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Target Readers:

- Employee / Labor Union
- Business Partner (Supplier / Contractor)
- Direct Customer
- External Audit Agency
- Government
- Shareholder / Investor / Financial Institution



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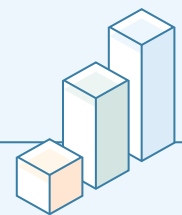
57 years on TWSE
Uninterrupted Profiting and Dividend Sharing Streak

5th Consecutive
 TCSA
 Top 10 Taiwanese Companies
 Sustainability Model Award



International Finance Media
The Asset, FinanceAsia, Treasury Today
 Multiple Award Recognitions

NT\$ **217** Billion in
 Consolidated Revenues
A Record High



Sharing **Innovative Information Security Applications**
 At **CYBERSEC 2024**

Strengthening Board Functions
 With **ESG** and **AI** Training

ESG Rating
 Incorporated Into Customer
 Credit Assessment

Incorporating **National Risk Warning Mechanism**
 To Reduce Geopolitical Risks



Incorporating **Dual Information Security Ratings**

Integrating **Big Data** and **AI**
 Enhancing **Credit Management**

Issuing **Taiwan's First Sustainable Exchangeable Bond**



Issuing Nearly **40 Sustainable Financial Products**
 Raising Nearly NT\$ **80** Billion

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	Industry Leading Status	Corporate Governance Evaluation	Risk Management System	Management of Information Security	Exemplary Sustainable Corporation
2035 Target	Maintaining industry leading status with key products	Reaching top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	Create a more robust management mechanism for information security awareness to reduce the risk of social engineering attacks and ensure operational security	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2030 Target	Maintaining industry leading status with key products	Reaching top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	Continuously optimize social engineering drills and information security training to enhance security awareness among employees and ensure operational security	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2025 Target	Maintaining industry leading status with key products	Reaching top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of 3 social engineering drills and 3 training sessions annually to enhance overall security awareness	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2024 Target	Maintaining industry leading status with key products	Reaching top 5%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value	A minimum of 3 social engineering drills and 3 training sessions annually to enhance overall security awareness	Implementing 3 annual sustainable projects, Taking part in 3 annual sustainable conferences or awards
2024 Progress	Maintaining industry leading status with key products Achieved ✓	6% - 20%	Conducting at least 3 risk control projects yearly to ensure sound growth and enhance corporate value Achieved ✓	A total of 3 social engineering drills and 8 training courses were conducted Achieved ✓	For details on implementation, please refer to the 2024 Sustainability Report Achieved ✓
Action Plan	<ul style="list-style-type: none"> Expand production capacity and diverse production base Research and develop innovative products Elevate employee competency 	<ul style="list-style-type: none"> Learn from the results of Corporate Governance Evaluation and best practices around the world Make continuous improvements based on corporate conditions 	<ul style="list-style-type: none"> Continue to expand the scope of risk management systems Optimize the risk management system and make adjustments accordingly Construct a risk management system platform Conduct regular stocktakes regarding material risk projects and track improvements Present the status of risk management implementation to the Board 	<ul style="list-style-type: none"> Update the email templates for phishing drills annually and develop the platform for AI social engineering drills in-house Conduct regular information security training using the most current training materials 	<ul style="list-style-type: none"> Continue stakeholder dialogue, engagement and feedback Engage heavily in sustainability campaigns and stay on top of current trends Strive for domestic and international sustainability awards Improve international ESG ratings

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Sustainability Issues

<div style="text-align: right; font-weight: bold; color: red; font-size: small;">Material</div> <h3 style="text-align: center;">Operational Performance and Strategies</h3> <p>Significance and Purpose of Management for FENC</p> <p>Aiming for sustainability, FENC takes steady strides toward refining industry strategies. We maintain our industry leading status, spearhead industry growth and promote economic development.</p> <p>Management Approaches and Effectiveness Evaluation Mechanisms</p> <ul style="list-style-type: none"> Continue to expand production capacity and establish a diverse production base and products. Regularly conduct management review meetings, track business performance, and require improvements from applicable units. Conduct quarterly Board Meetings to ensure continuation and adequacy of strategic directions. <div style="text-align: center;">  </div> <p>Authority</p> <ul style="list-style-type: none"> Presidents of Corporate Management Presidents of Petrochemical Business Presidents of Polyester Business Presidents of Textile Business 	<div style="text-align: right; font-weight: bold; color: red; font-size: small;">Material</div> <h3 style="text-align: center;">Corporate Governance</h3> <p>Significance and Purpose of Management for FENC</p> <p>With integrity as the highest guiding principle, FENC constructs a sound framework to balance corporate governance and stakeholders' interests and protect stakeholders' rights by strengthening corporate performance and management.</p> <p>Management Approaches and Effectiveness Evaluation Mechanisms</p> <ul style="list-style-type: none"> Designate corporate governance staff and Corporate Governance Task Force to implement tasks targeting business integrity, regulatory compliance, rules of procedures, and public information. Establish rules and regulations governing Board Meetings and conduct annual self-evaluations. Incorporate external Corporate Governance Evaluation and internal control system to evaluate the effectiveness of operational procedures. <div style="text-align: center;">  </div> <p>Authority</p> <ul style="list-style-type: none"> Corporate Governance Officer Corporate Governance Task Force 	<div style="text-align: right; font-weight: bold; color: red; font-size: small;">Material</div> <h3 style="text-align: center;">Risk Management</h3> <p>Significance and Purpose of Management for FENC</p> <p>Identify risks factors posing major impact to corporate activities, establish assessment approach or improvement measures to reduce operational risks and to avoid financial loss or damage to reputation.</p> <p>Management Approaches and Effectiveness Evaluation Mechanisms</p> <ul style="list-style-type: none"> Establish Risk Management Policies. Establish a risk control system to make dynamic adjustments and optimization and ensure system effectiveness. Implement staff training to increase risk awareness. Conduct monthly Risk Management Meetings to monitor risk indicators and regulatory compliance. Regularly conduct plant risk ranking projects to reduce operational risks. Conduct multiple monthly meetings to ensure management of and focus on risk issues from the highest governing entity. <div style="text-align: center;">  </div> <p>Authority</p> <ul style="list-style-type: none"> Corporate Management FENC sites 	<h3 style="text-align: center;">Digital Resilience</h3> <p>Significance and Purpose of Management for FENC</p> <p>With the potential of posing direct influence on business performance, customer trust and corporate reputation, information security is an indispensable element in corporate operation. FENC should adopt proactive and aggressive approaches for effective information security management and minimize the impact caused by cybersecurity incidents.</p> <p>Management Approaches and Effectiveness Evaluation Mechanisms</p> <ul style="list-style-type: none"> Develop information security policies. Establish a robust information security management system (ISMS). Establish information security management mechanisms and standards that govern all aspects, including the organization, staff, physical security, technology and compliance. Conduct training to improve the awareness of cybersecurity risks among employees. Track all information security indicators at FENC and compliance with the Supply Chain Information Security Agreement among its supply chain partners. Report to the Board regularly to ensure the supervision and management of risk issues by the highest governing entity. <div style="text-align: center;">  </div> <p>Authority</p> <ul style="list-style-type: none"> Information Security Department Production and Operation Sites 	<div style="text-align: right; font-weight: bold; color: red; font-size: small;">Material</div> <h3 style="text-align: center;">Corporate Sustainability</h3> <p>Significance and Purpose of Management for FENC</p> <p>In the spirit of sustainable development, FENC creates diverse values for stakeholders and aspires to set the paradigm of the sustainable corporation through non-stop refinement in the perpetual pursuit of perfection.</p> <p>Management Approaches and Effectiveness Evaluation Mechanisms</p> <ul style="list-style-type: none"> Establish the Sustainability Committee at the Board level and hold a minimum of one annual committee meeting. Meeting resolutions are presented to the Board by the convenor of the Sustainability Committee. Establish the Sustainability Policy and FENC Sustainability Strategic Blueprint to implement various sustainable projects and report to the Board. Take part in domestic and international sustainability evaluation, forums and conferences, interact with stakeholders, and review and modify directions for corporate sustainability. <div style="text-align: center;">  </div> <p>Authority</p> <ul style="list-style-type: none"> Sustainability Implementation Committee
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1.1 Refining Operational Performance and Strategies

Sincerity, diligence, thrift, prudence and innovation are the founding principles of FENC. Initially established as a textile company, FENC has integrated vertically to encompass the entire spectrum of the textile industry, which streamlines the process from manufacturing to sales. FENC also spans horizontally into land development and reinvestment through diversified management strategies and highly efficient asset mobilization. FENC has been listed on the Taiwan Stock Exchange since 1967 and maintaining a 57-year streak of delivering profits and stock dividends. With sound governance, the Company continues to pursue sustainability and long-term performance, creating diverse values for stakeholders and building a best practice for environmental, social and corporate governance. FENC will keep delivering exceptional results in environmental protection, social inclusion and corporate governance.

FENC's Organization Chart

Mission Statement

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

Core Value

誠

Sincerity

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

勤

Diligence

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

樸

Thrift

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

慎

Prudence

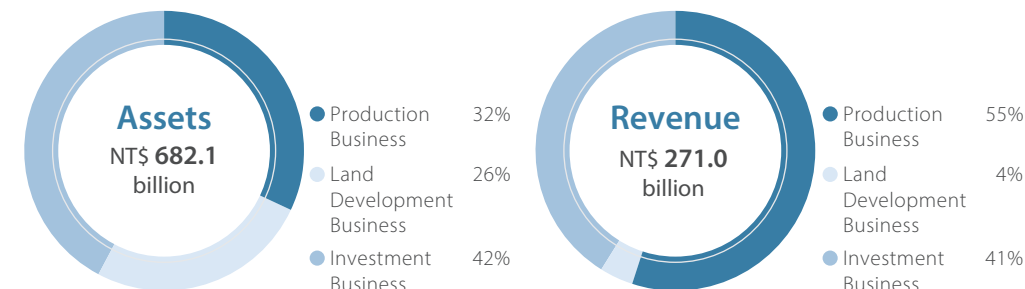
Always make a careful assessment before undertaking any task; those who plan ahead are those who will succeed.

創新

Innovation

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

Assets and Revenue in 2024



1.1.1 Financial Performance

Healthy financial performance is the cradle of success for sustainability projects. It is also the key to sustainable corporate development. Each year, FENC sets the annual operating and capital expenditure budgets. Once the budgets are approved by the Board of Directors, the Accounting Department presents the Company's financial performance during each Board meeting. The presidents of each business reports on the state of operation at the Board meetings and the monthly operation review meetings, which enables the highest governing entity to monitor budget status. FENC chooses professional, accountable and independent certified accountants to audit the Company's finance and internal control. The accountants' independence and qualification are evaluated and reported to the Board annually based on The Norm of Professional Ethics for Certified Public Accountant of the Republic of China issued by CPA Association R.O.C. (Taiwan) and FENC's Corporate Governance Principle. The certified public accountants selected for 2024 were evaluated and approved by the Board on March 12, 2025.

twA
Taiwan Ratings
(2024)

Financial Performance

Unit: NT\$ Million

	2021	2022	2023	2024
Total Assets	635,324	657,957	671,488	682,070
Total Liabilities	365,913	386,265	361,846	362,635
Shareholders' Equity	269,415	271,692	309,642	319,435
Operating Revenues	238,806	263,945	257,204	270,954
Net Income (Attributable to Parent Company)	9,685	8,166	8,229	10,032

Note: FENC consolidated financial statement.

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Economic Values Distributed to Stakeholders

Unit: NT\$ Million

	2021	2022	2023	2024
Operating Cost	192,321	213,924	210,143	217,016
Employee Wages and Benefits	23,318	24,745	24,566	26,328
Payments to Investors (Interest Expense and Dividends)	16,665	18,124	18,705	20,058
Payments to Government (Income Tax)	2,983	3,803	3,439	5,000
Investments in Community	108	106	76	61

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

Accrued Income Tax Expense

Unit: NT\$ Million

	2021	2022	2023	2024
Taiwan	2,338	2,932	2,765	3,999
Mainland China	389	405	342	449
Malaysia	4	10	7	15
Hong Kong	50	18	53	6
U.S.	6	201	115	107
Bermuda	7	(5)	(1)	(6)
Vietnam	(7)	53	96	182
Singapore	4	6	9	9
Japan	193	184	46	233
Tailand	-	-	8	6
Income Tax	2,983	3,803	3,439	5,000
Ratio of Income Tax to Revenue	1.3%	1.4%	1.3%	1.9%

Tax Governance

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

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

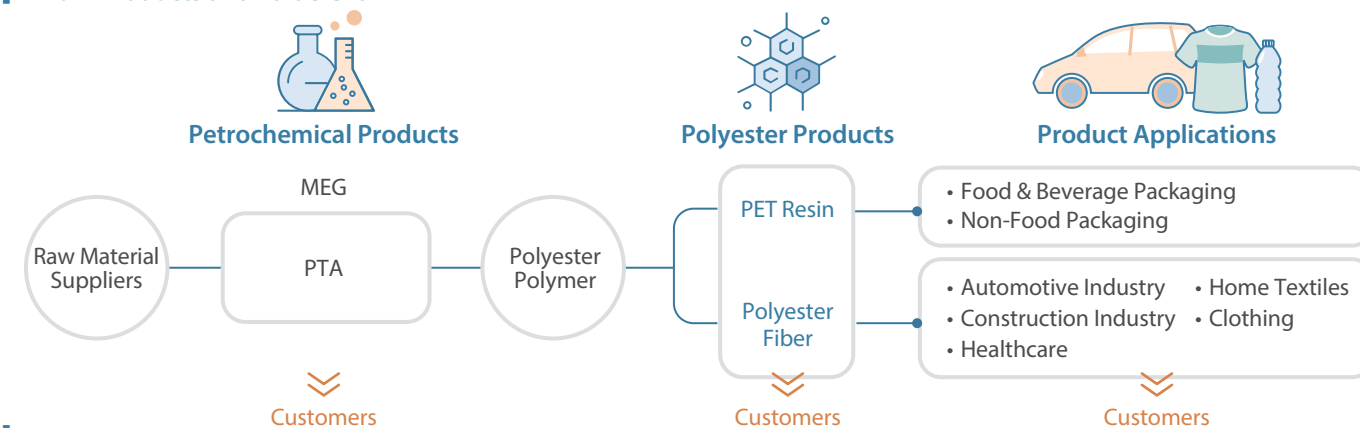
To avoid risks associated with regulatory changes, the Company established tax risk identification mechanism. When tax laws are amended, the mechanism facilitates assessment, prepares necessary response and considers gaps in tax obligations in a timely fashion. FENC also designated a tax affairs team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

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

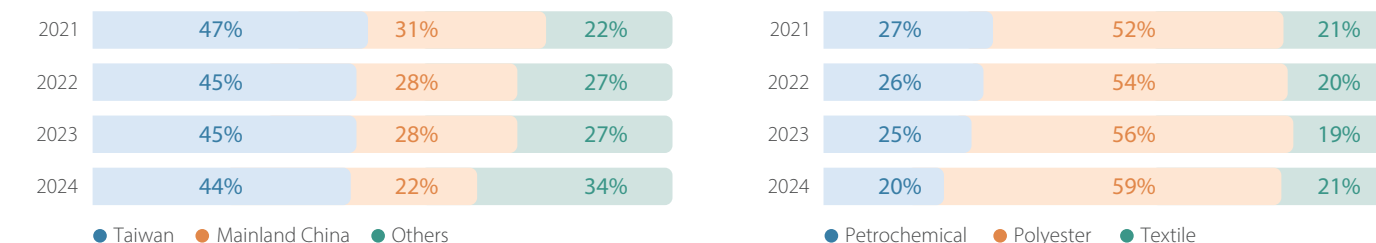
[FENC Annual Report](#) [Financial Report](#) [Tax Governance Policy](#)

1.1.2 Production Business

Main Products and Value Chain



Sales Ratio



Note: Please refer to our annual report for more information on the volume and value of the production.

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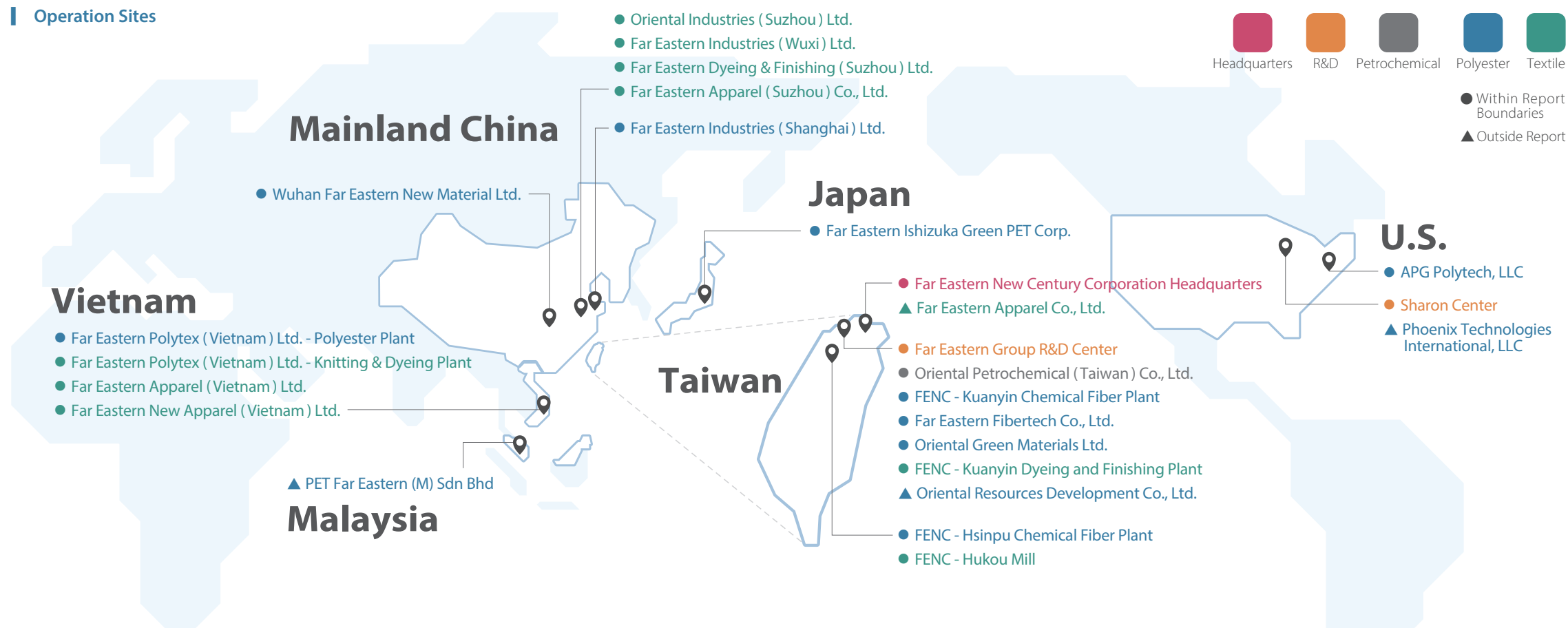
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Operation Sites



Internal and External Analysis for Production Business and Industry Overview

The year 2024 was a turbulent one marked by geopolitical tensions. According to the International Monetary Fund, the global GDP growth had slowed to 3.2% with major economies shaken by the reshuffled political order and turmoil in trade and economy. As the world heads into 2025, the effect of Trump 2.0 is roiling the global trade, economy and energy transition. Fluctuating commodity and oil prices, unpredictable monetary policies and intensifying protectionism are reshaping the global market and supply chain structure. Exacerbated uncertainties are looming over the economic outlook.

Despite capriciousness in the political and economic landscape, FENC has anchored itself with innovative R&D and unmatched production technologies as the Company expands its global presence by leveraging core strengths. With ongoing development of pioneering recycling technologies and low-carbon production, FENC has dived into the downstream applications of rPET and secured partnerships with international brands, taking solid steps to increase production capacity and revenue growth. The Company extends the regional network while enhancing the efficiency of global logistics, remaining flexible and agile with a strategic global supply chain while fast-tracking intelligent and digital transformation to reinvent its business model. By remaining resolute amid an evolving world, FENC is taking steady strides and charting long-term strategies for a sustainable future.

The business community is greeted by mounting challenges in 2025. Growing pressure from accelerating technological advancement and green transformation are reshaping the global industry. Standing upon a bedrock molded by 75 years of brilliance, FENC is forging ahead with the dedication of an industrialist, the insight of an entrepreneur and the heart of a philanthropist. The time has come to embrace decarbonization, sustainability and AI, and face the trials and tribulations that accompany a changing world to create a glorious future.

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Adapting to Market Conditions With Optimal and Flexible Production



Amid rapid shifts in the market environment, FENC continues to recalibrate its production capacity and optimize production resources to enhance competitiveness and reduce operational risks. In 2024, FENC strengthened the overall business operation and enhanced the efficiency of resource allocation with added flexibility through business consolidation, concentration of production capacity and equipment adjustments.

- Consolidating production lines and repurposing equipment for product development**
 Regarding products experiencing long periods of weak demand, FENC has improved efficiency by consolidating the production lines and resources to cut losses and boost profits. FENC has also demonstrated agility, responding to market changes by partially repurposing equipment for product development or differentiation based on the market demand.
- Optimizing production planning and phasing out inefficient capacity**
 Considering limited profitability caused by an imbalance between supply and demand in the industry, FENC has adjusted the production strategies, choosing scheduled shutdowns or long-term storage for production lines and idled equipment with low efficiency and high carbon emissions to optimize capital allocation and ensure production efficiency.
- Enhancing the production workforce and advancing industrial and technological upgrades**
 To maintain competitiveness for the long haul, FENC has reallocated its production manpower and ramped up product development to accelerate industrial and technological upgrades within the Company.

These measures delivered radical improvement in the utilization of overall production capacity in 2024. By adding revenue sources and cutting costs, FENC is seeing a dramatic turnaround with losses turned into profits at its Production Business, which is a testament to its business resilience and growth momentum.

1.2 Governing With Steady Pace

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

1.2.1 Integrity and Anti-corruption

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

Integrity and Anti-corruption System

Highest Guiding Principle	Integrity
Code of Conduct	Best Practice Principles of Ethical Corporation Management and Code of Ethics approved by the Board
System	<ol style="list-style-type: none"> Conflict of interest stipulated in the Rules of Procedure for Board of Directors – Donations from stakeholders or major donations to non-stakeholders: Rules of Procedure for Board of Directors stipulates that such conduct shall be reported to the Board; The whistle-blowing and disciplinary method of violating ethical conduct and ethical management; Remuneration system; Internal control system and provisions governing its implementation, including management policy, authorization system and segregation of duties; Anti-bribery clauses included in procurement contracts to strictly forbid the acceptance of kickbacks, handling charges or financial gains in any form.
Scope	Corrupt conducts subject to FENC anti-corruption policy include unlawful conducts that cause embezzlement of corporate assets or infringement of shareholder rights, such as corruption, money laundering, bribery, kickback, commission, facilitating payment, illegal political donation, inappropriate charitable donation, unreasonable presents, improper conduct and unfair trade.
Audit System	<ol style="list-style-type: none"> Integrity and anti-corruption practice are listed under mandatory audit in the internal audit system. Self Evaluation on Corporate Corruption is conducted quarterly based on the scope of anti-corruption policy. The result is presented to the Board for review to ensure the implementation of the anti-corruption policy. FENC shall conduct investigation in the presence of the likelihood that suppliers and subcontractors, including agents and trade companies, violate integrity practice. Once verified, said company will be removed from FENC’s list of eligible suppliers.
Training and Promotion	<ol style="list-style-type: none"> A minimum of one anti-corruption training for Board members and all employees to promote the scope of the FENC anti-corruption policy, including reporting channel, and possible effects at the individual and corporate levels. Prior to being included in FENC’s list of eligible suppliers or engaging in business transaction with FENC, suppliers and subcontractors, including agents and trade companies, must undergo anti-corruption training or education. Internal publication, meetings, signage at the plants.

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Quarterly compliance audits were conducted at all FENC sites, including the completion of self-assessment forms and on-site audits, to ensure a full understanding of FENC’s ethical corporate management and anti-corruption policies across all production and operation sites.

2024 Results

1. The implementation of ethical management was presented to the Board, including online self-evaluation on regulatory compliance and training outcomes to fulfill the Company’s belief in corporate integrity.
2. All Board members completed the anti-corruption training, representing 100% in completion.
3. The anti-corruption training was conducted for FENC employees with 100% coverage.
4. Among the new employee hires, 100% have signed the declaration pledging to abide by the FENC Best Practice Principles of Ethical Corporate Management and Code of Ethics.
5. FENC promotes anti-corruption among suppliers and contractors through the Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement. A total of 6,993 suppliers, which account for 94%, have signed the statement.

Statistics on the Number of Breaches of the Code of Ethics Conduct

	Number of Breaches in 2024
Corruption or Bribery	0
Discrimination or Harassment	0
Customer Privacy Data Leakage	0
Conflicts of Interest	0
Money Laundering or Insider Trading	0
Total	0



- Code of Ethics
- Articles of Incorporation
- Corporate Governance Principles
- Best Practice Principles of Ethical Corporation Management
- Legal Compliance Execution Report (Chinese)
- The Whistle-blowing and Disciplinary Method of Violating Ethical Conduct and Ethical Management

1.2.2 Board Structure and Remuneration

The 25th Board election was held in 2024, and the result has strengthened Board diversity and succession. All Board members bring a wealth of knowledge and experience to FENC. Equipped with backgrounds in law, finance, economy and sales as well as management expertise, decision-making skills and industry insights, the Board is able to lead the Company to navigate through and respond to various impacts.

FENC’s Board diversity policies are established in accordance with the Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers with corporate governance evaluation indicators as the reference. Details of the implementation in 2024 are as follows:

1. At least one-third of the Board shall be constituted by independent Board members. After the 2024 Board election, five seats on the Board are held by independent members, which satisfies the requirement.
2. The Board shall consist of at least one member from each gender. The requirement has been satisfied.
3. The Board consists of members from different nationalities.

Six Board meetings were held during the reporting year with a director attendance rate of 96%, and a total of 90 resolutions discussed regarding management strategies, risk control, product innovation, carbon reduction, talent incubation and sustainable development. The Board continues to thrive under a robust system.

[Board Regulations](#) [Profile of Board Direct](#)

[The Board diversity policy and current implementation status](#)

Functional Committees

<p>Remuneration Committee Established in 2011</p> <p>Number of Seats: Three, two of which are held by independent Board members Convener: Raymond R. M. Tai, independent Board member</p>	<p>Independent Board members serve as the convening body of the Remuneration Committee, which provides assistance to the Board in the establishment of performance review policies governing Board members and managers. The Committee is also responsible for establishing remuneration policy, system, standards and structure. FENC conducts regular performance reviews of employees, managers and Board members through the Remuneration Committee and determines salary, bonus and other forms of compensation. The Committee conducts industry payroll survey and provides recommendation to the Board for discussion. In 2024, the Remuneration Committee convened 2 times.</p>
<p>Audit Committee Established in 2015</p> <p>Number of Seats: Five, all of which are held by independent Board members Convener: Shu-Chieh Huang, independent Board member</p>	<p>Audit Committee is composed of all independent Board members and convenes quarterly. The objective of this committee is to monitor the appropriateness of financial reporting, implementation of internal control, compliance with company regulations, management of potential or existing risks, as well as selection and evaluation of the independence and performance of certified public accountants. The Audit Committee convened 4 times in 2024.</p>
<p>Sustainability Committee Established in 2020</p> <p>Number of Seats: Three, two of which are held by independent members Convener: Sy-Ming Guu, independent Board member</p>	<p>Independent Board members serve as the convening body of the Sustainability Committee, which actively fulfill the following responsibilities granted by the board of directors, including “Promote and strengthen the corporate governance and integrity”, “Implement and develop matters related to corporate sustainability” and “Supervise other matters related to corporate sustainability approved by the Board”. In 2024 the Sustainability Committee convened 2 times.</p>

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Board Management and Performance Review



Nomination

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



Independent Supervision

The Board exercises its power and fulfills its duties in accordance with the Articles of Incorporations, Rules of Procedures for Board of Directors and all applicable regulations. Based on the provisions regarding conflicts of interest in Meeting Rules of Board of Directors, Board members or the juristic persons they represent with conflicts of interest regarding agenda items shall explain to the Board the essential contents of such interest. In the presence of potential damages to the Company's interest, said Board members shall recuse themselves from discussing or voting on the agenda item in question, and from voting on behalf of another Board member. There were no incidences of conflicts of interest among the Board members in 2024.



Training

Each year, FENC holds two training sessions for the Board members with external experts as the lecturers. The 2024 courses are "The Era of Carbon Pricing and Corporate ESG Actions" and "From Digital Transformation to AI Empowerment." All Board members completed a minimum of six training hours in the reporting year.



Remuneration and Evaluation

FENC self-evaluates the performance of the Board, Board members and functional committees annually in accordance with the FENC Board Performance Evaluation Rules. All 2024 results reached "exceed expectation," which is the highest level. Additionally, a Board performance evaluation is conducted at least once every three years by an independent external agency or a team of experts and scholars. The last evaluation was conducted in 2023 by EY Transaction Advisory Services Inc. The Board was evaluated for its performance in "structure," "people" and "process and information." The ratings the Board received are "advanced," "advanced" and "benchmark," respectively. Actual percentages and dollar amount in compensations provided for the Board members are determined by the Remuneration Committee based on the Articles of Incorporations. Compensation for the Board members in 2024 account for 1.90% of the net profit after tax.

Performance Evaluation of Board Directors

Core Competency

Properly exercise its rights and full obligations, including comprehension of corporate objectives and missions; understanding of Board duties; degree of participation in corporate operation; communication and management of internal relations; professional capability and training for Board members.

Environment

Establish and provide supervision on environmental goals, including energy and resource management; report on GHG emissions; pollution prevention and control; creating sustainable production process.

Society

Establish and provide supervision on social goals, including disaster relief for communities; non-profit and charitable programs; management of supply chain; occupational safety and health; human resources; employee competitiveness and welfare.

Governance

Establish and provides supervision on governance goals, including examination of operational budget and planning; review of systems and reports on accounting, finance, R&D, production and sales, integrity practice, risk control and internal audit.



2024 Board Training—A Dual Focus on ESG and AI



To enhance Board functions and operation, FENC arranged two three-hour training sessions targeting governance and risk management for the Board members in 2024. The sessions, which were held in July and November, are titled "The Era of Carbon Pricing and Corporate ESG Actions" and "From Digital Transformation to AI Empowerment." Several senior executives joined the Board members during the training sessions, both of which reached over 80 in attendance count.

"The Era of Carbon Pricing and Corporate ESG Actions" was led by Professor Chien-Ming Lee, who is known as the father of carbon trading in Taiwan. Professor Lee currently holds a teaching post at the Institute of Natural Resources Management at National Taipei University. He shared global trends in net-zero governance and approaches for self-evaluating carbon risks amid the arrival of the carbon pricing era, exploring topics such as carbon pricing systems in Taiwan and international communities, carbon credit quality management as well as global sustainable strategies for reaching net-zero emissions.

Lee-Feng Chien, board member of the startup, Appier/iKala AI, led the session, "From Digital Transformation to AI Empowerment." His main focus was on corporate opportunities and impacts from AI. He also shared the latest progress and trends as well as his insights regarding digital transformation, which he believed should entail three critical aspects, "empower your employee, engage your customers and optimize your operation."

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1.2.3 Shareholder Benefits

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

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

Meeting Rules of Stockholders

1.3 Perfecting Risk Management

Risks and opportunities are often two sides of the same coin. When one comes, the other follows. The same applies to corporate development. With no end in sight for the Russo-Ukrainian War in 2024, the U.S. presidential election, economic downturn in mainland China and lingering inflation concerns also added fuels to the gathering economic storm. At a time like this, the presence of a robust risk management mechanism is of vital importance, only through which can operational risks be minimized and growth opportunities be fostered to fulfill corporate sustainability.

1.3.1 Risk Control Policy

To reinforce corporate governance and establish sound risk control to reach corporate targets, the Board approved Risk Control Policy on November 12, 2020. The objective is to ensure sustainable management, reduce damages and enhance corporate profit. Risks and opportunities should be evaluated accordingly for all business conducts to identify, evaluate, monitor and control risks, keeping risks within manageable range to rationalize risks and benefits.

The Board amended the Risk Management Policies on November 8, 2024. The amendment focuses on the organizational structure of risk management, which is divided into three tiers. At the first tier are all Businesses, administrative departments and applicable units; the second is the Risk Management Team; the third is the Internal Audit. Their duties and responsibilities are stated in the Risk Management Policies, and an emergency response team is to be established to form immediate responses to sudden material risk events, ensure regulatory compliance and minimize potential losses and impacts. Monthly briefings covering issues such as management, sales, industrial operations, energy conservation and carbon reduction are held to keep the Board and senior executives informed and maintain sound decision-making. Risk management indicators have been incorporated as part of the performance review.

Risk Management Policies

Structure of Risk Control Organization

1. First line of defense: All Businesses, administrative departments and applicable units

All Businesses, administrative departments and applicable units shall clearly identify major risks associated with their operations, conduct risk management and implement appropriate risk assessments in response to factors such as changes in the internal, external and regulatory environments. Regular reports on the risk management status shall be presented to the Risk Management Team under Corporate Management.

2. Second line of defense: Risk Management Team

The Risk Management Team under Corporate Management oversees the entire risk management practices at FENC. The team is responsible for developing risk management policies, frameworks and mechanisms as well as qualitative and quantitative management standards. The team also conducts monthly reviews over risk control measures reported by various units in line with their assigned responsibilities. Additional tasks include examining issues related to risk management, monitoring the implementation and coordination of overall risk management initiatives, and presenting the risk management report to the Board at least once a year.

The team presented the 2024 risk management operation to the Audit Committee and the Board on November 6 and 8, 2024, respectively.

3. Third line of defense: Internal audit

FENC's internal audit units conduct operational risk assessments and audits through the internal control system and provide improvement recommendations in the audit report.

In addition to the three lines of defense, an emergency response team shall be established in the event of a sudden material risk event with the potential of major impacts on the Company. The response team shall address risk situations immediately and communicate with internal and external stakeholders to ensure regulatory compliance and minimize potential losses and impacts.

1.3.2 Identification and Management of Material Risks

Material Risks

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

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Material Risk and Response

Risk Type	Detail	Potential Impact If Unaddressed	Strategy
Financial Risk	Risks affecting financial targets caused by fluctuations in domestic and foreign interest rates, exchange rates and customer credit	<ul style="list-style-type: none"> Liquidity issues caused by insufficient cash positions Profit decline caused by exchange losses Increase in capital costs due to high borrowing rates 	<ul style="list-style-type: none"> Maintain a sound financial structure through flexible fund allocation. Track daily changes in exchange rates and adjust foreign exchange positions accordingly. Maintain a good credit rating and strive for preferential borrowing rates.
Strategic and Operational Risk	Risks caused by business strategies, domestic and international market competition, industry cooperation and changes in policies and regulations	<ul style="list-style-type: none"> Misplaced resources and decline in competitiveness caused by wrongful investment decisions Interrupted production and delivery as well as uncollectable accounts due to possible supply chain disruption caused by geopolitical conflicts Increase in operational costs resulting from regulatory changes, such as the Carbon Border Adjustment Mechanism (CBAM) in the EU and rising minimum wages 	<ul style="list-style-type: none"> Conduct regular business review meetings and discussions on industry strategies to address changes in the external environment by adjusting operational strategies. Closely monitor international political and economic development and evaluate the need to suspend or discontinue direct credit transactions or trade in high-risk countries. Stay updated on and prepared for regulatory changes applicable to the markets and production sites.
Environmental, Carbon Reduction and Energy Risk	Risks caused by climate change, geographical resources, global carbon-reduction progress, energy and applicable fiscal and tax policies	Fines, lawsuits, protests, boycotts, market pressure or competitive disadvantages due to inadequate management of GHG as well as energy and resource consumption, damage to ecosystems and violations of environmental regulations	<ul style="list-style-type: none"> Promote carbon reduction and energy conservation programs. Develop green products and reduce carbon emissions during production. Strengthen pollution management and comply with regulatory requirements.
ESG Risks	Risks caused by the inability to meet stakeholder expectations in ESG performance	<ul style="list-style-type: none"> Rise in capital costs due to capital withdrawal, downgraded credit rating, price increase or refusal made by capital sources, such as investors and banking institutions Loss of employees, partners and customers due to impacts on profitability and competitiveness caused by damages to the corporate image and reputation 	<ul style="list-style-type: none"> Value stakeholder communication, engagement and response. Participate in sustainability programs and keep abreast of issues and trends. Strive for domestic and international corporate sustainability awards and improve performance in international ESG evaluation.

Emerging Material Risk

Emerging Risk	Detail	Impact	Mitigating Actions
Geopolitical Risk	The geopolitical climate has been clouded with uncertainties in recent years. The trade war between U.S. and China has not subsided since 2018, triggering the tech war that followed. The tipping geopolitical balance is exacerbated by the nuclear crises in Iran and North Korea as well as the war between Ukraine and Russia and the Israeli-Hamas conflict. The free flow of goods and technologies have been severely impeded, upending the order that had supported the globalized economy and international trade. These geopolitical risks are clogging market efficiency. While posing profound influence on the overall economy and the security of Taiwan, they have also been hammering the stability of conventional business models, resulting in burdening costs.	<ul style="list-style-type: none"> Supply chain disruption: In the past, corporations relied on international supply chains to operate in a globalized economy. Geopolitical conflicts may lead to shortages of raw materials, production delays and the inability to make on-time delivery, which increase market uncertainties, impacting investment decisions and financial planning at the corporate level. Trade policy changes: Geopolitical tensions may alter the course of international trade policies, such as tariffs and export restrictions, which would affect FENC's cost structures and competitiveness. Higher investment risks: Geopolitical instability would affect direct investments in high-risk areas. FENC must seek insurance protection or adjust investment and network strategies. Currency Fluctuations: Geopolitical events may cause volatility in currency values, affecting risk management regarding foreign exchange rates and international transaction costs. 	<ul style="list-style-type: none"> Mitigate geopolitical risks through dispersed global growth by expanding business and production sites from Taiwan and mainland China to global locations such as Vietnam, Japan and the U.S. Develop operating strategies accordingly and strengthen risk management, including establishing diversified production and sales models as well as building supply chain resilience and agility. Implement measures to reinforce regulatory compliance and avert the impact of fluctuating exchange rates.
Information Security Risk	Network technology is progressing at an expeditious rate. With the prevalence of remote work and cloud computing, the corporate world is facing cybersecurity threats that are growing in diversity and complexity. Common threats such as ransomware, phishing and social engineering attacks are also striking wider targets with more sophistication, adding hurdles when it comes to defending corporate operations and data security.	<ul style="list-style-type: none"> Business interruption and higher operating costs: Ransomware attacks or accidental clicks on phishing links may lead to the leakage of confidential information, affect the routine system operation or even interrupt production and marketing activities, which may require considerable manpower and costs to formulate a response. Risks of non-compliance and pecuniary penalties: As information security regulations grow stringent, government authorities may impose heavy pecuniary penalties for leaking personal data and other serious violations. Damages to brand image and market confidence: When mishandled, information security incidents may draw negative press coverage that harms the corporate image and market confidence. Consequently, such incidents may lead to the loss of customer trust and weaken market competitiveness. 	<p>FENC has a strong information security management system in place. In 2022, the Company created the Information Security Department and appointed the Chief Information Security Officer to oversee measures aiming to safeguard information security. To tackle information security risks, FENC has implemented the following five mitigating actions:</p> <ul style="list-style-type: none"> Establish standard procedures for handling information security incidents. Fully implement the reporting and handling of information security incidents. Reinforce information security management training among staff. Establish response mechanisms to guard the information security protection system. Implement supply chain information security management.

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Integrating ESG Rating Into Customer Credit Assessment and Management



As corporate governance embraces sustainable practices, FENC is setting an industry precedence in credit assessment and management for domestic and foreign customers by incorporating the corporate governance evaluation system for listed customers in Taiwan as well as the international ESG indicators from renowned institutions, such as MSCI, CDP, and Sustainalytics. Meanwhile, a separate self-evaluation platform was created for approximately 108 small and medium enterprise customers that have never been included in ESG assessments. FENC invites these customers to complete a questionnaire from this platform to enhance the integration of customer data.

This format replaced the past reliance on ISO certification audits. With weighted rating scores, it highlights customers that excel in ESG performance while improving credit operations and customer management at FENC.

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

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

6 Principles

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

7 Processes



1.3.3 Risk Control Mechanism

Regular Meetings

● Environment ▲ Social ■ Governance

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

Risk Alert System: Advanced Response with Regular Tracking

FENC established Risk Alert System in 2015. The administrative units conduct monthly follow-ups and examine corporate risks. In 2024, the Company held 12 risk control meetings, establishing advanced indicators and responses to avert risks, and address irregularities in the indicators with corresponding measures, improvements and optimization for prevention.

In 2019, FENC launched a phased plan to systemize risk indicators, and in 2023, the Global Overdue Information Platform was established with optimization underway for the Global Customer Credit Management Platform and Credit Customer Information Management Platform to facilitate the management of credit risks and lending activities. These real-time computing platforms automatically calculate credit ratings and determine the appropriate range of credit limits, which further enhance credit decisions.

In 2024, FENC completed the National Intelligence Sharing Platform while minimizing geopolitical risks by pairing real-time risk monitoring with appropriate risk control measures based on the Directions for National Risk and Crisis Monitoring, Management and Handling.

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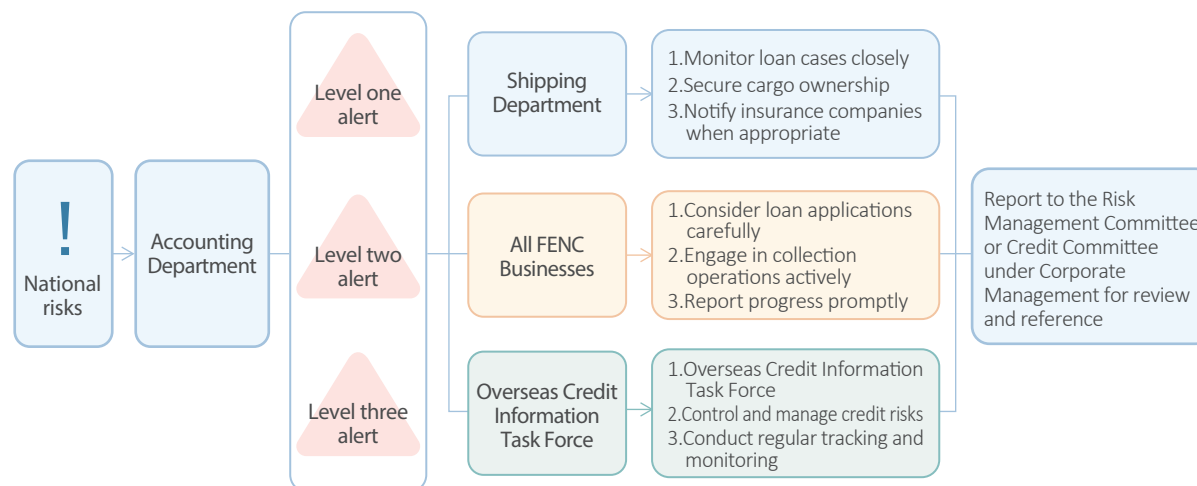
Reducing Geopolitical Risks With the National Risk Warning Mechanism



The recent surge of geopolitical events is a cause for concern given the globalized nature of FENC's production and sales operation. Hence, the Accounting Department, Shipping Department as well as units under each Business teamed up to create the National Intelligence Sharing Platform, aiming to reduce geopolitical risks by creating a globalized intelligence network to monitor the political and economic conditions in each region.

Meanwhile, to control export credit and compliance risks, changes in the sovereign credit rating as well as major political and economic events at FENC's global locations are regarded as national risks and major credit risk factors. FENC monitors national risks on a regular basis and has response mechanisms in place for swift and timely action. Multiple risk assessments are conducted to determine the level of impact on the export business based on the National Risk Monitoring Management and Crisis Intervention Operation Standards. Measures are implemented accordingly to balance sales performance and risk control while minimizing the impact of geopolitical risks.

International stability was rattled by the onslaught of major events in 2024, the Red Sea crisis triggered by the intensifying Israeli-Hamas conflict; a state of emergency caused by a gang-led jailbreak in Haiti; civil unrest in Bangladesh; the severe drought in Ecuador; the liberalization of foreign exchange controls in Argentina; the surprise decree of martial law in South Korea, which was rescinded within hours. These events sent tremors to areas where FENC's customers and partners are located. FENC took swift action and activated the risk warning measures. When trade risks escalated during the Israeli-Hamas conflict, an emergency inter-departmental meeting was held immediately to identify risk exposure, determine responsibilities and formulate action plans. The risk control measures were adjusted as the crisis evolved, such as issuing national risk warnings, tightening credit control and coordinating shipping schedules.



Improving Credit Management With AI and Big Data



FENC continues to implement the digitization of account management through the integration of big data and AI. In 2024, the Company established the National Intelligence Sharing Platform and optimized the Global Customer Credit Management Platform and Credit Customer Information Management Platform. The three major digital projects expanded the Company's ability to determine risks, strengthen risk alert, predict and identify at-risk customer groups and implement effective overdue collection. These prudent efforts have kept account overdue under control. Specific measures are listed below:

- National Intelligence Sharing Platform:**
 The platform integrates national risk dynamics, agency ratings and major news from 193 countries. It automatically aggregates multiple data sources and quickly identifies changes in the global conditions.
- Global Customer Credit Management Platform:**
 The platform has been optimized to monitor global credit risk exposure and conduct in-depth analysis and data interpretation as a reference for management and decision-making.
- Credit Customer Information Management Platform:**
 The platform has been optimized to enhance comprehensive risk analysis regarding credit customers and prepare daily compilations of worldwide overdue accounts. Individual alerts are sent with collection status monitored to enhance the efficiency of account collection and refine risk exposure management.
- List of Countries With Escalated Risks and List of Customers With Unusual Risk Patterns:**
 The lists were compiled for control and regular review, which help FENC stay up-to-date on geopolitical and economic risks as well as changes in customer operations. The credit and transaction terms may be limited accordingly.
- Real-time monitoring of non-performing loans:**
 The platforms enable prompt responses and enhance collection efforts, helping FENC maintain the ratio of accounts in arrears at below 2%.

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Process of Risk Alert System



Risk Alert Process

Risk Category	Detail	Measure
Human Resources	Continuing staff employability; employee benefits and wellbeing; employee turnover and hiring procedure; labor relations; performance review.	<ul style="list-style-type: none"> Conduct salary surveys for appropriate salary adjustments. Establish communication channels between the labor union and employer to assess employee needs. Include written exams and interviews during recruitment and implement a probation system.
External Environment	Geopolitics; trade liberalization; corruption; non-tariff barriers.	<ul style="list-style-type: none"> Calculate dumping margins quarterly and review the sales structure. Establish the code of conduct for antitrust compliance. Create the National Intelligence Sharing Platform to focus on the geopolitical risks in global regions.
Corporate Assets	Legal training, anti-fraud and anti-corruption; documentation and information management; regulatory monitoring and compliance; contractual agreement and subsequent management; litigation and dispute resolution.	<ul style="list-style-type: none"> Monitor fluctuations in housing prices and the progress of land development monthly. Set safety stock levels for products with monthly review.
Legal Affairs	Legal training, anti-fraud and anti-corruption; documentation and information management; regulatory monitoring and compliance; contractual agreement and subsequent management; litigation and dispute resolution.	<ul style="list-style-type: none"> Complete the online self-evaluation for regulatory compliance monthly at all units. Announce regulatory changes periodically and notify applicable units.
Finance and Accounting	Fair presentation of financial reports; compliance and completeness of information disclosure; customer credit and account receivable management; tax audit; financing and capital management; capital expenditure procedure and control; investment management; insurance and hedging.	<ul style="list-style-type: none"> Establish the Global Customer Credit Management Platform and Credit Customer Information Management Platform to review real-time credit conditions. Review the ratio of financing sources and examine the performance of individual reinvestment on a quarterly basis, and provide improvement recommendations when appropriate.
Information Security	Internal information security, supply chain information security, digital vulnerability management	<ul style="list-style-type: none"> Establish robust defense systems and operating procedures for reporting information security incidents. Provide 24-hour information security monitoring through an outsourced security operations center. Monitor press coverage and precautions from experts on information security incidents.

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

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

1. Objective

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

2. Target

Confirm key regulations concerning corporate operation. Regulations governing penalty for Board members and managers; damages to corporate image; major civil offense; administrative liability are given priority status for implementation. Areas prone to deficiency are listed as the focus for annual audit. Given the above criteria, 89 regulations and 598 control points are identified.

Coverage Areas of Regulatory Audit

Target	Compliance Detail
Shareholder	Financial report, internal control, issuance of credit and endorsement/guarantee, acquisition and disposal of assets, convening of meeting
Customer and Competitor	Fair trade, import/export
Corporate Asset	Business accounting, tax management, patent and trademark, Copyright Act, trade secret, personal data protection
Employee	Labor condition, welfare and insurance, labor relations, labor retirement, health and safety
Society	Corporate corruption, political donation
Environment	Environmental protection

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Detail

Category	Focus	Task	2024 Performance
Establish Communication	<ul style="list-style-type: none"> A clear and adequate system for the conveyance, consultation, coordination and reporting of regulatory information was established. The SOP and grievance mechanisms for violations were established, including the email for reporting regulatory compliance issues and for the Audit Committee and Audit Department. 	<ul style="list-style-type: none"> Designate regulatory compliance personnel. Report violations and penalty immediately. 	<ul style="list-style-type: none"> The compliance staff from all departments report monthly on violations and penalty.
Regulatory Update	<ul style="list-style-type: none"> Track the latest regulatory amendments and updates on a regular basis and convey the changes to all units immediately. Provide advanced risk alert on violations for all units. 	<ul style="list-style-type: none"> Convey the latest regulatory changes to applicable units and personnel. Update Company regulations in accordance with regulatory changes. 	<ul style="list-style-type: none"> Developed robotic process automation (RPA), which extracts regulatory updates daily from the Executive Yuan Gazette Online and the Financial Supervisory Commission (FSC) as well as weekly from sources related to the economy, health and safety, labor affairs and fire safety, and sends updates to applicable personnel immediately. Amended the Audit Committee Charter and Meeting Rules of Board of Directors for FENC to align with the legislative amendments. Amended the Rules Governing Financial and Business Matters Between Far Eastern New Century Corporation and its Related Parties. Adjusted the Company declaration based on the new regulations pertaining to shareholding declaration. Established the Guidelines for the Use and Management of Generative AI with clear stipulations on the use of the technology among employees. Released the key requirements for FENC and the subsidiaries on its consolidated statement for declaring carbon neutrality in accordance with the Guidelines for Corporate Declaration of Carbon Neutrality issued by the Ministry of Environment.
Regulatory Training	<ul style="list-style-type: none"> Publish information on regulatory enactment, case studies and regulatory education. Conduct training on key regulatory amendments. Provide in-person and online training on regulatory compliance for new employees (intellectual property/copyright/Criminal Code and corporate corruption/labor conditions/trade secret). 	<ul style="list-style-type: none"> Designate appropriate staff to undergo training 	<ul style="list-style-type: none"> Repeated the promotion of key amendments to the Gender Equity Education Act, Gender Equality in Employment Act and Sexual Harassment Prevention Act in January to raise staff awareness of the prevention and control of sexual harassment at all production sites. Regulatory promotion: Promoted the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance in July; the Storage, Clearance and Disposal of Hazardous Industrial Waste in October. Conducted preliminary training on confidential information management for intellectual property on August 1. Shared the key amendments to Regulations for the Occupational Safety and Health Equipment and Measures at all production sites in October.
Compliance Evaluation	<ul style="list-style-type: none"> Implementation of regulatory compliance was reported to the Board quarterly. Self-evaluation checklists were established targeting the regulatory control points. The Legal Department collaborated with the Human Resources Department, Labor Safety and Health Department and Audit Department to complete on-site inspections, provide guidance for all departments on improvements and follow up. Ensure that suppliers and contractors of all FENC production sites comply with FENC's corporate social responsibility policies regarding labor and human rights, health and safety, environmental protection and business ethics. 	<ul style="list-style-type: none"> All departments formulate and implement improvement plans to address deficiencies identified in the self-evaluations. Require suppliers and contractors to sign the FENC Supplier Code of Conduct and Corporate Social Responsibility Commitment Statement or add relevant clauses to transaction documents. 	<ul style="list-style-type: none"> Conducted monthly self-evaluation to monitor regulatory compliance among all FENC departments and subsidiaries. Revamped and launched the self-evaluation system for regulatory compliance in April to improve efficiency, expand the regulatory database and boost information security. Conducted on-site compliance audits at the Corporate Management in January and at all production sites in January, July and October. Conducted on-site inspections at production sites in January to examine public hazardous substances. There were no litigations related to the violation of anti-trust or fair trade regulations in 2024. Waste disposal and cleanup: Audited management approaches as required by the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance in July and by the implementation measures according to the Storage, Clearance and Disposal of Hazardous Industrial Waste in October. Assisted the U.S. subsidiary to fulfill its agreement with the state government and brought its emissions up to code.

Major Violations in the Past Two Years

	Company	Violation	Fine (NTD)	Improvement Plan
2024 (Three Cases)	OTIZ	The plant was cited for two violations against the exhaust and testing standards.	NT\$1.45 million	<ul style="list-style-type: none"> Additional exhaust treatment facilities were installed to reduce waste gas emissions. The plant applied for an increase in permitted exhaust emissions and renewed the pollutant discharge permit. The plant is testing exhaust emissions in accordance with the permit requirement and has reinforced staff training.
	APG Polytech	The plant was cited for not meeting the workplace safety requirements.	NT\$1.03 million	<ul style="list-style-type: none"> The plant has strengthened employee training and enhanced the workplace cleanup. Staff's flame-retardant clothing was replaced.

Note:

1. A major violation refers to a single event resulting in pecuniary penalties of more than NT\$1 million cumulatively. The definition is based on the list of "material information" referenced in the Taiwan Stock Exchange Corporation Procedures for Verification and Public Handling of Material Information of Securities Listed Companies. There were three such violations in 2024, and none in 2023.

2. Non-pecuniary penalties are defined as violations resulting in governmental orders of the suspension of work, suspension of business, termination of business, or the revocation or voidance of a permit pertaining to pollution. There were no such violations in 2023 and 2024.

Risk Ranking Project

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

During 2022 and 2023, the consultants commissioned by FENC visited its 21 global production sites and conducted risk ranking as scheduled. The consultants identified 158 deficiencies, down nearly 50% from the previous round. The deficiencies were immediately addressed with monthly tracking and reporting. All improvements were completed by the end of 2024.

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Strengthening Risk Management Training

To ensure corporate sustainability, minimize damages and advance business interests, FENC offers regulatory compliance training targeting the human rights policy, ethical management, anti-corruption and risk management, and a total of 18,922 employees completed the training and exam in 2024. As to the training regarding occupational safety and health risks, details are provided in [4.3 Reinforcing Occupational Safety and Health Management](#).

Oversight and Management of Internal Control System

1. Operation of Internal Audit

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

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

2. 2024 Implementation

FENC conducted 52 audit projects in 2024 and identified minor internal control risks. The majority of the improvement projects have been completed. As of the end of December 2024, deficiencies identified in 10 audit projects remained outstanding with improvement measures in progress.

3. 2024 Priority Tasks

• Internal Control Self-Evaluation

A total of 60 corporations on the consolidated statement self-evaluate the internal control practice through an electronic platform, which optimizes the flow, efficiency and performance of all FENC units and subsidiaries. The results, once reviewed by the audit units, are presented to the Board and Presidents along with the deficiencies identified and improvement progress, which serve as the basis for evaluating the effectiveness of the internal control system and issuing the Internal Control System Statement. The outcome is also disclosed in the annual report and on the Market Observation Post System to show FENC's commitment to implementing effective internal control.

• Auditing With Digital Tools

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

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

- A. A web crawler program has been developed to automatically browse and collect data on the Internet to facilitate real-time monitoring of market dynamics and improve information gathering.
- B. The digital tools automatically generate financial statements, including the statement of operations, for subsidiaries. With augmented scope and strength of data analysis, the technology facilitates more timely and precise supervisory measures for the subsidiaries.
- C. FENC has automated the regular audits, using RPA to verify data and prepare working papers for audits on loans, endorsement guarantees and derivative transactions, which significantly improves efficiency.
- D. The audit management system is fully established. The system integrates project progress and data resources to improve the overall effectiveness of audit operations.

4. Subsidiary Supervision

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

5. Training for Audit Personnel

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

Internal Audit Organization and Internal Control Approaches

1.4 Fortifying Digital Resilience

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

Building a Resilient Information Security Organization

1. Information Security Department

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

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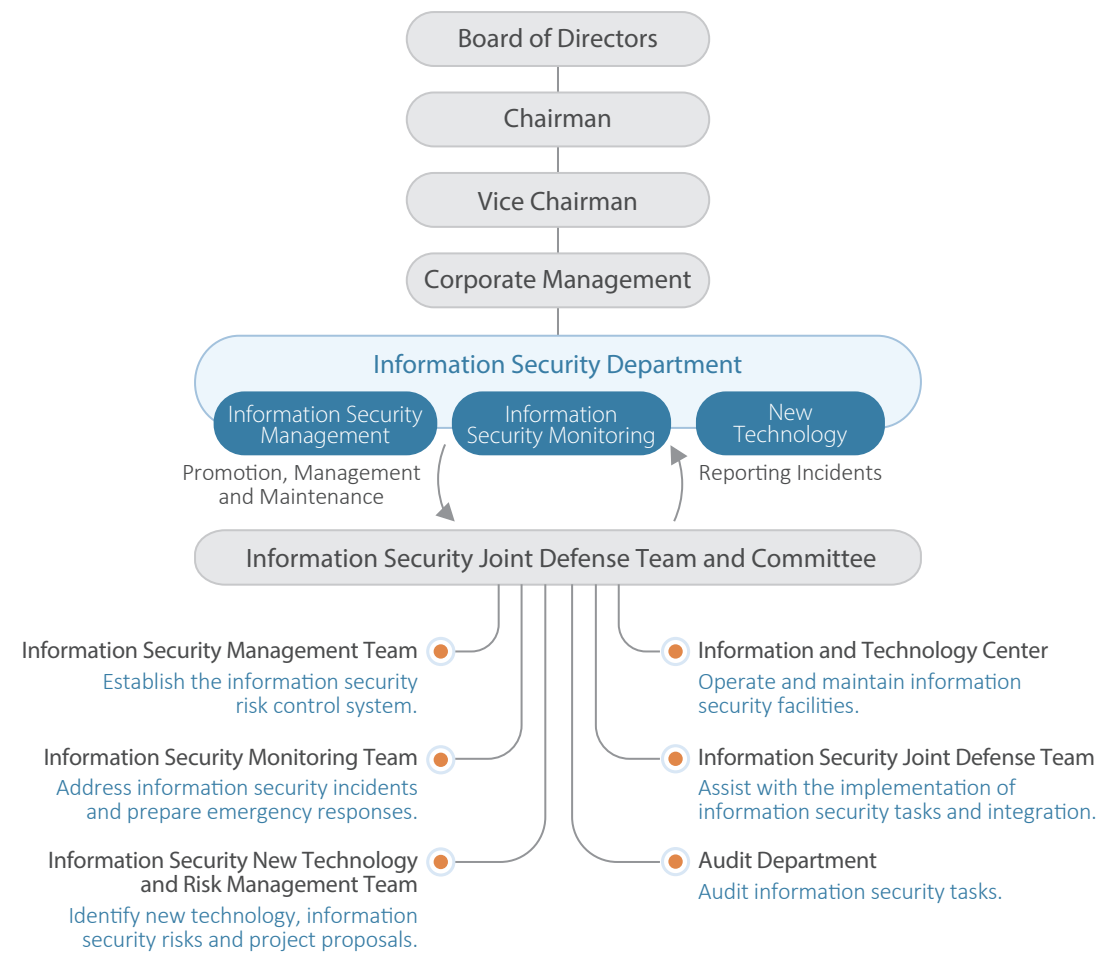
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2. Information Security Joint Defense Team and Committee

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

1 Information Security Management Framework



3. Establishing Information Security Sub-Committee of Far Eastern Group

In December 2023, FENC formed the Information Security Sub-Committee (ISSC) with multiple affiliates under Far Eastern Group (FEG), including Far Eastone Telecommunications Co. Ltd., Asia Cement Corporation and Far Eastern International Bank. Initiating its operation in 2024, ISSC is tasked with coordinating the joint defense of information security and resource allocation within FEG. ISSC also improves the overall defense by leveraging synergistic effects through policy exchanges, emergency support, incorporation of technologies and equipment as well as talent development.

Strengthening Information Security Management Mechanisms

1. Information Security Management System and Business Continuity Management

FENC started incorporating the ISO 27001 information security management system (ISMS) in 2014, establishing protocols regarding the management of information authorization, data backup, system development, supplier management and intellectual property. Since 2016, FENC has been third-party verified every three years. The latest verification for ISO 27001:2013 was obtained in September 2022. The verification will remain effective until September 2025. Given the rapid evolvement in the cybersecurity landscape, FENC stays vigilant and aligns with the latest international standards. In July 2024, the Company moved ahead of the schedule and fully transitioned to the latest ISO / IEC 27001:2022 certification, demonstrating its conviction to safeguard information security. The Company also continues implementing the Plan-Do-Check-Act (PDCA) cycle for information security management while learning and adopting the NIST Cybersecurity Framework to strengthen network security.

Additionally, FENC has been implementing the ISO 22301 business continuity management system. In December 2023, FENC's subsidiary, Shanghai Far Eastern IT Company, obtained the ISO 22301:2019 certification, which is valid until December 2026. Obtaining the certification requires the integration of the ISMS and business continuity management to create a comprehensive security and operational shield, which is a testament to FENC's commitment to business continuity and information security.

2. Establish Information Security SOP

FENC joined Taiwan CERT / CSIRT Alliance (see note1), SP-ISAC and Taiwan Chief Information Security Officer Alliance, and established the SOP for dealing with information security incidents. The SOP delineates applicable procedures and measures, including reporting proceedings and staff accountability. The goal is to eliminate information security incidents within the least amount of time and establish correction and prevention plans accordingly. In 2024, there were no major information security incidents (see note2) at FENC and no financial losses caused by information security incidents. Meanwhile, FENC strengthened password management for employees and enhanced mechanisms for protecting confidential corporate information, ensuring the security of customer privacy data. Throughout the year, there were no incidents of customer data breaches.

Note:
 1. CERT / CSIRT refers to Computer Emergency Response Team (CERT) and Computer Security Incident Response Team (CSIRT). SP-ISAC refers to Science Park Information Sharing and Analysis Center.
 2. A material information security incident is defined based on the frequently asked questions regarding the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities.

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3. Implement Information Security Incident Reporting and Handling

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

4. Implementing Supply Chain Information Security Management

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



Bolstering Domain Security Through Dual Ratings



Supply chain security is important to FENC's brand customers, and FENC has responded with a comprehensive upgrade of domain security and management. The Company introduced the dual ratings by incorporating SecurityScorecard and Bitsight while fortifying the domain security system through innovative measures.

- Stocktakes of external domain exposure:**
 FENC has reinforced the firewalls and implemented a real-name access and exit requirement for the Domain Name System to minimize potential risks.
- In-house attack management platform:**
 FENC has developed the FE Attack Surface Management Platform, which automatically integrates threat intelligence, detects cyberattacks and forms rapid responses. Its joint defense framework covers over 20 of FENC's worldwide subsidiaries, enhancing digital resilience across the Company.
- Dual information security ratings:**
 FENC is complementing the existing SecurityScorecard rating with the Bitsight cyber risk rating system. While Bitsight excels in third-party risk control, SecurityScorecard provides real-time risk rating and attack surface analysis, allowing the comprehensive management of supply chain and attack surface risks. FENC and its subsidiaries have reached the highest levels and surpassed the customers' requirements, scoring an "A" from SecurityScorecard and "Advance" from Bitsight.



Distinctions for Excellence in Information Security Defense



With an innovative spirit, FENC is safeguarding information security by building resilient governance and management mechanisms through the integration of digital technologies and AI applications. The approach has been widely recognized, giving the Company its second consecutive Information Security Leadership Award from Taiwan Corporate Sustainability Awards (TCSA) in 2024 and the invitation to share its insights in CYBERSEC 2024.

Chief Information Security Officer Gilbert Yi gave a lecture during CYBERSEC 2024 on May 15. His lecture, "Empowerment Through Generative AI—Innovative Phishing Drill Models for Listed Startup Companies," touched upon the use of generative AI to automatically create templates for phishing emails, analyze organizational information security risks and examine social engineering weaknesses. He also recommended that corporations strengthen cybersecurity through the "three lines of defense," referring to the policy, technical and employee awareness aspects. He proposed hybrid models targeting various scenarios, such as onboarding, post-incident and department-specific drills to ensure employees' ability to respond to social engineering attacks.

FENC departed from conventional thinking by conducting phishing drills through an AI-powered platform. By sharing this approach, FENC is hoping to inspire the industry and the public while encouraging more corporations to safeguard information security.

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Information Security Management and Training

1. Information Security Training

FENC places high emphasis on information security training. While the training heightens employee awareness, the system developers and managers are also required to adhere to the standards governing system establishment and security management to reduce cybersecurity risks. In 2024, the designated information security units at FENC held eight training sessions with the aim to increase the awareness and hone risk response capabilities among all employees. A total of 1,074 participants took advantage of the training through diverse channels, including in-class, online streaming and digital sessions. The training is customized based on duties and business needs, offering content and case studies on cloud service security management, information security risks for emerging technologies, IoT information security control as well as information security risks at the operational level. The training has helped employees stay vigilant when it comes to information security.

2. Social Engineering Drills

As a measure to enhance employees' ability to safeguard information security, FENC conducted phishing drills for nearly 200 employees in 2024. The drills simulate actual network attacks to enhance risk response towards social engineering threats. The majority of the participating employees stayed alert towards the phishing emails and did not respond. However, a few did click on the link and provided personal information. Enhanced training was provided to improve their information security awareness.

1.5 Implementing Sustainable Development

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

1.5.1 Sustainability Governance

Guidance for Sustainability Governance

1. Sustainable Development Principles

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

[Sustainable Development Principles](#)

2. Sustainability Strategy Blueprint

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

[Sustainability Strategy Blueprint](#)

Structure of Sustainability Governance

1. Board of Directors

The Board of Directors serves as the highest governing entity regarding ESG governance at FENC. The Presidents of all Businesses and highest-ranking executives of all units present corporate issues concerning sustainability at the quarterly Board meetings and regular briefings. ESG issues discussed during regular meetings of the Board, Audit Committee, and Remuneration Committee as well as additional regular meetings attended by the Board members in 2024 include:

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

2. Sustainability Committee

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

[Sustainability Committee Charter](#)

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

Two meetings were held during the reporting year. The first was held on April 11, 2024. Humphrey Cheng, President of Corporate Management and convener of the Sustainability Implementation Committee, presented the implementation tasks at FENC to the three committee members. All resolutions were approved unanimously by the attending members. Johnsee Lee, independent Board member and convener of the Sustainability Committee, presented the outcome of the resolutions to the Board on May 9.

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New members were appointed to the third Sustainability Committee. On August 7, 2024, the Board appointed two independent Board members and one outside Board member to serve on the committee with one of the independent members as the convener. The three members bring with them rich expertise in sustainable development, such as corporate governance, risk management, strategic planning, protection of employee rights, supply chain management, energy reliability as well as the operation of non-profit organizations.

The second meeting was held on October 16 and Humphrey Cheng presented the implementation progress, project and performance to the three committee members. Specifically, the presentation covered the publishing of FENC's Task Force on Climate-related Financial Disclosures (TCFD) Report; GHG management; implementation of internal carbon pricing; deployment of diversified renewable energy sources; promotion of green products and technologies; promotion of sustainable finance; implementation of environmental education programs; execution of sustainable supply chain projects; identification of stakeholders and material topics; planning for aligning with the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards; ESG engagement with members of the public; enhancement of sustainability awareness. Resolutions covering the 2025 sustainability projects were proposed for discussion. All resolutions were approved unanimously by the attending members, and Si-Ming Gu, FENC's independent Board member and convener of the Sustainability Committee, presented the outcome to the Board on November 8.

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

3. Sustainability Implementation Committee

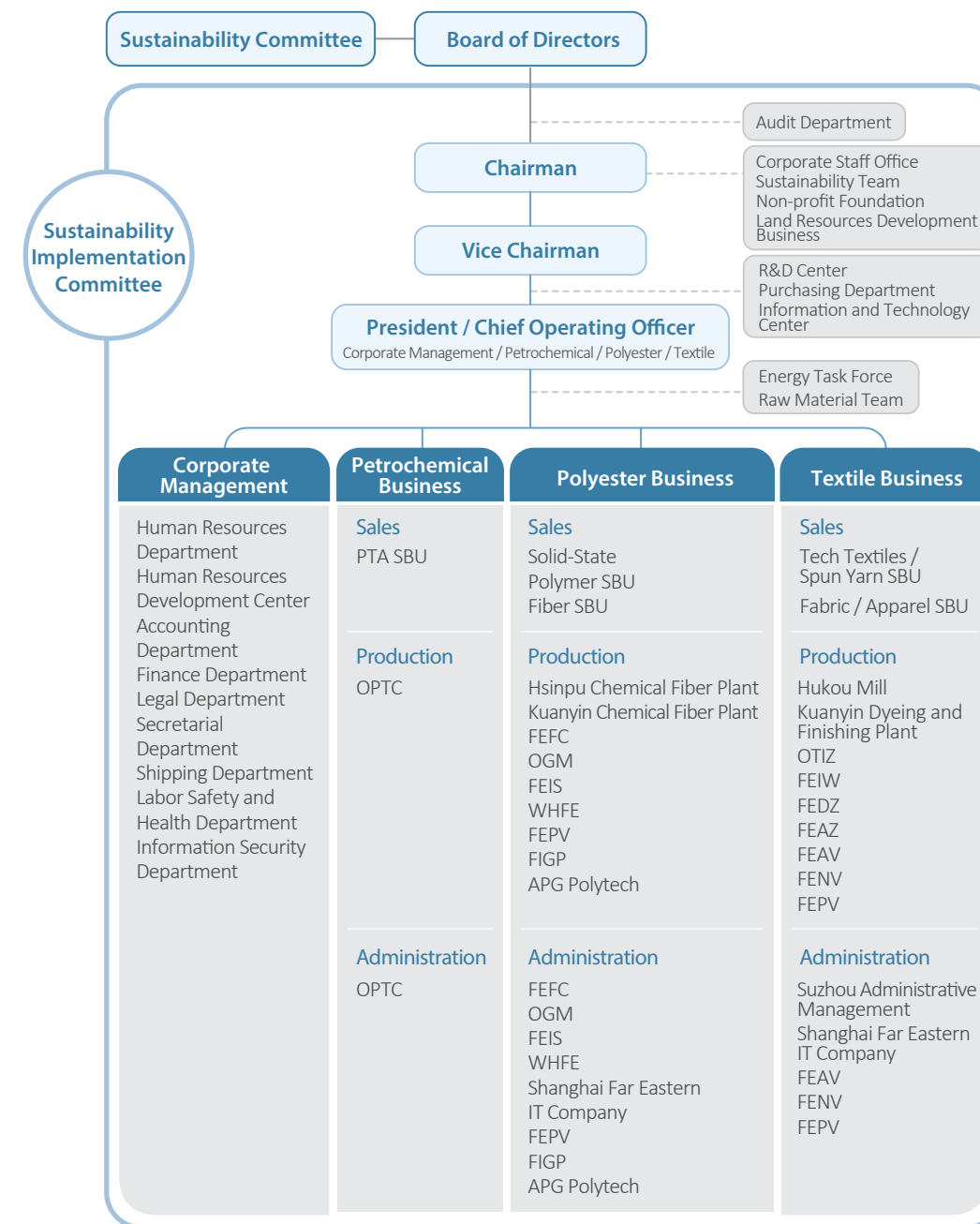
FENC established the Sustainability Implementation Committee in 2014 to facilitate corporate sustainable development. The President of Corporate Management serves as the convener. Specific tasks for the Sustainability Implementation Committee are as follows:

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

The Sustainability Implementation Committee consists of 186 members in 2024. The committee structure parallels the corporate structure. Among the members are Presidents and Chief Operating Officers from all Businesses, departmental managers at FENC operation sites worldwide and the 3 designated members of the Sustainability Team under Corporate Staff Office.

[Profile and Duty of Sustainability Implementation Committee](#)

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Disclosure of Sustainability Data

The annual sustainability performance disclosed in this report is first presented by the Sustainability Implementation Committee, which is then verified, analyzed and consolidated by the Sustainability Team at the Corporate Staff Office. The report is finalized and published after receiving third-party verification and approval from the President of Corporate Management. For the 2024 Sustainability Report, submissions for approval were made by the Sustainability Committee and the Board of Directors on April 23 and May 9, 2025.

The FSC released the Roadmap for Taiwan Listed Companies to Align with IFRS Sustainability Disclosure Standards on August 17, 2023. According to the roadmap, FENC will be subject to the IFRS Sustainability Disclosure Standards in 2026 due to having a paid-in capital of more than NT\$10 billion. Hence, FENC will be making its 2026 disclosures in accordance with the IFRS Sustainability Disclosure Standards and releasing the disclosure in the annual report in 2027. Following the guidelines and regulations issued by the authority, FENC finished laying the groundwork in the fourth quarter of 2024, completing the four major tasks for phase 1: analysis and planning. The tasks include establishing an inter-departmental task force; making preliminary identification of major differences between current and IFRS Sustainability Disclosure Standards as well as the impact; making preliminary identification of reporting bodies; formulating the implementation plan. Beginning in the first quarter of 2025 and on a quarterly basis, the implementation progress will be presented to the Board for management and control and reported to the government authority. The FSC, Ministry of Environment, Ministry of Economic Affairs, Ministry of Transportation and Communications, Ministry of the Interior and Ministry of Agriculture released the second edition of the Taiwan Sustainable Taxonomy at the end of 2024. The scope of applicable economic activities has been expanded to include industries under which FENC falls, and the Company has started evaluating the disclosure involved. Based on the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, FENC established the Operating Procedures for the Preparation and Assurance of Sustainability Reports, which was integrated the internal control system to strengthen the reporting and verification mechanisms. The second edition of the operating procedure was completed in 2024 with implementation pending upon the Board approval. The Audit Department has incorporated sustainable data management into the internal control system, and the audit of sustainable data is scheduled to begin in 2025 to ensure accuracy.

To facilitate data collection, digitization and preservation, FENC introduced the ESG Portal in 2022. Company forms, which used to be delivered through emails, are now digitized to be completed, submitted and reviewed on the portal. The ESG Portal also sends reminders for overdue documents, which has improved the overall operational efficiency. All forms had been digitized in 2023, and the platform optimization continued in 2024 to bolster information security.

Sustainability Report Preparation Process



Fifth Consecutive TCSA Top Ten Taiwanese Companies Sustainability Model Award



FENC took home the fifth consecutive TCSA Top 10 Taiwanese Companies Sustainability Model Award and won the Platinum Award for the Corporate Sustainability Reports Award, both of which are the highest honor. For its outstanding performance in sustainable practices, FENC was acknowledged with the TCSA Climate Leadership, Circular Economy Leadership, Information Security Leadership, Growth Through Innovation Leadership, People Development Leadership and Creative Communication Leadership Awards. In addition, the Global Corporate Sustainability Awards (GCSA) presented FENC with the Gold Class Sustainability Reporting Award, the highest distinction for the category. FENC's pursuit of ESG excellence is well recognized by the judging panels.

The pace of low-carbon transformation is accelerating at FENC. Aiming for 50% carbon reduction, 50% green products and 50% green raw materials by 2030, FENC has an ambitious determination to decarbonize. With a long track record in the development of the circular economy, FENC transforms waste into valuables, creating eco-friendly materials through innovative R&D, and building a business model that fosters sustainability and circularity through green manufacturing and value chain partnerships. In November 2024, FENC shared this experience at COP29, joining governments around the world on the march towards net zero 2050. These efforts made FENC the first-place award recipient of the Climate Leadership Award from TCSA.

FENC ranks among the top 1.5% among nearly 600 global companies in the chemical sector in the ESG rating conducted by Sustainalytics. FTSE Russel, a subsidiary of London Stock Exchange Group, also made FENC a constituent of the FTSE4Good Emerging Indices with the 6th-place ranking among the listed companies in Taiwan. Additionally, the Dow Jones Sustainability Emerging Markets Index has chosen FENC as a component stock, making the Company the first and only industrial conglomerate in Taiwan to be selected. These organizations have acknowledged FENC's ESG efforts and its continuing contribution to global sustainability.

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1.5.2 Sustainable Finance

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

Integrating Sustainable Development With Diversified Financing Channels


Between 2018 and the end of 2024, FENC issued nearly 40 sustainable financial products. Among them, many are either the first in Taiwan or Asia. The products incorporate diverse financing channels to attract the market capital. Raising almost NT\$80 billion, the entirety is devoted to projects that advance sustainability.

1. Capital Market Bonds



World's First 1

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



Taiwan's Only 1

Corporation qualified for and being the first issuing four types of sustainable bonds

The sustainable bonds issued by FENC, such as green bonds, social bonds, sustainability bonds and sustainability-linked bonds (SLB), have raised over NT\$22.5 billion from the capital market to date for funding ESG and sustainability projects. In 2024, FENC issued an additional NT\$5.25 billion in sustainable bonds.

2. Green Financing

FENC has fully embraced the sustainable development goals through its business practice. Partnering with major banking institutions in Taiwan and the world, the Company established the equivalent of over NT\$57 billion for ESG financing between 2018 and the end of 2024. FENC has also promoted the practice to its overseas subsidiaries in mainland China, Japan and Southeast Asia, adding approximately NT\$12.1 billion in 2024.

Since 2020, FENC has been aligning with global trends in sustainable development with progressive measures. Guided by the Sustainability Strategy Blueprint and the United Nations Sustainable Development Goals (UNSDGs), FENC has internalized the sustainable financial products as part of its corporate business strategies. Its Framework for Sustainable Finance and Framework for Sustainability-linked Bond, which are verified by third-party assurance agencies, ensure the environmental and social benefits of the Company's investment

projects and sustainability performance targets, laying a strong foundation for fulfilling core corporate values through sustainable finance.

As a measure to comply with Corporate Governance 3.0 and the recalibrated green financial policies from the FSC, FENC updated the Framework for Sustainable Finance in 2024. The update enhanced the framework integrity, bringing it on par with international practices and trends while maintaining a forward-looking perspective. The core values and highlights of the framework are as follows:

- **Setting Sustainable Development Directions**

The framework ensures effective fund utilization to fuel green investments projects, such as the development of circular products as well as renewable energy. The fund is also used to advance social benefits with programs that support local small and medium enterprises, independent recycling establishments and recycling operations run by disadvantaged groups. FENC is taking aggressive strides towards accomplishing the 15 UNSDGs.

- **Diversified Financial Instruments**

In addition to green bonds, social bonds and sustainability-linked bonds for the capital market, FENC also includes bank-financed blue loans as well as an array of green and social loans among its diversified financial instruments, becoming the first corporation in the world to issue four types of sustainable bonds at the same time.

- **International Standards and External Verification**

Investment projects are evaluated and selected based on the principles established by the ICMA with funds earmarked to ensure proper management. The effectiveness of fund allocation is assured through third-party verification with regular disclosure on the Company website, Market Observation Post System and the ICMA database.

- **Financial Innovation and Market Influence**

FENC's financial innovation has been praised repeatedly by international media, such as The Asset, Treasury Today and FinanceAsia, which is a recognition for the Company's leadership in the field of sustainable finance.

- **Broadening Global Presence**

FENC has expanded the practice of sustainable finance to its subsidiaries, making sustainable financial strategies a main direction that will drive sustainable transformation throughout its entire supply chain.

The Framework for Sustainable Finance is the accelerator of sustainable transformation within FENC. It is also attracting more funds from the capital market for sustainable development, which propels the industry and society forward to shape a more environmentally friendly and responsible future.

[Framework for Sustainable Finance](#)



[Framework for Sustainability-Linked Bond](#)



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Taiwan's First Sustainable Exchangeable Bond



For years, FENC has been an avid supporter of the sustainable development policies in Taiwan. After becoming the first to issue four types of sustainable bonds, FENC took the lead once again and issued the first sustainable exchangeable bond in 2024 with underlying shares from Asia Cement Corporation and Far Eastern Department Stores Ltd. under FEG. Combining the strengths of stock shares and bonds, exchangeable bonds are further diversifying FENC's financing channels. With approvals from the Board and the Securities and Futures Bureau of the FSC and Taipei Exchanges, the exchangeable bond was listed and issued on August 8, 2024. The fund raised will power green investment projects at FENC and its subsidiaries. The projects, such as production improvement, equipment refinement and energy management, will be driving sustainable development at FENC, helping the Company complete its green transformation.

This exchangeable bond brought FENC international recognitions from three prominent financial magazines, which is a vote of confidence for FENC's innovation in sustainable finance.

Financial Magazines	Awards
Treasury Today	Adam Smith Awards Asia – Best Sustainable Treasury Solution Overall Winner
FinanceAsia	Achievement Award – Best Sustainable Finance Deal
The Asset	Triple A Awards for Sustainable Finance – Best Sustainability Exchangeable Bond



FENC will continue enhancing its green investments network. By internalizing ESG strategies and fostering mutual prosperity in the capital market and for sustainable development, FENC is contributing to the global transformation to a low-carbon economy.



Three-year Winning Streak From Institutional Investor and FinanceAsia



For the third year in a row, FENC was voted the Most Honored Company in the Institutional Investor Asia (ex-Japan) Executive Team rankings. The voting process involved 1,669 financial services and 5,894 investment professionals in Asia (excluding mainland China), and FENC received Best CEO, Best ESG, Best CFO, Best Board of Directors, Best IR Program, Best IR Professional and Best IR Team under consumer discretionary, demonstrating excellence in corporate governance and investor relations.

Another financial magazine, FinanceAsia, named FENC the recipient of multiple awards for the Taiwanese market, including Best Mid-Cap Company, Best CEO, Best CFO and Best Overall Company. The awards mark the third consecutive win for FENC, which is also one of the companies from traditional industries with the highest number of awards. The accolades are a true testament to FENC's commitment to stakeholder engagement. With transparency, disclosure, engaging programs and professional teams, FENC has won the trust and recognition of international investors, showing its resolve in the pursuit of sustainable development and corporate excellence.