148**	15	17	0	**46**	2	4	0	**0**	1,729	1,913	1,224	**1,203**
Total	**Male (%)**	**76%**	**76%**	**76%**	**75%**	**54%**	**56%**	**56%**	**58%**	**33%**	**33%**	**34%**	**33%**	**84%**	**83%**	**84%**	**79%**	**82%**	**83%**	**82%**	**81%**	**50%**	**50%**	**50%**	**51%**
	Female (%)	**24%**	**24%**	**24%**	**25%**	**46%**	**44%**	**44%**	**42%**	**67%**	**67%**	**66%**	**67%**	**16%**	**17%**	**16%**	**21%**	**18%**	**17%**	**18%**	**19%**	**50%**	**50%**	**50%**	**49%**
	Number	**5,112**	**5,064**	**5,061**	**4,841**	**5,408**	**5,463**	**4,848**	**4,693**	**9,644**	**10,807**	**11,634**	**9,777**	**157**	**172**	**219**	**310**	**165**	**184**	**187**	**180**	**20,486**	**21,535**	**21,949**	**19,801**

Note:
1. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards.
2. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
3. The headcount is based on the payroll settlement date in December of the current year at all FENC sites. The age cohort does not include temporary employees.
4. There are no part-time employees or non-guaranteed hours employees at any FENC production sites. individual salary is excluded from the "other employees" category.

Calculation Formulas and Definitions of Indicators Related to Occupational Injury Statistics

Indicator	Formulas and Definitions	Explanation
Occupational Injuries	Including premature fatalities, permanent total and partial disabilities, temporary total disabilities and that result in no more than one lost day.Minor injuries and traffic accidents that occur during employees' commute to and from work are excluded.	The classification corresponds to Process Safety Incidents Count (PSIC) in the SASB standards for the chemical industry.
Severe Occupational Injuries	Defined as an inability or difficulty to restore to pre-injury health condition within 6 months.	It corresponds to Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
Injury Rate (IR)	Total number of occupational injuries × 200,000	IR indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to Total Recordable Incident Rate (TRIR) and Process Safety Total Incident Rate (PSTIR) in the SASB standards for the chemical industry.
Lost Time Injury Frequency Rate (LTIFR)	Total number of occupational injuries ÷ total work hours × 1000,000	LTIFR indicates the number of lost time injuries occurring in a workplace per 1 million hours worked.
Absentee Rate % (AR%)	Days of absence ÷ total work days × 100%	-
Lost Day Rate (LDR)	Lost days ÷ total work hours × 200,000. Lost days do not include the day of injury and the day of work resumption.	LDR indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to Lost Workday Rate (LWR) in Dow Jones Sustainability Index (DJSI).
Rate of Work-Related Fatalities	Number of work-related fatalities ÷ total work hours × 200,000	Rate of Work-Related Fatalities indicates the percentage of every 100 workers with 40 work hours a week, 50 weeks a year. It corresponds to fatality rate in the SASB standards for the chemical industry.

Content

Statistics on Occupational Injury

		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Occupational Injury Cases	Male	4	2	0	**1**	35	37	22	**11**	37	29	38	**20**	76	68	60	**32**
	Female	0	0	0	**0**	7	10	2	**2**	35	20	15	**10**	42	30	17	**12**
	Total	**4**	**2**	**0**	**1**	**42**	**47**	**24**	**13**	**72**	**49**	**53**	**30**	**118**	**98**	**77**	**44**
Injury Rate (IR)	Male	0.71	0.34	0.00	**0.22**	0.61	0.60	0.36	**0.19**	0.23	0.20	0.21	**0.14**	0.34	0.32	0.24	**0.15**
	Female	0.00	0.00	0.00	**0.00**	0.12	0.16	0.03	**0.03**	0.21	0.14	0.08	**0.07**	0.19	0.14	0.07	**0.06**
	Total	**0.71**	**0.34**	**0.00**	**0.22**	**0.74**	**0.76**	**0.39**	**0.22**	**0.44**	**0.33**	**0.29**	**0.21**	**0.52**	**0.45**	**0.31**	**0.21**
Lost Time Injury Frequency Rate (LTIFR)	Male	3.56	1.69	0.00	**1.12**	3.07	3.01	1.78	**0.94**	1.13	0.98	1.03	**0.68**	1.68	1.58	1.19	**0.76**
	Female	0.00	0.00	0.00	**0.00**	0.61	0.81	0.16	**0.17**	1.07	0.68	0.41	**0.34**	0.93	0.70	0.34	**0.29**
	Total	**3.56**	**1.69**	**0.00**	**1.12**	**3.68**	**3.82**	**1.94**	**1.11**	**2.20**	**1.66**	**1.44**	**1.02**	**2.61**	**2.27**	**1.53**	**1.05**
Absentee Rate% (AR%)	Male	0.33	0.37	0.90	**0.14**	0.11	0.16	0.20	**0.32**	0.23	0.37	0.12	**0.38**	0.20	0.31	0.15	**0.36**
	Female	0.04	0.05	0.04	**0.03**	0.03	0.11	0.08	**0.17**	0.44	0.28	0.33	**0.37**	0.32	0.23	0.26	**0.31**
	Total	**0.37**	**0.42**	**0.94**	**0.17**	**0.14**	**0.27**	**0.28**	**0.49**	**0.67**	**0.65**	**0.44**	**0.75**	**0.53**	**0.54**	**0.41**	**0.67**
Lost Day Rate (LDR)	Male	0.00	0.00	0.00	**2.24**	16.05	5.02	4.87	**7.54**	4.36	2.88	2.77	**0.89**	7.20	3.42	3.23	**2.73**
	Female	0.00	0.00	0.00	**0.00**	2.02	0.83	0.92	**1.44**	4.67	1.72	1.49	**1.82**	3.89	1.42	1.32	**1.68**
	Total	**0.00**	**0.00**	**0.00**	**2.24**	**18.07**	**5.85**	**5.79**	**8.98**	**9.03**	**4.60**	**4.26**	**2.72**	**11.09**	**4.83**	**4.55**	**4.41**
Number of Work-Related Fatalities	Male	0	0	0	**0**	1	0	0	**0**	0	0	0	**0**	1	0	0	**0**
	Female	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
	Total	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	**0.00**	0.02	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.004	0.00	0.00	**0.00**
	Female	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.02**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.004**	**0.00**	**0.00**	**0.00**

Notes:
1. Statistics cover 100% production sites in this report. Statistics above include permanent employees and temporary employees. The term, "permanent employee" in this report is identical to the terms, "permanent employee" and "full-time employee" referenced in the GRI standards. The term, "temporary employee" in this report refers to migrant workers in Taiwan; contract or outsourced workers in mainland China; employees under the probation period in Vietnam; outsourced workers in Japan; temporary workers in the U.S.; temporary employees as referenced in the GRI standards.
2. Total work hours of employees are 41,902,895 hours in 2023.
3. Between 2020 and 2022, there were no severe occupational injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months). However, there were 2 severe occupational injuries related to being caught-in/between and dust combustion in 2023. These incidents correspond to a 0.01% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2023.

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Contractor's Occupational Injury at Production Sites

		Petrochemical				Polyester				Textile				Total			
		2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Occupational Injury Cases	Male	0	2	2	**4**	1	3	6	**5**	0	0	0	**0**	1	5	8	**9**
	Female	0	0	0	**0**	0	0	1	**0**	0	0	0	**0**	0	0	1	**0**
	Total	**0**	**2**	**2**	**4**	**1**	**3**	**7**	**5**	**0**	**0**	**0**	**0**	**1**	**5**	**9**	**9**
Number of Work-Related Fatalities	Male	0.00	0.32	0.41	**1.04**	0.06	0.30	0.58	**0.41**	0.00	0.00	0.00	**0.00**	0.04	0.26	0.45	**0.49**
	Female	0.00	0.00	0.00	**0.00**	0.00	0.00	0.10	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.06	**0.00**
	Total	**0.00**	**0.32**	**0.41**	**1.04**	**0.06**	**0.30**	**0.67**	**0.41**	**0.00**	**0.00**	**0.00**	**0.00**	**0.04**	**0.26**	**0.50**	**0.49**
Injury Rate (IR)	Male	0.00	1.60	2.04	**5.19**	0.28	1.49	2.88	**2.03**	0.00	0.00	0.00	**0.00**	0.20	1.30	2.23	**2.46**
	Female	0.00	0.00	0.00	**0.00**	0.00	0.00	0.48	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.28	**0.00**
	Total	**0.00**	**1.60**	**2.04**	**5.19**	**0.28**	**1.49**	**3.36**	**2.03**	**0.00**	**0.00**	**0.00**	**0.00**	**0.20**	**1.30**	**2.50**	**2.46**
Lost Time Injury Frequency Rate (LTIFR)	Male	0	0	0	**0**	3	0	0	**0**	0	0	0	**0**	3	0	0	**0**
	Female	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**	0	0	0	**0**
	Total	**0**	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**0**	**0**	**0**
Rate of Work-Related Fatalities	Male	0.00	0.00	0.00	**0.00**	0.17	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.12	0.00	0.00	**0.00**
	Female	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**	0.00	0.00	0.00	**0.00**
	Total	**0.00**	**0.00**	**0.00**	**0.00**	**0.17**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.12**	**0.00**	**0.00**	**0.00**

Notes:
1. Statistics cover 100% production sites in this report.
2. Total work hours of contractors are 3,658,778 hours in 2023, including contractors of engineering and labor services.
3. Between 2020 and 2022, there were no severe occupational injuries (defined as an inability or difficulty to restore to pre-injury health condition within 6 months). However, there was 1 severe occupational injury related to being caught-in/between in 2023. This incident corresponds to a 0.05% Process Safety Incident Severity Rate (PSISR) as per the SASB standards for the chemical industry.
4. There were no occupational illnesses between 2020 and 2023.

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7.2 GRI Standard Index

Statement of use	FENC has reported in accordance with the GRI Standards for the period January 1 to December 31, 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	N/A

GRI Standard	Disclosure	Chapters	Pages
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	About This Report, 1.1, 6.1.1, 6.1.2	3, 37, 145, 145
2-2	Entities included in the organization's sustainability reporting	About This Report, 1.1.2	3, 38
2-3	Reporting period, frequency and contact point	About This Report	3
2-4	Restatements of information	About This Report	3
2-5	External assurance	About This Report, 7.5	3, 173
Activities and workers			
2-6	Activities, value chain and other business relationships	1.1, 1.2.1, 4.4, 6.1.1	37, 41, 126, 145
2-7	Employees	4.1.2, 6.1.1	100, 145
2-8	Workers who are not employees	4.1.2, 6.1.3	100, 147
Governance			
2-9	Governance structure and composition	Corporate Governance Report" in the 2023 FENC Annual Report.	41, 50
2-10	Nomination and selection of the highest governance body	1.2.2	41
2-11	Chair of the highest governance body	Please refer to "III. Corporate Governance Report" in the 2023 FENC Annual Report.	
2-12	Role of the highest governance body in overseeing the management of impacts	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5	8, 11, 50
2-13	Delegation of responsibility for managing impacts	1.2.2, 1.5	41, 50
2-14	Role of the highest governance body in sustainability reporting	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5	8, 11, 50
2-15	Conflicts of interest	1.2.2	41
2-16	Communication of critical concerns	1.5	50
2-17	Collective knowledge of the highest governance body	1.2.1, 1.2.2	41, 41
2-18	Evaluation of the performance of the highest governance body	1.2.2	41
2-19	Remuneration policies	1.2.2, 4.1.3	41, 103
2-20	Process to determine remuneration	1.2.2, 4.1.3	41, 103
2-21	Annual total compensation ratio	4.1.3	103
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Message from the Chairman	5
2-23	Policy commitments	Boosting Stakeholder Dialogue, 1.1, 1.2, 1.3, 1.5, 2.4, 4.1.1, 4.1.4, 4.4.1	11, 37, 40, 43, 50, 62, 97, 106, 126
2-24	Embedding policy commitments	Boosting Stakeholder Dialogue, 1.1, 1.2, 1.3.2, 4.1.1, 4.1.4, 4.4.1	11, 37, 40, 43, 97, 106, 126
2-25	Processes to remediate negative impacts	Boosting Stakeholder Dialogue, 1.2.1, 2.4, 4.1.1, 4.1.4, 4.4.1	11, 41, 62, 97, 106, 126
2-26	Mechanisms for seeking advice and raising concerns	Boosting Stakeholder Dialogue, 1.2, 1.3, 1.5, 4.4.1	11, 40, 43, 50, 126
2-27	Compliance with laws and regulations	1.3	43
2-28	Membership associations	There are 97 associations meeting the recommendations of the index.	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue	8, 11
2-30	Collective bargaining agreements	4.1.4	106

Material Topics

GRI Standard	Disclosure	Chapters	Pages
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Identification of Stakeholders and Material Topics	8
3-2	List of material topics	Identification of Stakeholders and Material Topics	8
Green Products			
GRI 3: Material Topics 2021			
3-3	Management of material topics	2 Material Topics	57
Custom Items			
Custom	Revenue from green products	2.2	59

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GRI Standard	Disclosure	Chapters	Pages
Custom	Green product labels and certifications	2.2	59
Custom	Green initiatives	2.2	59
Climate Strategies and Low Carbon Transition			
GRI 3: Material Topics 2021			
3-3	Management of material topics	3 Material Topics	67
GRI 201: Economic Performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	Special Report 2, 3.1.1	26, 69
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	3.1.2, 7.1	74, 153
305-2	Energy indirect (Scope 2) GHG emissions	3.1.2, 7.1	74, 153
305-3	Other indirect (Scope 3) GHG emissions	3.1.2, 7.1	74, 153
305-4	GHG emissions intensity	3.1.2, 7.1	74, 153
305-5	Reduction of GHG emissions	Special Report 2, 3.1.2	26, 74
Environmental Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	3 Material Topics	67
GRI 305: Emissions 2016			
305-6	Emissions of ozone-depleting substances (ODS)	Related substances are not used.	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.3.1	87
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	3.3.2	88
306-2	Management of significant waste-related impacts	3.3.2	88
306-3	Waste generated	3.3.2	88
306-4	Waste diverted from disposal	3.3.2	88
306-5	Waste directed to disposal	3.3.2	88

GRI Standard	Disclosure	Chapters	Pages
Operational Performance and Strategies			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1 Material Topics	36
GRI 301: Materials 2016			
201-1	Direct economic value generated and distributed	1.1.1	37
201-4	Financial assistance received from government	(NT$ Thousand) Taiwan / mainland China	
		Subsidies for technical development: 13,621 / 2,283	
		Subsidies for energy conservation: 3,500 / 707	
		Physical/mental handicapped living allowance: 0 / 0	
		Other item: 58 / 11,992	
		Total: 17,179 / 14,982	
		Total subsidies are NT$ 32,161 thousand. Production sites in Vietnam, Japan, and the U.S. are not subsidized by the government.	
GRI 207: Tax 2019			
207-1	Approach to tax	1.1.1, 1.3.3	37, 44
207-2	Tax governance, control, and risk management	1.1.1, 1.3.1,, 1.3.2	37, 43, 43
207-3	Stakeholder engagement and management of concerns related to tax	1.1.1	37
207-4	Country-by-country reporting	1.1.1, 4.1.2	37, 100
Corporate Sustainability			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1 Material Topics	36
Custom Items			
Custom	Sustainable development principles	1.5	50
Custom	Structure of sustainability governance	1.5	50
Custom	Disclosure of sustainability data	1.5	50

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GRI Standard	Disclosure	Chapters	Pages
Production and Product Innovation			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	2 Material Topics	57
Custom Items			
Custom	Funds for R&D and innovation	2.1	58
Custom	The number of patents approved	2.1	58
Energy and Resource Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	3 Material Topics	67
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	3.2.2	81
301-2	Recycled input materials used	2.2, 3.2.2	59, 81
301-3	Reclaimed products and their packaging materials	3.2.2, 3.3.2	81, 88
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	3.2.1	79
302-3	Energy intensity	3.2.1	79
302-4	Reduction of energy consumption	3.2.1	79
302-5	Reductions in energy requirements of products and services	3.2.1	79
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	3.2.3	82
303-2	Management of water discharge-related impacts	3.2.3	82
303-3	Water withdrawal	3.2.3	82
303-4	Water discharge	3.2.3	82
303-5	Water consumption	3.2.3	82
Product Accountability and Life Cycle Assessment			
GRI 3: Material Topics 2021			
3-3	Management of material topics	2 Material Topics	57

GRI Standard	Disclosure	Chapters	Pages
SASB: Safety & Environmental Stewardship of Chemicals			
RT-CH-410b.1.	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances (2) Percentage of such products that have undergone a hazard assessment	2.3	61
RT-CH-410b.2.	(1) Discussion of strategy to manage chemicals of concern (2) Discussion of strategy to develop alternatives with reduced human and/or environmental impact	2.2, 2.3	59, 61
Custom Items			
Custom	Life cycle assessment	2.3	61
Custom	Product quality and safety certification	2.3	61
Risk Management			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1 Material Topics	36
Custom Items			
Custom	Risk control policy	1.3.1	43
Custom	Identification and management of major risks	1.3.2	43
Custom	Risk control mechanism	1.3.3	44
Corporate Governance			
GRI 3: Material Topics 2021			
3-3	Management of material topics	1 Material Topics	36
GRI 206: Anti-competitive Behavior 2016			
205-1	Operations assessed for risks related to corruption	1.2.1, 4.4.1	41, 126
205-2	Communication and training about anti-corruption policies and procedures	1.2.1, 4.2, 4.4.1	41, 108, 126
205-3	incidents of corruption and actions taken	No relevant issue (Boosting Stakeholder Dialogue, 1.2.1)	11, 41
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No relevant issue (1.3)	43

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GRI Standard	Disclosure	Chapters	Pages
Occupational Safety and Health			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	4 Material Topics	96
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	4.3.1	115
403-2	Hazard identification, risk assessment, and incident investigation	4.3.1, 4.3.2	115, 121
403-3	Occupational health services	4.3.3	124
403-4	Worker participation, consultation, and communication on occupational health and safety	Boosting Stakeholder Dialogue, 4.3.1	11, 115
403-5	Worker training on occupational health and safety	4.3.1	115
403-6	Promotion of worker health	4.3.3	124
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.3	115
403-8	Workers covered by an occupational health and safety management system	4.3.1	115
403-9	Work-related injuries	4.3.1, 4.3.2	115, 121
403-10	Work-related ill health	4.3.2, 4.3.3	121, 124
Sustainable Corporate Image			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	Enhancing Corporate Sustainable Image	18
Custom Items			
Custom	Participating in sustainable awards	Enhancing Corporate Sustainable Image	18
Custom	Participating in sustainable conferences and activities	Enhancing Corporate Sustainable Image	18
Sustainable Supply Chain Management			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	4 Material Topics	96
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	4.4.1	126
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	4.4.1	126
308-2	Negative environmental impacts in the supply chain and actions taken	4.4.1	126
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	4.4.1	126
414-2	Negative social impacts in the supply chain and actions taken	4.4.1	126
Sustainable Community			
GRI 3: MATERIAL TOPICS 2021			
3-3	Management of material topics	6 Material Topics	144
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	6.2.2	150
302-4	Reduction of energy consumption	6 Target and Progress	144
302-5	Reductions in energy requirements of products and services	6.2.2	150
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	6.2.2	150
303-2	Management of water discharge-related impacts	6.2.2	150
303-3	Water withdrawal	6.2.2	150
GRI 304: Biodiversity 2016			
304-2	Significant impacts of activities, products and services on biodiversity	6.2.2	150
304-3	Habitats protected or restored	This indicator is not applicable. (6.2.2)	150
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	This indicator is not applicable. (6.2.2)	150
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	6.2.2	150
305-2	Energy indirect (Scope 2) GHG emissions	6.2.2	150

Content

7.3 Response to Sustainable Guidance and Principles

Sustainability Accounting Standards Board (SASB) - Chemical Industry

Code	Accounting Metric	Description	Chapters
Greenhouse Gas Emissions			
RT-CH-110a.1.	Gross global Scope 1 emissions	1,016 $ktCO_2e$	3.1.2, 7.1
	Percentage covered under emissions-limiting regulations	77%	
RT-CH-110a.2.	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Please refer to Special Report 2, 3.1.1.	
Air Quality			
RT-CH-120a.1.	Air emissions of the following pollutants: (1) NOx (excluding N_2O)	544 metric tons	3.3.1
	(2) SOx	458 metric tons	
	(3) volatile organic compounds (VOCs)	382 metric tons	
	(4)hazardous air pollutants (HAPs)	3 metric tons	
Energy Management			
RT-CH-130a.1.	(1) Total energy consumed	18,695 TJ	Special Report 2, 3.1.3, 3.2.1, 7.1
	(2) percentage grid electricity	31%	
	(3) percentage renewable	5%	
	(4) total self-generated energy	12,378 TJ	
Water Management			
RT-CH-140a.1.	(1) Total water withdrawn, percentage in regions with High or Extremely High Baseline Water Stress	18,492 megaliters, 24%	3.2.3
	(2) Total water consumed, percentage in regions with High or Extremely High Baseline Water Stress	8,927 megaliters, 27%	
RT-CH-140a.2.	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	1	1.3.3
RT-CH-140a.3.	Description of water management risks and discussion of strategies and practices to mitigate those risks	Please refer to 3.2.3.	
Hazardous Waste Management			
RT-CH-150a.1.	Amount of hazardous waste generated	12,484 metric tons	3.3.2
	percentage recycled	87%	
Community Relations			
RT-CH-210a.1.	Discussion of engagement processes to manage risks and opportunities associated with community interests	Please refer to Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, Special Report 3, 2.4, 5, 6.1.3, 6.2.1.	
Workforce Health & Safety			
RT-CH-320a.1.	Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	0.21, 0	4.3.2
RT-CH-320a.2.	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Please refer to 4.3.3.	
Product Design for Use-phase Efficiency			
RT-CH-410a.1.	Revenue from products designed for use-phase resource efficiency	The revenue from green products is 45.976 billion	2.2
Safety & Environmental Stewardship of Chemicals			
RT-CH-410b.1.	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	17%	2.3
	(2) percentage of such products that have undergone a hazard assessment	100%	
RT-CH-410b.2.	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	Please refer to Special Report 1, 2.2, 2.3, 4.3.1.	
Genetically Modified Organisms			
RT-CH-410c.1.	Percentage of products by revenue that contain genetically modified organisms (GMOs)	No relevant products.	2.3
Management of the Legal & Regulatory Environment			
RT-CH-530a.1.	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Please refer to Special Report 2, 1.3, 3.1.2.	
Operational Safety, Emergency Preparedness & Response			
RT-CH-540a.1.	Process Safety Incidents Count (PSIC)	44	4.3.2
	Process Safety Total Incident Rate (PSTIR)	0.21	
	Process Safety Incident Severity Rate (PSISR)	0.01%	
RT-CH-540a.2.	Number of transport incidents	0	4.4.2

Note: The Chinese version of this report is prepared with the traditional Chinese version of Draft IFRS S2 Climate-related Disclosures Appendix B Industry-based disclosure requirements Volume B47—Chemicals as a reference and in part translated by FENC.

Content

Task Force on Climate-related Financial Disclosures (TCFD)

Dimension		Recommended Disclosure	Chapters
Governance	Disclosure of the organization's governance around climate-related risks and opportunities	Describe the board's oversight of climate-related risks and opportunities.	3.1.1
		Describe management's role in assessing and managing climate-related risks and opportunities.	
Strategy	Disclosure of the actual and potential impacts of climate related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Special Report 2, 3.1.1, 3.1.2
		Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	
		Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
Risk Management	Disclosure of how the organization identifies, assesses, and manages climate-related risks	Describe the organization's processes for identifying and assessing climate-related risks.	Special Report 2, 3.1.1
		Describe the organization's processes for managing climate-related risks.	
		Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	
Metrics and Targets	Disclosure the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Special Report 2, 3.1, 3.2
		Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
		Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies

Description	Chapters
Chapter 1 General Principles	Message from the Chairman, Sustainability Strategy Blueprint, Targets and Progress of all chapters, Identification of Stakeholders and Material Topics, 1.1, 1.2, 1.3, 1.4, 1.5
Chapter 2 Exercising Corporate Governance	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, Targets and Progress, 1.2, 1.3, 1.5, 4.1.3, 4.1.4, 4.1.5
Chapter 3 Fostering a Sustainable Environment	Special Report1, Special Report 2, Special Report3, 1.5, 2 & 3 Targets and Progress, 2.2, 2.3, 6.2.2
Chapter 4 Preserving Public Welfare	1.2, 1.3, 2.4, 4, 5, 6.2.1
Chapter 5 Enhancing Disclosure of Sustainable Development Information	Sustainability Strategy Blueprint, Targets and Progress of all chapters, Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.2, 1.3, 1.5, 4.4.1
Chapter 6 Supplementary Provisions	Identification of Stakeholders and Material Topics, Boosting Stakeholder Dialogue, 1.5, 7

7.4 Greenhouse Gas Inventory and Assurance Status

Greenhouse Gas Inventory Information

Scope of information disclosure according to the Sustainable Development Roadmap for TWSE- and TPEx-Listed Companies:
1. The parent company entity will begin the inventory process in 2023.
2. Subsidiaries in the consolidated financial report will begin the inventory process in 2025.

The Company adheres to the ISO 14064-1 standard for greenhouse gas inventory established by the International Organization for Standardization (ISO) to set up its greenhouse gas inventory mechanism. The greenhouse gas inventory data for the past two years have been summarized based on the operational control method, including the emissions from the Company and certain subsidiaries in the consolidated financial report. Details are as follows:

		2022		2023	
		Emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million)	Emissions (tCO_2e)	Intensity (tCO_2e/ NT$ million)
Parent Company	Scope 1	469,972	-	362,679	-
	Scope 2	246,884		226,550	
	Subtotal	**716,856**	**13.99**	**589,229**	**13.75**
Consolidated Subsidiaries (Note)	Scope 1	568,811	-	662,523	-
	Scope 2	806,071		930,184	
	Subtotal	**1,374,882**	**5.30**	**1,592,707**	**5.76**
Total		**2,091,738**	**6.73**	**2,181,936**	**6.83**

Note: The number of consolidated subsidiaries was 63 in 2022 and 70 in 2023.

Greenhouse Gas Assurance Information

Scope of assurance execution according to the Sustainable Development Roadmap for TWSE- and TPEx-Listed Companies:
1. The parent company entity will begin executing assurance from 2024.
2. Subsidiaries in the consolidated financial report will begin executing assurance from 2027.

Content

The assurance execution status for the greenhouse gas inventory of the Company and certain subsidiaries in the consolidated financial report over the past two years is detailed as follows:

The Status of Assurance		Emissions for 2022 (tCO_2e)	Emissions for 2023 (tCO_2e)
Parent Company	Scope 1	469,972	**362,679**
	Scope 2	246,884	**226,550**
	Total	**716,856**	**589,229**
	Percentage of data covered as disclosed above	100%	**100%**
	Assurance Institution	DNV, SGS, TUV	**DNV, SGS, TUV (Assurance statement issued by DNV)**
	Assurance explanation	ISO 14064-3: 2019 Reasonable Assurance	**ISO 14064-3: 2019 Reasonable Assurance**
	Assurance opinion	Unqualified Opinion/Conclusion	**Unqualified Conclusion**
Consolidated Subsidiaries (Note)	Scope 1	568,811	**662,523**
	Scope 2	806,071	**930,184**
	Total	**1,374,882**	**1,592,707**
	Percentage of data covered as disclosed above	100%	**100%**
	Assurance Institution	BSI, BV, SGS, TUV, ITRI	**BSI, BV, SGS, TUV**
	Assurance explanation	ISO 14064-3: 2019 Reasonable Assurance	**ISO 14064-3: 2019 Reasonable Assurance**
	Assurance opinion	Unqualified Opinion/Conclusion	**Unqualified Conclusion**

Note: The number of consolidated subsidiaries was 63 in 2022 and 70 in 2023.

Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

With the approval of the Board of Directors, the Company's production business established short-, medium-, and long-term Scopes 1 and 2 greenhouse gas reduction targets in 2022. Using 2020 as the baseline, the short-term target aimed for a 20% reduction by 2025, and the medium-term target aimed for a 40% reduction by 2030, ultimately achieving net-zero emissions by 2050.

In 2023, the Company surpassed expectations by achieving its short-term target ahead of schedule, with a 25% reduction in Scopes 1 and 2 GHG emissions across its 21 production sites, significantly exceeding its projected progress.

Each production site has established an energy conservation and emission reduction team, overseen by the Energy Task Force, the Company's dedicated organization responsible for environmental and energy management within the production business. These teams undertake the carbon reduction pathway by implementing five strategies, including improving energy efficiency, developing renewable energy, adopting low-emission fuel alternatives, utilizing CCUS, and fostering raw material transition. For more details, please refer to Special Report 2 Reaching Zero Carbon Through Low-Carbon Transition.

Parent Company Integrated Greenhouse Gas Opinion

DNV

Impartial Engagement Opinion

Engagement Opinion No.: C692429-2023-AG-TWN-DNV
Issued Place: Taipei
Issued Date: 15 May, 2024

DNV is engaged to verify initiate statements of Greenhouse Gases of

Far Eastern New Century Corporation

Scope of Verification
DNV Business Assurance (DNV) has been commissioned by Far Eastern New Century ('the Organization') to perform a verification of the greenhouse gas statements of Greenhouse Gas statements (2023) (hereafter the "Inventory Report") in Taiwan, R.O.C. with respect to the sites listed in Annex A.

The Reporting Boundary for the verification including direct GHG emissions and removals, indirect GHG emissions from imported energy, indirect GHG emissions from transportation, indirect GHG emissions from products used by the Organization and indirect GHG emissions associated with the use of products from the Organization.

Verification Criteria and GHG Programme
The verifications were performed on the basis of ISO 14064-1:2018 as well as criteria given to provide for consistent GHG emission identification, calculation, monitoring and reporting.
The verification was conducted in accordance with ISO14064-3:2019.

Verification Procedures
The emission information included in Far Eastern New Century Corporation's greenhouse gas statements are partly based on the Ministry of Environment. And verification opinions were issued by Registered Verification Bodies, approved by Ministry of Environment. Relevant verification opinions information is listed in Appendix B:

Our verification strategy used a combined data and controls testing approach. Evidence-gathering procedures included but were not limited to:
— a visit to GHG statements;
— inspecting the Verification Opinion issued by verification body;
— interview responsible personnels to confirm data gathering procedures.
— a visit to Ministry of Environment GHG reporting system to verify the competence of Verification Body.
— re-calculating the emissions of statements and their verification opinions.

Chien Yi Jerry Huang
GHG Verifier

Place and date:
Taipei, 13 May, 2024

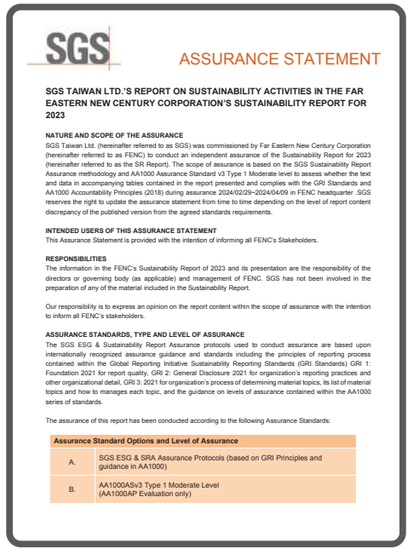
For the issuing office:
DNV Business Assurance Co., Ltd.
29Fl., No. 293, Sec. 2, Wenhua Rd., Banqiao District, New Taipei City 220, Taiwan

Management Representative

Lack of fulfilment of conditions as set out in the Certification Agreement may render this Certificate invalid.
This Verification Opinion is based on the information made available to us and the engagement conditions detailed above. Hence, DNV cannot guarantee the accuracy or correctness of the information. DNV cannot be held liable by any party relying or acting upon this Verification Opinion.
DNV Business Assurance Co., Ltd. 29Fl., No.293, Sec.2, Wenhua Road 220 Ban Chiau Dist., New Taipei City Taiwan
TEL : +886-2-82537800, website: https://www.dnv.com/tw/

Content

7.5 Assurance Statement



SGS ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FAR EASTERN NEW CENTURY CORPORATION'S SUSTAINABILITY REPORT FOR 2023

NATURE AND SCOPE OF THE ASSURANCE
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Far Eastern New Century Corporation (hereinafter referred to as FENC) to conduct an independent assurance of the Sustainability Report for 2023 (hereinafter referred to as the SR Report). The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance 2024/02/29~2024/04/09 in FENC headquarter. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all FENC's Stakeholders.

RESPONSIBILITIES
The information in the FENC's Sustainability Report of 2023 and its presentation are the responsibility of the directors or governing body (as applicable) and management of FENC. SGS has not been involved in the preparation of any of the material included in the Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance with the intention to inform all FENC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2: General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3: 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

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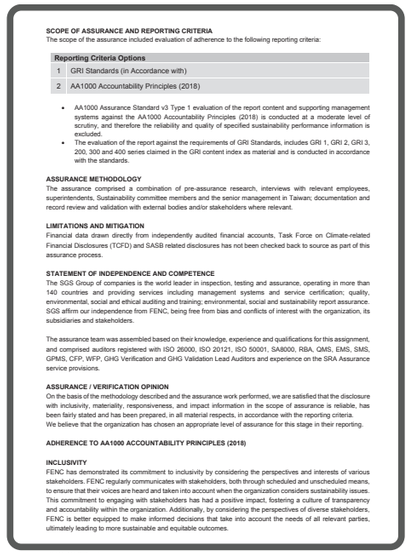

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options	
1	GRI Standards (in Accordance with)
2	AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and assurance, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from FENC, being free from bias and conflicts of interest with the 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, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

ASSURANCE / VERIFICATION OPINION
On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.
We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

INCLUSIVITY
FENC has demonstrated its commitment to inclusivity by considering the perspectives and interests of various stakeholders. FENC regularly communicates with stakeholders, both through scheduled and unscheduled means, to ensure that their voices are heard and taken into account when the organization considers sustainability issues. This commitment to engaging with stakeholders has had a positive impact, fostering a culture of transparency and accountability within the organization. Additionally, by considering the perspectives of diverse stakeholders, FENC is better equipped to make informed decisions that take into account the needs of all relevant parties, ultimately leading to more sustainable and equitable outcomes.

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MATERIALITY
FENC has established efficient mechanisms to identify material issues that have impacts on the business. Through a structured review process, FENC has identified the various stakeholders involved and determined the issues that are material to each stakeholder group. The organisation's sustainability report provides a comprehensive coverage of these material issues, prioritizing them according to their importance to the relevant stakeholders. This approach ensures that FENC's sustainability efforts are well-aligned with stakeholder needs and concerns, which in turn enhances the organisation's transparency and accountability.

RESPONSIVENESS
FENC has adequately demonstrated responsiveness towards the material topics and their impacts that were identified through the review process. The organization has implemented a range of initiatives and actions to address these issues, detailed in the sustainability report. Measurable targets were set to monitor its sustainability performance. FENC's actions reflect its responsible and proactive approach towards mitigating its impact on the environmental and social perspective, while also creating long-term value for its stakeholders.

IMPACT
FENC has demonstrated a process for identifying and fairly representing impacts that encompass a range of environmental, social, and governance topics from a wide range of sources, including activities, policies, programs, decisions, products, and services, as well as any related performance. Measurement and evaluation of its impacts related to material topics were in place during target setting, with a combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS
The report, FENC's Sustainability Report of 2023, is adequately in accordance with the GRI Universal Standards 2021and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to FENC's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, including impacts on their human rights as well as the role of the highest governance body in overseeing these processes.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000 Licensed Report 000-8/V3-IAZ96

Stephen Pao
Business Assurance Director
Taipei, Taiwan
28 April, 2024
WWW.SGS.COM

TWLPP5008 Issue 2404

Assurance Statement

7.6 List of Publishers and Committee Members

Published by

Far Eastern New Century Corporation

Publisher

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Directors

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Sustainability Implementation Committee Convener

Humphrey Cheng

Sustainability Implementation Committee Members

Abby Wang, Albert Chang, Amy Zhou, Andre Meyer, Andy Lin, Andy Lou, Angus Chou, Angus Liao, Anne Lin, Ariel Mao, Bella Ly, Ben Liu, Bi Hwang Lin, Blue Hsieh, Caleb Hsu, Charlie Tsai, Chih-Ching Lin, Ching Yuan Hsu, Chris Lee, Chris Wu, Ching Yuan Su, Chun Ping Yao, Claire Lin, Cliff Chen, David Chen, David Hsu, Davis Dai, Dequan Chen, Dennis Chen, Diane Mitchell, Emma Su, Eric Wu, FH Yang, Feng Qian, Grace Lai, Hangyuan Yu, Hans Yu, Harrison Huang, Hai Huang, Hejun Li, Hsueh Hua Chiang, Hsueh Lung Lu, Huan-Ta Tien, Jack Lin, Jack Phat, Jason Chuang, Jasmine Cheng, Jenny Fan, Jenny Ho, Jenny Hsu, Jian Li, Johnny Yang, Jolan Chen, Joseph Huang, Judith Liu, Kelly Xiong, Kenneth Chou, Kevin Chang, Kevin Wang, Kevin Yin, Kristie Bui, Larry Ho, Li Gao, Li-Hua Chu, Lili Qian, Liu Jian, Louis Wang, Lu Zhu, Maggie Lo, Mark Wang, Meihua Wu, Michelle Yeh, Mike hen, Ming Hwa Chao, Money Chien, Nalita Lin, Nicole Lin, Peggie Lin, Peng Zhang, Philips Phu, Pauline Wu, Quinton Lee, Rebin Sieh, Reina Wu, Ren Hua Lee, Ren Xian Zhang, Ren Yen, Richard Chen, Rick Chang, Rick Xie, Scott Huang, Scott Whitwer, Sheree Jiang, Shirley Yu, Shuang Jun Cao, Simon Chen, Slash Fan, Steve Huang, Steve Yang, Takumi Sato, Tasha Chang, Teddy hang, Therese Cochran, Titan Chen, Tommy Wu, Tsengen Tseng, Vincent Huang, Wanshun Qin, Wei Yuan, Weihua Zhang, Will Ling, Yasutaka Yamanaka, York Chou, YT Gu, Yu Yuan Yang, Yuao Huang, Yugen Zhao, Yun Hua Zhang, Zhensheng Chen, Zhijun Wen
(The names are published in alphabetical order.)

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Amos King, Andy Chen, Brian Fang, Ching Feng Chen, Chun Song Jing, Dong Min Zhu, Dustin Chuang, Elephant Fu, Hojyo Hiroki, Hsiao Pin Hu, I Hsiung Li, Joe Hsu, Jun Hong Chang, Jun Xian Lin, Kenny Chou, Ker Bin Louy, Kuo Chi Chang, Li Jen Feng, Long Hua Li, Mandy Chiu, Mao Yuan Chiu, Ming Hua Chao, Ming Lu, QC Ma, Ri Sheng Ye, Rick Chang, Samuel Hedrick, Shao Ping Shou, Sherry Liu, Shuang Jun Cao, Wei Di Zeng, Wen Hsin Lin , Ying Zhou, Yi Gin Xia, Yun Feng Xue, Zhao Fei Xiao
(The names are published in alphabetical order.)

Executive Unit

Corporate Staff Office

Allen Sha, Julia Chao, Jonathan Liu, Phoenix Tang, Celeste Wu, Ginny Feng, Hsin He

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

2023 Sustainability Report