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Target Readers:

Employee / Labor Union

Business Partner (Supplier / Contractor)

Government



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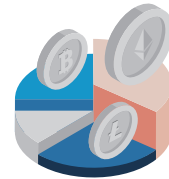
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Average Regular Salaries  
from FENC Taiwan Sites

**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**

# Target and Progress

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### Optimizing Employee Care

2030 Target

- Optimize employee care measures continuously

2025 Target

- Providing ongoing attention to employees' career development needs
- Reinforce expat employee assistance

2024 Target

- Launching the preparation for employee assistance

2023 Target

- Expanding employee satisfaction survey to cover overseas sites
- Planning employee care mechanisms

2023 Progress

- Conduct evaluations through external agencies.
- Expand satisfaction survey to overseas FENC sites.
- Planning employee care mechanisms.

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.



### Establishing International Talent Acquisition Database

- Expanding the global talent platform to cover FENC employees worldwide

- Enhancing data visualization and present materials to the management for organizational planning and fostering corporate development

- Provide comprehensive training for supervisors to evaluate staff's job suitability and identify matches for appropriate corporate or academic training

- Adding ancillary information such as performance appraisals, projects, and functional aptitude test results

- 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.

- 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).



### Protecting Human Rights

- Ensure all human rights are respected with high standards across FENC's global sites

- Conduct on-site plant inspections to address salient risks

- Conduct the second human rights due diligence

- Examine the progress of mitigation and remediation measures addressing salient human rights risks at FENC's global operation sites

- 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.

- 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.



### Cultivating Sustainable International Management Talents

- 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

- 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

- 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

- 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

- 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.

- 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.



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	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: <b>100%</b> • 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: <b>96%</b> • 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: <b>95%</b> • 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: <b>85%</b>
2023 Progress	Completed • Occurrence(s) at each business site: <b>2.5</b> • <b>1.5</b> 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: <b>94%</b>
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.
	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>4 QUALITY EDUCATION</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>



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## 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

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## 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

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.	<div>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.</div> <div>2. All production sites conduct social engagement programs such as meetings, visits, exchanges and educational campaigns among local residents.</div> <div>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.</div>


### 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
<b>No Forced Labor - FENC eradicates all forms of forced labor and punishment</b>	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.
<b>Bans Child Labor - FENC bans child labor</b>	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.
<b>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</b>	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.
<b>Freedom of Association and Collective Bargaining - FENC respects employees' freedom of speech and association, and the right to collective bargaining</b>	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.
<b>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</b>	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.
<b>Maternity Protection - FENC protects and supports female employees</b>	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.
<b>Privacy Protection - FENC protects employees' personal information and privacy rights</b>	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.
<b>Employment Stabilization - FENC protects employees' right to work</b>	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.
<b>Health and Safety - FENC is committed to prioritize all stakeholders' health and safety</b>	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

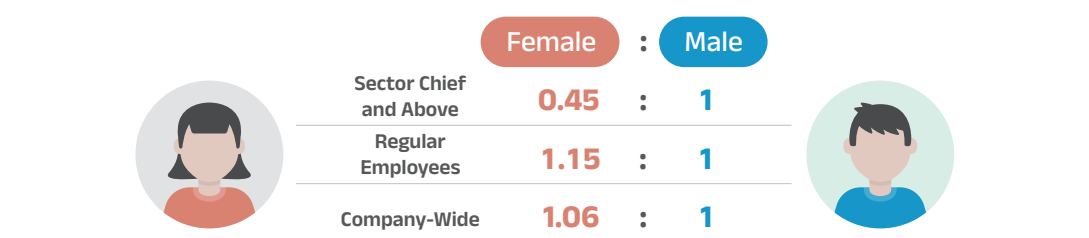
FENC assesses the impact of various corporate operations on the human rights of employees, suppliers and local residents. At the end of 2023, the Company conducted self-assessments and interviews on the implementation of human rights policies at all FENC sites. The assessment indicated 100% compliance 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.

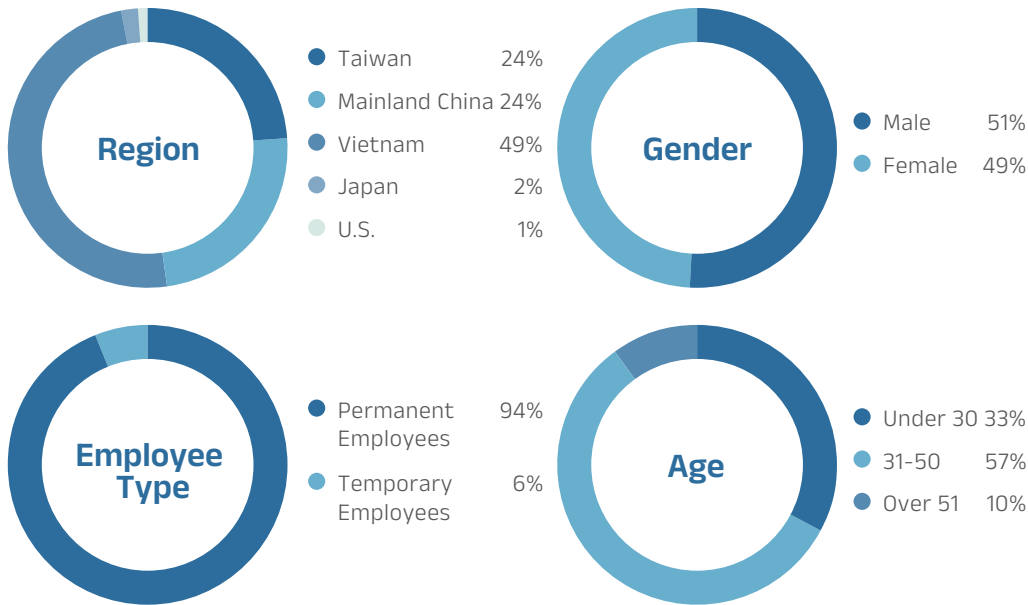
The 2023 turnover rate among permanent employees in Taiwan is 10%, which is considerably lower than the 15.5% average in the manufacturing industry. The low turnover reflects the effectiveness of FENC's talent retention strategies. Among the FENC sites in mainland China, employee turnover was down by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

Total Employees 19,801



## 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.



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 brokerage 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.

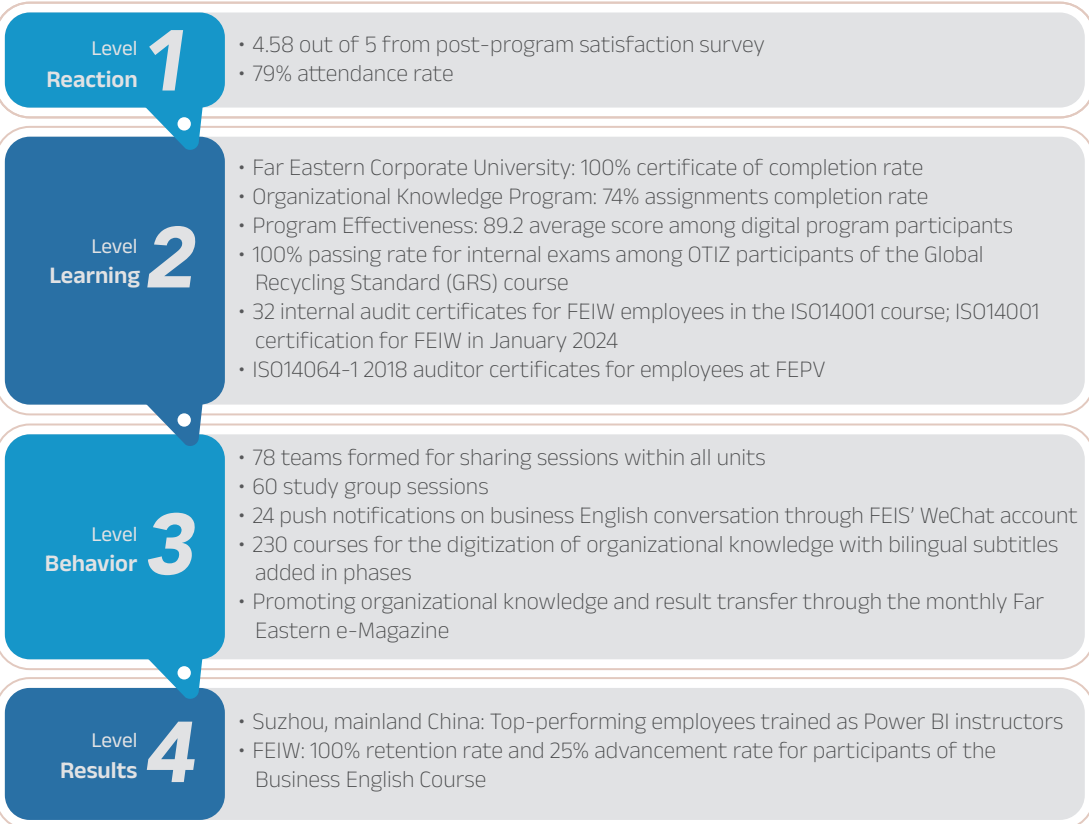
In the beginning of each year, discussions are held between employees and their supervisors to establish future training programs. By the middle of the year, employees undergo training, apply the knowledge they acquire and share it through the organizational knowledge sharing team so they can learn from 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	
	Digital Capability	Value-Added Transition of Smart Manufacturing Through AI	Attendance 346	
	Digital Capability	The Present and Future of Industry “AI-Fication”: Impacts From ChatGPT and Corporate Response	Attendance 35	
	Digital Capability	Efficiency Improvement Through AI	Attendance 265	
	Sustainability Capability	Corporate Managers’ Guide to Protecting Gender Equality	Attendance 893	
	Sustainability Capability	Challenges and Opportunities Amid the Global Net-Zero Transition	Attendance 37	
			Jan.	
			Feb.	Digital Capability   Digital Marketing
			Mar.	
			Apr.	Digital Capability   Innovation
			May.	Professional Capability   Friendly Workplace
			Jun.	Professional Capability   Financial Management
			Jul.	Professional Capability   Strategic Decision-Making
			Aug.	Professional Capability   Problem Analysis and Solving
			Sep.	Sustainability Capability   ESG-Environment
			Oct.	Sustainability Capability   ESG-Social Responsibility
			Nov.	Sustainability Capability   ESG-Corporate Governance
			Dec.	Sustainability Capability   LOHAS

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.



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



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

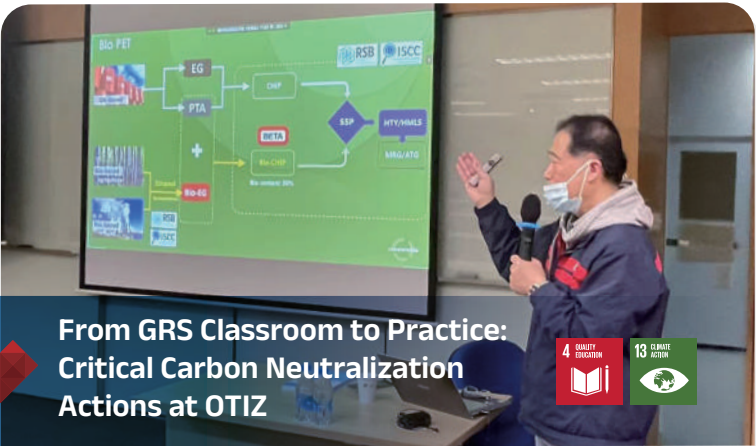
### 2. Social Aspect: Building the Cornerstone of a Friendly Workplace

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, FEPU 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.

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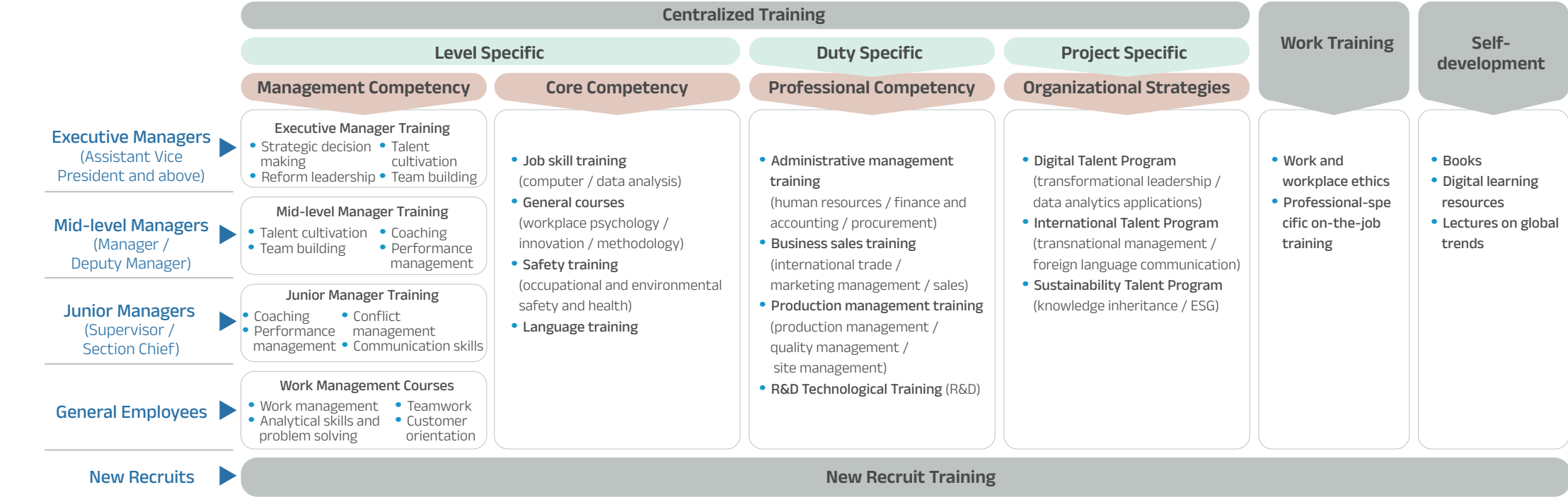
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## Training Framework



### Average Number of Training Hours of Ranking and Gender

		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

		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

	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:hour / 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

Unit:day / person

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 corporate 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 during 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 corporate 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. Corporate 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, demonstrating 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.



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.

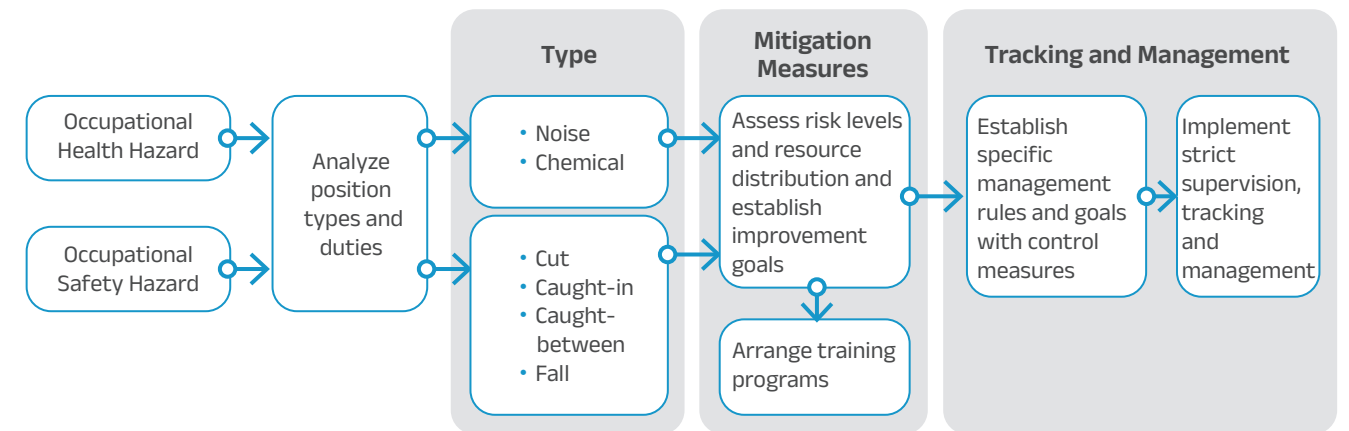
2. Conducts related to occupational safety and health management; worker engagement; consultation and communication; prevention and mitigation of occupational safety and health impacts directly related to job duties are carried out in accordance with the stipulations in the occupational safety and health 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

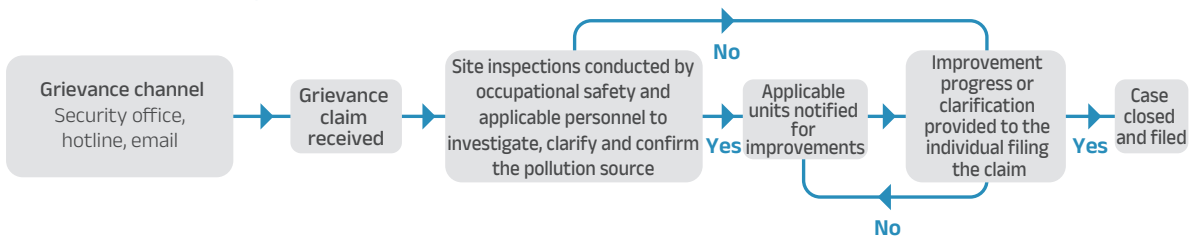
### Chemical Safety Management

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

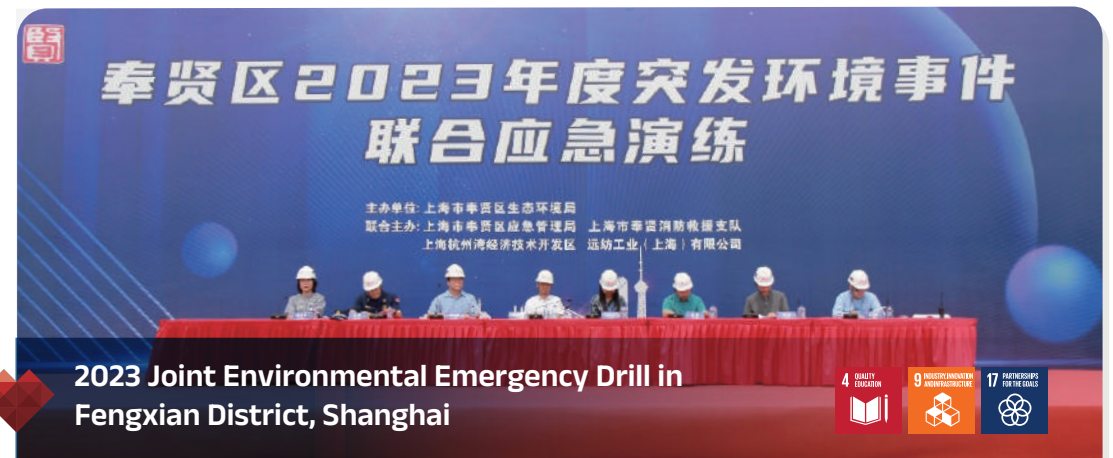
According to the Ministry of Transportation and Communications, an average of nearly 1,000 traffic accidents occur every day in Taiwan. Traffic accidents involving workers commuting to and from work account for 30% to 40% of occupational accidents in Taiwan, making commuting a high-risk factor for workers. 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 inevitable 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

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## 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:



All improvements must be completed within 2 months. Facility improvements that require construction contracts shall be completed within 3 to 6 months.

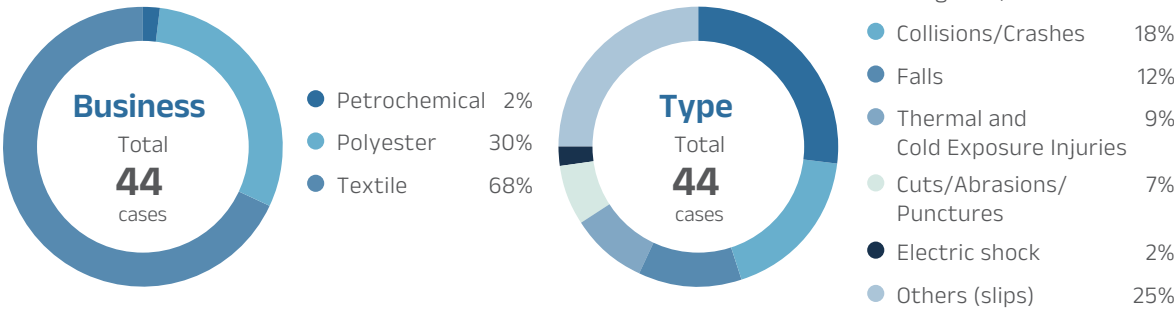
Based on the statistics, a total of 44 cases of occupational injuries among employees occurred at FENC production sites in 2023, which is down significantly by 43% from 2022. Among the cases are two high-consequence work-related injuries, which are defined as injuries from which the worker cannot, does 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.

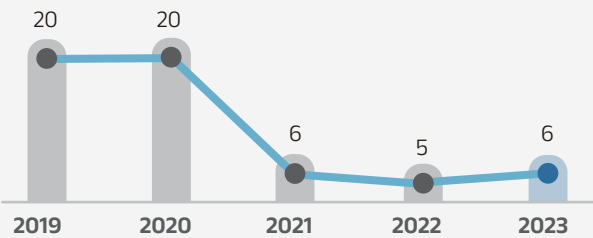
Year	Awarded Unit	Awarded Personnel	Reward
2021	19	1,994	\$880,077
2022	32	1,998	\$1,323,428
2023	26	2,500	\$1,017,912
Total	77	6,992	\$3,221,417

### 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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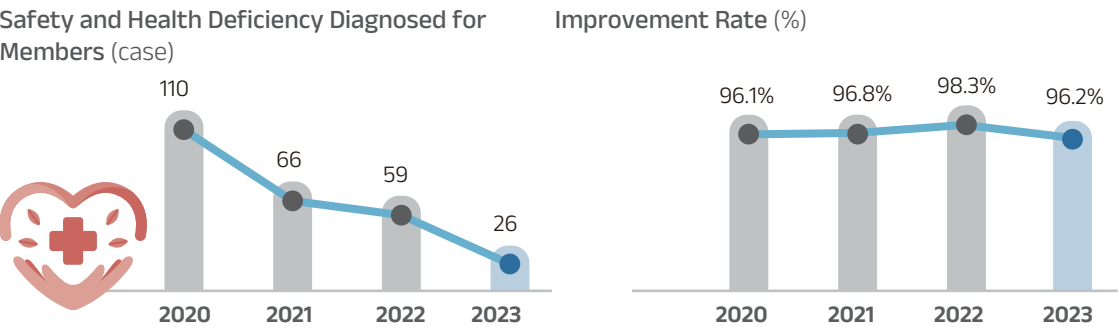
– On December 18, 2023, the Safety and Health Technology Center and the Office of Labor Inspection of Taoyuan City Government invited Kuanyin Chemical Fiber Plant to the 2023 Workplace Safety and Intelligent Disaster Prevention Seminar to discuss “Innovative Management of Confined Space Operations,” 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



### 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<sub>2</sub>e, 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.



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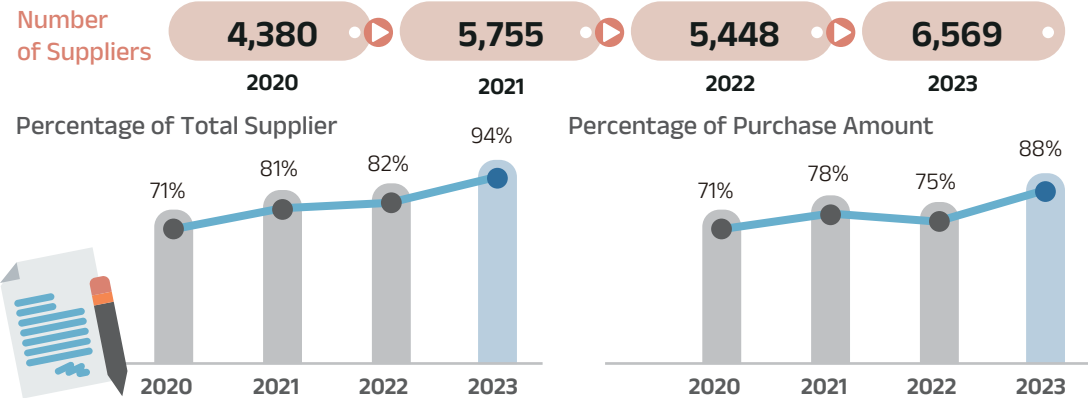
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## The Number and Purchase Amount Percentage of Suppliers Signing “Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement”



Note:

- 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%.
- The total number of suppliers varies from year to year.
- The number of suppliers signing “Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement” of OPTC is 98%.
- 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

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 Channel](#).
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	<ol style="list-style-type: none"><li>1. All transport suppliers shall comply with local and international regulations.</li><li>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.</li><li>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).</li></ol>
Management	<ol style="list-style-type: none"><li>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.</li><li>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.</li><li>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.</li></ol>
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	<div>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.</div> <div>2. Based on the goods transported, transport suppliers must obtain required permits and licenses in accordance with governmental regulations and the weight limit.</div> <div>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.</div>
Management	<div>1. The audit team led by executive managers visits major transport contractors to conduct annual on-site audits and reviews.</div> <div>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.</div> <div>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.</div> <div>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.</div> <div>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.</div> <div>6. Incentivization: Transport suppliers incentivize drivers who conserve fuels and FENC incentivizes transport suppliers with early green vehicle adoption by allocating additional shipment.</div> <div>7. Freight consolidation: Light-weight products for different customers are consolidated into one delivery vehicle to reduce the number of vehicles and trips.</div> <div>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.</div> <div>9. Smart route planning: Delivery routes are optimized for vehicles to pick up recycled packaging materials on the return trip and avoid truck deadheading.</div>
2023 Performance	<div>1. Key discussions at the 2023 review meeting for transport, environment, safety and health at each production site:<ul style="list-style-type: none"><li>There is a lack of strength in the PET chips, post-consumer-recycled bags and pallets, and the transport contractors were consulted for clarification.</li><li>When empty containers must be transferred among different routes, staff must confirm with the freight company in advance.</li><li>When poor container conditions may pose potential safety hazards, the drivers shall take the container to the maintenance shop for repair.</li><li>All vehicles, containers and tanks are maintained and inspected on a regular basis to ensure zero occupational disasters.</li><li>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.</li></ul></div> <div>2. In 2023, all FENC's land transport contractors and random inspections were in compliance with the above standards.</div>

## Risk Indicator and Control Mechanism for Land Transport Contractors

Item	Risk Indicator	Control Mechanism
Qualification and Behavioral Review	<div>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.</div> <div>2. Vehicle operators work overtime and experience driver fatigue.</div> <div>3. Professional vehicle operators must provide required license for vehicles operated, and permit for transporting hazardous materials to carry out such operations.</div>	<div>1. Pre-work training and trial runs are provided for suppliers.</div> <div>2. Working hours are subject to local labor regulations.</div>
Transport Equipment	<div>1. The selection of comprehensive transport equipment.</div> <div>2. The use of chemical tankers for chemical materials.</div> <div>3. The use of environmentally friendly vehicles to reduce CO2 emissions.</div> <div>4. Regular maintenance and exhaust check at the inspection station.</div>	<div>1. Inspections are conducted before, during and after the transport.</div> <div>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.</div> <div>3. The GPS system is installed to monitor vehicle conditions.</div> <div>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).</div>
External Environment	<div>1. Weight limit.</div> <div>2. Road maintenance.</div> <div>3. Poor weather conditions that affect visibility.</div> <div>4. Dusty conditions and environmental pollution.</div>	<div>1. Vehicle capacity shall comply with the weight limit set forth in traffic regulations.</div> <div>2. Safety is priority. Transport operation shall be postponed during poor weather or road conditions.</div> <div>3. When transporting breakbulk cargo, lead with sprinkler truck to reduce dust.</div>

### 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.