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Target Readers:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Employee / Labor Union | <input type="checkbox"/> Business Partner (Supplier / Contractor) |
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| <input checked="" type="checkbox"/> Government | <input checked="" type="checkbox"/> Shareholder / Investor / Financial Institution |

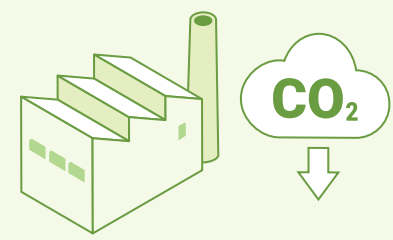


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2024 Highlight

GHG Emissions
↓34% From the Base Year
Reaching 2025 Near-term Target Ahead of Schedule



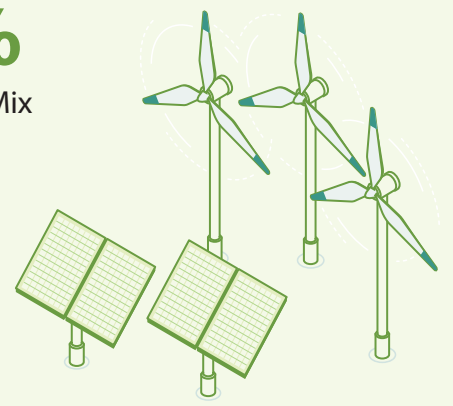
Total Energy Consumption
↓6% From the Previous Year



Air Pollution Emissions
↓11% From the Previous Year

Officially Launching
Internal Carbon Pricing System

230 GWh Renewable Electricity Usage
14% of Energy Mix



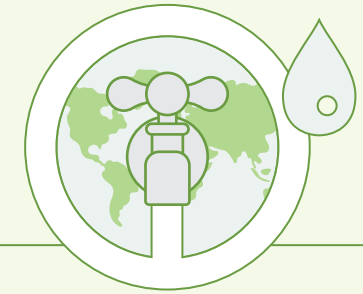
Total **Hazardous Waste**
↓62% From the Previous Year

94 Energy and Emission Reduction Projects
 Averting **70,188** tCO_{2e}

Total Water Withdrawal
↓22% From the Previous Year

Total Water Consumption
↓27% From the Previous Year

99% Water Recycling Rate



Hsinpu Chemical Fiber Plant Winning
The 6th National Enterprise Environmental Protection Award

Target and Progress

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Note: The target setting scope covers 100% of the production sites addressed in this report.

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Sustainability Issues

Climate Strategy and Low-Carbon Transition Material

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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



Authority

- Energy Task Force
- All production sites

Energy Resource Management Material

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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



Authority

- Energy Task Force
- All production sites

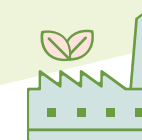
Environmental Management Material

Significance and Purpose of Management for FENC

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

Management Approaches and Effectiveness Evaluation Mechanisms

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



Authority

- Energy Task Force
- All production sites

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3.1 Fostering Environmental Sustainability

Water Resources

- Water Withdrawal **14,154** (megaliter)
- Water Saving **251** (megaliter)
- Percentage of Water Saving in Water Withdrawal **2%**
- Water Recycled and Reused **977,578** (megaliter)
- Water Recycling Rate **99%**
- Water Discharge **7,993** (megaliter)

Air Pollutant

- Air Pollutant Emissions **1,266** (metric ton)

Waste

- Waste Generated **103,234** (metric ton)
- Percentage of Recycling and Reuse **87%**

Energy

- Energy Consumption **17,728** (TJ)
- Energy Reduction **648** (TJ)
- Percentage of Energy Reduction in Energy Consumption **4%**

GHG Emissions

- Scope 1 and 2 GHG Emissions **1,598** (ktCO₂e)
- Scope 3 GHG Emissions **11,289** (ktCO₂e)
- GHG Emissions Avoided **70** (ktCO₂e)
- Percentage of GHG emissions Avoided to Total Emissions **4%**

Resources Consumed for Operation in 2024

Environmental Impact Avoided in 2024

Environmental Impact on Operation in 2024

Note:
 1. Historical data and data categorized by Business are available in 7.1 Environmental and Employee Data (R).
 2. The percentage of GHG emissions avoided (%) is calculated based on the total GHG emissions of Scope 1 and Scope 2.

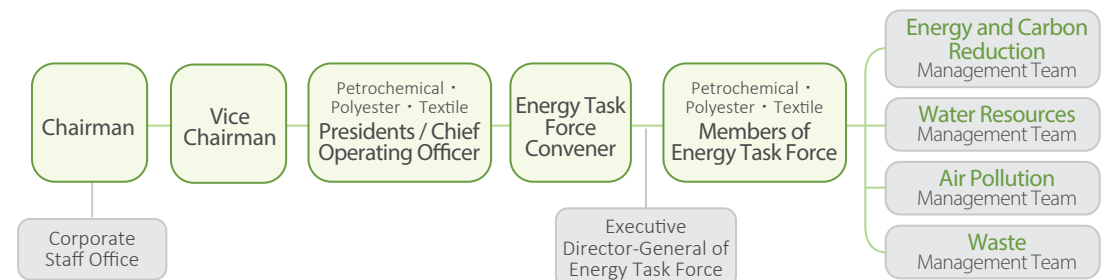
Sustainability Strategies and Management Approaches at FENC

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

Environmental and Energy Management Authority: Energy Task Force

Establishment and Operation	FENC established the inter-departmental Energy Task Force in 2010. With each FENC Business as the unit, the task force establishes mechanisms for internal environmental audit and review, and charts the operation and planning of environment and energy management systems. The scope of management covers FENC production sites in Taiwan, mainland China, Vietnam, Japan, Malaysia and the U.S.
Scope of Implementation	The Energy Task Force is responsible for the implementation of energy and emission reduction measures covering the management of GHG and energy, as well as the application of renewable energy and emerging decarbonization technologies. Additional responsibilities include the management of water resources, air pollution and waste materials. The task force systematically collects environmental data from all production sites through an online database, and conducts performance review and tracking during the regular energy management meetings to continue fine-tuning FENC's environmental performance.
Reporting Mechanism	A monthly Energy Task Force management meeting is held at all production sites. During the meeting, the environmental performance and responses targeting climate risks and opportunities are reported to executive managers with discussions on environmental and energy management strategies to fulfill FENC's mission to attain environmental sustainability. The Energy Task Force holds special briefings on energy and carbon reduction annually with the convener and committee members of the Energy Task Force presenting the environmental performance to corporate executives such as the Chairman, Vice Chairman and President of each Business to establish future strategies and plans.

Organizational Framework of Energy Task Force



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Percentage of FENC Operational and Production Sites With Sustainability-Related ISO Certifications

Certification Standards	Coverage Rate	Verification Agency
ISO 14001	76%	BSI, DNV, SGS, TUV, GCC, CQC
ISO 50001	38%	BSI, SGS, TUV, LRQA, CQC
ISO 46001	5%	SGS

Note: The disclosure within the scope of third-party verification was collected through December 31, 2024.

ISO Certification Dates and Validity Periods

Special Budget for Energy Reduction and Environmental Protection

To fulfill its sustainable vision, FENC has been appropriating budgets earmarked for the implementation of energy conservation and environmental protection projects since 2010 to advance its performance in environmental sustainability. At the end of 2024, FENC appropriated NT\$4.16 billion for the 2025 energy and emission reduction budget.

The special budget for environmental protection from 2024 to 2025 amounts to NT\$150 million as the R&D funding for the avoidance or reduction of pollution, waste and resource consumption.

Energy Reduction and Environmental Protection Technical Exchange Meeting

The Energy Task Force conducts cross-Business and cross-regional meetings annually to facilitate peer exchanges regarding energy conservation and environmental protection. In May 2024, representatives and committee members visited ten FENC production sites in mainland China and Vietnam, conducting engagement and exchanges with approximately 150 participants. Such exchanges amplified the effect of energy conservation measures through on-site demonstrations and observation. The exchange meetings focused on three major aspects:

- 1. Low-carbon technologies:** Among the featured projects are the adoption of the new N-type solar panels and the conversion to biomass fuels.
- 2. Outstanding environmental management projects:** Among the projects featured is the management approach that facilitates zero production waste.
- 3. Additional topics:** The topics discussed include the incorporation of management systems, participation in international initiatives and the experience with the sustainability rating.



Recognition for Hsinpu Chemical Fiber Factory at the 6th National Enterprise Environmental Protection Award



Hsinpu Chemical Fiber Plant is committed to reaching net zero through circular and sustainable practices. Its efforts were recognized by the Ministry of Environment with the Bronze Award during the 6th National Enterprise Environmental Protection Award. The award demonstrated FENC's determination to support the government's environmental policies. The highlight of the award-winning actions are as follows:



- Hsinpu Chemical Fiber Plant has been attending the Supplier Leadership on Climate Transition course series, and the plant has obtained the certification. The course series covers the GHG inventory as well as the establishment of carbon reduction pathways and GHG reduction targets based on the 1.5°C scenario. The aim is to reduce emissions from the industry and value chains through collective action. In June 2024, the carbon reduction targets submitted by FENC's Polyester Business received the approval from SBTi.
- In 2022, Hsinpu Chemical Fiber Plant teamed up with the President convenience store chain, 7-ELEVEN, and President Packaging Ind. Corp. on an exclusive partnership to promote the use of Efficient Smart Recycling Machines in northern Taiwan. Waste plastic bottles collected at the 7-ELEVEN store locations were transformed into rPET through FENC's vertically integrated recycling system, thus building a green, sustainable ecosystem.
- Hsinpu Chemical Fiber Plant joined forces with Zhubei City Office to implement a project that facilitated zero emissions and smart environment. With smart recycling machines as the anchor, waste PET bottles were collected, cleaned, decontaminated and transformed into food-grade rPET chips through the plant's eco-friendly recycling technology, which effectively reduced plastic waste and increased the recycling rate.

Hsinpu Chemical Fiber Plant plays a critical role in the promotion of the circular economy in the plastics industry in Taiwan. It is the largest rPET manufacturer and the first in Taiwan to obtain the letter of no objection from Taiwan Food and Drug Administration to produce rPET food contact materials. The award is a testament to these exemplary practices.

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3.2 Marching Towards Net Zero

3.2.1 Building Climate Resilience

Climate Policy

Commitment

- FENC aligns with the Paris Agreement by setting its carbon reduction targets and responding to climate change with the overarching goal of limiting the temperature increase to 1.5°C above pre-industrial levels. Through phased decarbonizing actions targeting its own operations and forming coalitions with supply chain partners, FENC is promoting green transformation and building climate resilience within the industry.

Target

- As the world moves towards carbon reduction in the net zero era, FENC stays in line with this trend and boosts its competitiveness by recalibrating its carbon reduction targets upward in 2024. With 2020 as the base year, the Company is aiming for 30% reduction in scopes 1 and 2 GHG emissions by 2025 as the near-term target, 50% by 2030 as the mid-term target, and net zero emissions by 2050 as the long-term target.
- At FENC's Polyester Business, the target has been set for 42% reduction in scope 3 emissions by 2030 with 2022 as the base year.
- To support the net zero vision and steer carbon reduction actions within the industry chain, FENC has also established new targets for the low-carbon transition in 2024, setting the trajectory for 50% carbon reduction, 50% green raw materials and 50% green products by 2030. By transforming the entire operation through the low-carbon model, including the raw materials, production processes and products, FENC is leading the industry into a green future. Details are provided in [Special Report 2. The March Towards Net Zero: FENC's Low-carbon Innovation](#).

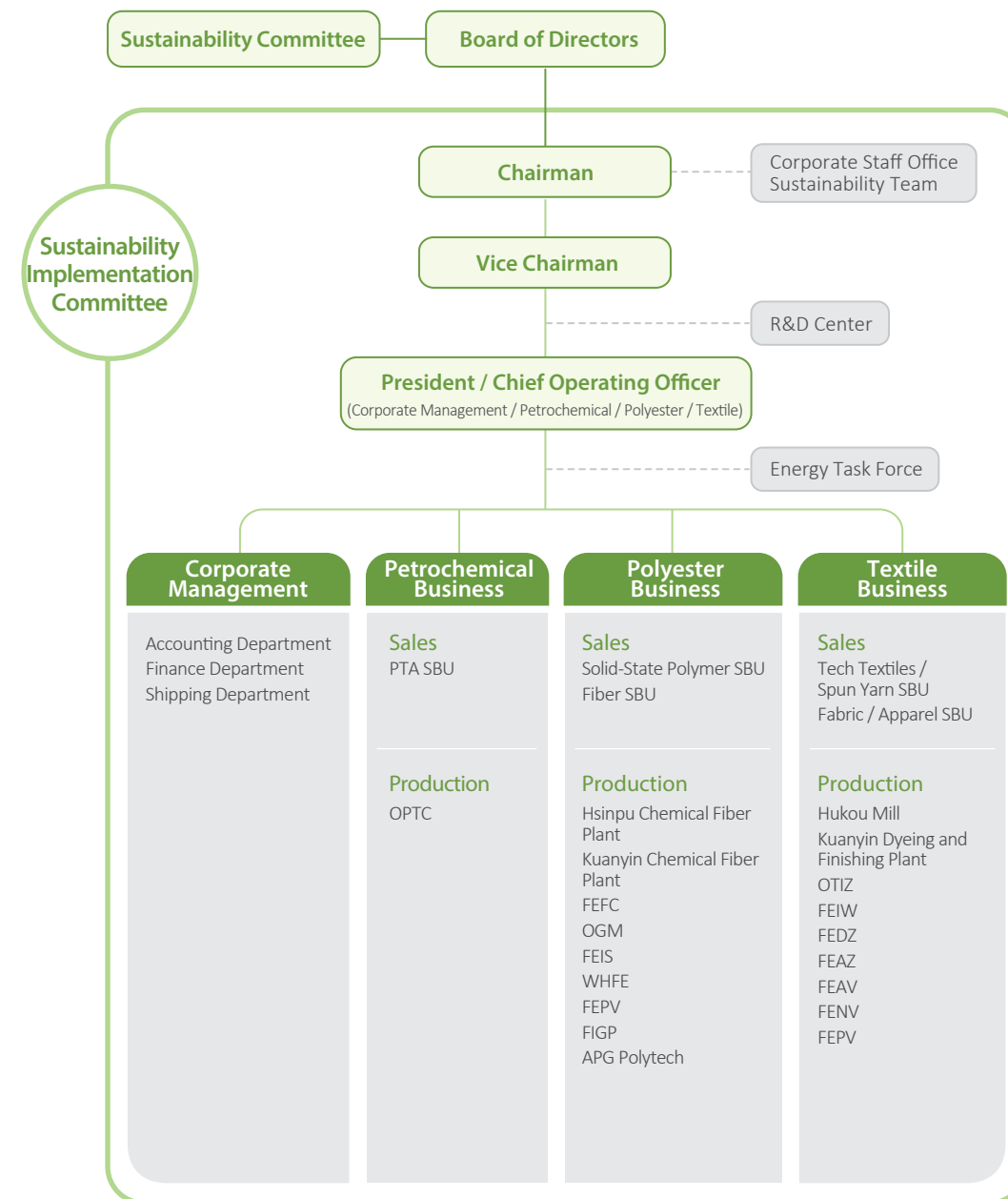
Strategy

1. Improve energy efficiency	4. Utilize CCU
2. Adopt low-emission fuel alternatives	5. Foster raw material transition
3. Develop renewable energy	

Climate Management Framework

FENC's climate governance is led by the Board, which oversees the Company's climate-related strategies and management guidelines, and the Sustainability Committee, a functional committee, has also been set up at the Board level. In addition, the Sustainability Implementation Committee was established under the Company's organizational structure with the President of Corporate Management as the convener. The committee consists of representatives from each Business, including the production sites, business units and the administrative departments, working collectively to promote the Company's climate-related risk mitigation, adaption and low-carbon transition. Among these tasks, matters related to GHG and energy management are under the responsibility of the Energy Task Force, and the Sustainability Team under the Corporate Staff Office compiles sustainability performance data and reports to the Board and the Sustainability Committee. The Presidents and Chief Operating Officers of each Business and the Energy Task Force present climate-related issues during the Board and internal meetings on a regular basis.

The Organizational Chart of Climate-Related Risk and Opportunity Management



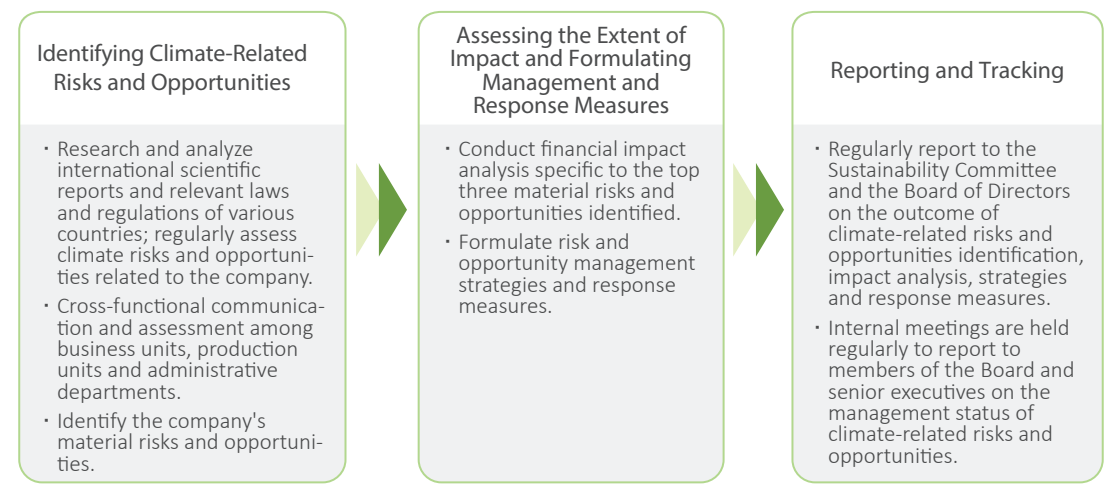
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Climate-Related Risk and Opportunity Management System

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

Climate-Related Risk and Opportunity Management Procedure



Identifying Climate-Related Risks and Opportunities

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

Climate-Related Risks and Opportunities Identification Process



Scenario for Risks and Opportunities

Scenario	SSP5-8.5 (Very High GHG Emissions)	NZE (Net Zero Scenario)
Type	Physical risks	Transition risks and opportunities
Detail	The SSP5-8.5 scenario is presented in the IPCC's Sixth Assessment Report (AR6) under the assumption of absence in climate actions from all countries, which would result in the highest CO ₂ concentration. It could be regarded as the most stringent climate scenario. Adopting this scenario would help FENC assess the degree of impacts under the most extreme climate challenges.	The NZE scenario is published by IEA. To limit the global temperature rise to 1.5 °C, the NZE scenario represents a path to net zero emissions by 2050 for the world and is considered the most extreme reduction scenario. As the surge of carbon reduction policies sweeps through the world, adopting the NZE scenario would help FENC gain competitive advantages by taking preemptive strikes.
Parameter	Assuming the worst case scenario (SSP5-8.5), it is projected that by 2050, the annual average of total precipitation in East Asia, including Taiwan and mainland China, will see a 15% surge, and the heaviest single-day precipitation will increase by 20% in intensity, accompanied by the occurrence of extreme weather events such as typhoons, floods and rainstorms.	Assuming the NZE scenario, carbon fees/taxes are levied across all sectors in all regions: By 2050, the carbon price will move up to US\$250/tCO ₂ e in advanced economies and US\$200/tCO ₂ e in non-advanced economies.
Projected Temperature Rise by the End of This Century	>4°C	~1.5°C (Consistent with the commitment under the Paris Agreement)

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List of Climate-Related Risks and Opportunities

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

Note: Short term refers to the period between 2024 and 2025; medium term 2026 and 2030; long term 2031 and 2050.

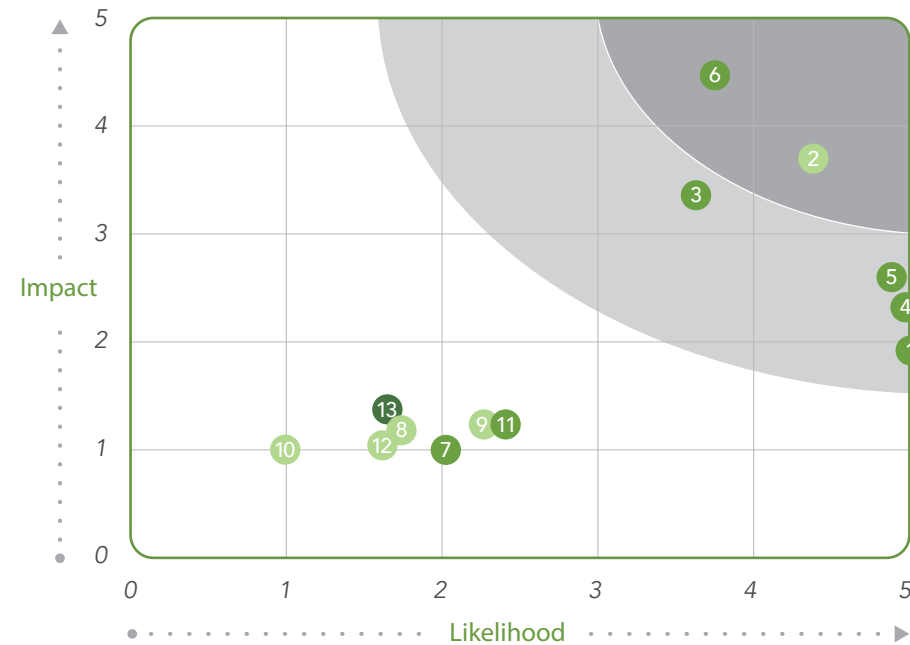
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Identification Outcome of Material Climate Risks and Opportunities

Carbon pricing mechanism, carbon border tax and changes in customer behavior are identified in the assessment as the top three material risks; access to new markets, use of low-emission sources of energy, and development or expansion of low-emission goods and services are the top three material opportunities. FENC conducted quantitative financial analysis targeting the six issues and formulated management strategies with implementation measures to galvanize FENC's climate resilience. Though physical risks were not among the material climate risks determined during the identification process, FENC decided to proceed with the routine risk ranking projects to reduce operational risks at its production sites.

FENC Climate-Related Risk Matrix



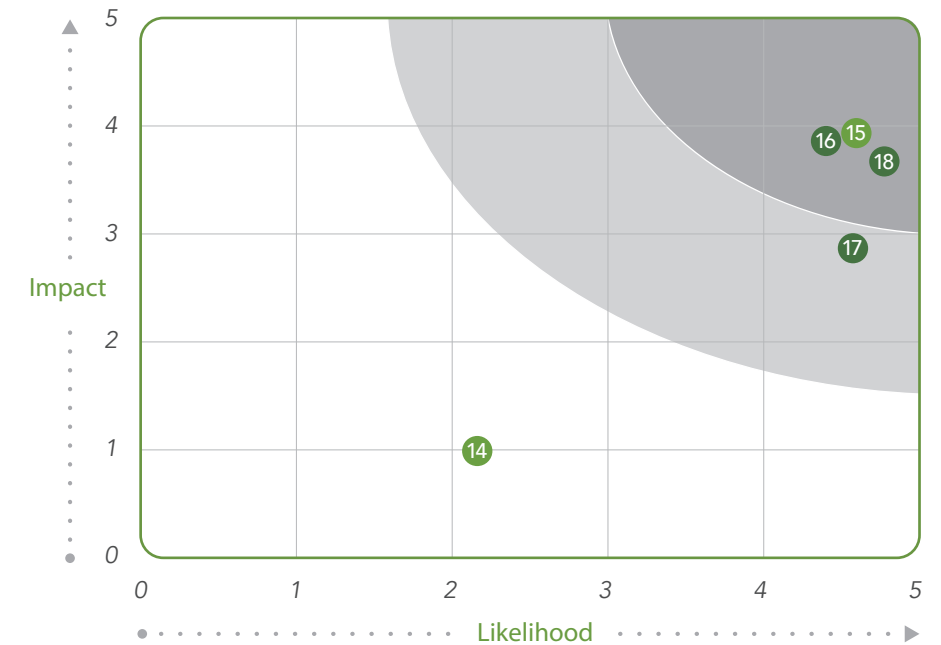
- Transition Risks**

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

Physical Risks

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

FENC Climate-Related Opportunity Matrix



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

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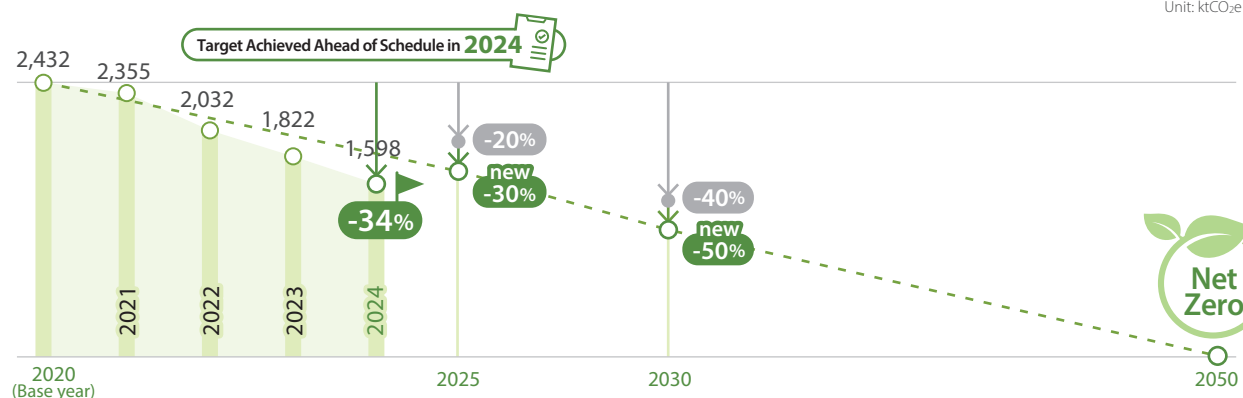
Material Climate-Related Risks and Opportunities: Strategies and Response Plans

Material Climate-Related Issues	Strategies and Response Plans
Carbon pricing mechanism	GHG emissions at each production site are monitored, and FENC aims to achieve its short-, mid- and long-term GHG reduction targets through the five major low-carbon transition strategies to ultimately accomplish net zero by 2050. Meanwhile, the Company adopted the internal carbon pricing mechanism as a management tool that incentivizes carbon efficiency during the evaluation of energy and emission reduction projects. Carbon costs are also included in the monthly management reports of each Business as a decision-making reference.
Carbon border tax	The financial impact is positively correlated with the carbon emissions per unit of production. To mitigate the risk, FENC will implement strategies, such as expanding the use of alternative low-carbon materials, improving energy efficiency, adopting low-emission fuel alternatives, and deploying more renewable energy facilities to reduce the carbon footprint of its production processes.
Changes in customer behaviors	In response to customers' demand for low-carbon products in the value chain, we will aggressively reduce GHG emissions per unit of production, and GHG emissions in the production processes by improving energy efficiency, adopting low-carbon fuels, and using renewable energy.
Use of lower-emission sources of energy	Renewable electricity will be acquired through means such as long-term electricity purchase agreements. FENC will also continue expanding the installed capacity of renewable energy, such as solar and biogas power, at its worldwide production sites for self-use. The company expects the use of renewable electricity across its global sites to reach 250 GWh by 2025, in order to meet customer expectations.
Development or expansion of low emission goods and services	FENC continuously promotes the research and development of technologies related to green products, including products which can replace petroleum-based raw materials (Replace), and can be recycled (Recycle), as well as reduce energy and resource consumption (Reduce). FENC has been expanding its green product production capacity to meet the needs of customers in the value chain.
Access to new markets	FENC keeps on researching and developing circular recycling technology and the applications of multiple recycling products, while paying attention to the trend of recycling-related laws and regulations in various countries. It has deployed all-encompassing circular technology on land, ocean and air, and expanded its production capacity of recycling and circular products with optimal capacity planning, aiming to become the World No. 1 in rPET production capacity.

Climate Risk Metrics and Targets


The 2024 GHG emissions fell by 34% compared with the base year, meaning that FENC achieved its near-term targets ahead of schedule. Additional details regarding the climate targets and progress are provided in [Chapter 3. Navigating a Green Future—Target and Progress](#).

Target and Progress of GHG Reduction




Note:
 1. The disclosure of GHG emissions includes scopes 1 and 2 emissions from 100% of the production sites covered in this report with 2020 as the base year.
 2. FENC does not use carbon offsets as the means to achieve its GHG reduction targets.

Low-carbon Transition Strategies




Improve Energy Efficiency

FENC improves energy efficiency by optimizing the production process, facilities and energy management. Energy projects in the pipeline include a new cogeneration system, capitalizing on thermal and electrical power by recycling and reusing waste heat. Please refer to [3.3.1 Energy Management](#) for details.




Adopt Low-Emission Fuel Alternatives

FENC's short-term carbon reduction plans call for replacing high-emission fuels such as coal or heavy oil with low-emission alternatives such as natural gas and biofuels. The mid- to long-term plans are to be fully transitioned, replacing natural gas completely with hydrogen fuels. Please refer to [Special Report 2. The March Towards Net Zero: FENC's Low-carbon Innovation](#).




Develop Renewable Energy

- Renewable energy generators: 21.9MW installed in 2024 with 25 GWh and 38.2MW in 2025 with 47 GWh expected in capacity.
- Long-term electricity purchase agreement: At least 100 GWh purchased per year starting from 2023.



Utilize CCU

The technology is utilized to convert carbon dioxide into usable products. FENC plans to focus on capturing and reusing the carbon dioxide from the boiler exhaust in the future and continue its research on microalgae-based, bio-integrated carbon capture technologies.



Foster Raw Material Transition

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

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3.2.2 GHG Management

GHG Management Policies

1. FENC Greenhouse Gas Management Operating Procedures

All FENC production sites comply with the FENC Greenhouse Gas Management Operating Procedures and conduct the GHG inventory annually based on the standards of ISO 14064-1:2018 or the Greenhouse Gas Protocol (GHG Protocol). Scope 3 emissions should be identified based on the principle of materiality and classified into the 15 categories in the GHG Protocol, such as purchased goods and services, fuel-related activities, upstream and downstream transportation and employee commuting. Data integrity and credibility have been guaranteed through the annual third-party verification since 2023, which exemplifies FENC's rigorous approach and unwavering determination for improvement when it comes to GHG management.

2. Internal Carbon Pricing System

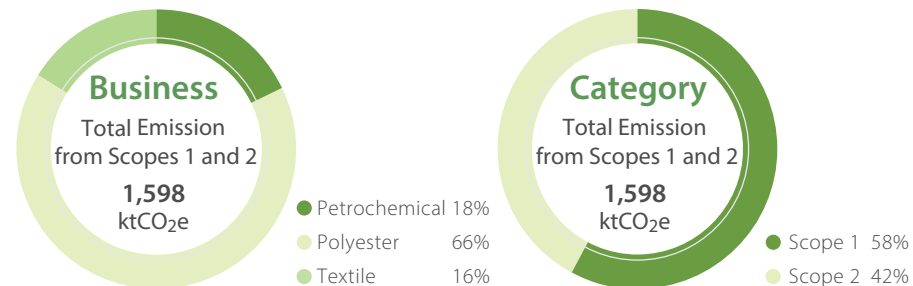
FENC has established an internal carbon pricing system to accelerate carbon reduction within the Company. The system is established based on international studies, such as the International Energy Agency's World Energy Outlook and the World Bank's annual State and Trends of Carbon Pricing Reports. Considerations also include the internal and external carbon costs at FENC's worldwide locations as well as analyses conducted over the industry's pricing methods, instruments and strategies. The pricing has been finalized at NT\$1,500/tCO₂e in developed economies and NT\$1,000/tCO₂e in emerging economies. The internal carbon pricing system was in 2024 after being presented to the Board, and the system encompasses two implementation approaches:

1. The system acts as an incentive for carbon reduction when evaluating the carbon benefits of energy and emission reduction projects.
2. The system serves as a reference during decision-making when calculating the carbon cost of each Business for the monthly management report.

The goals of implementing internal carbon pricing across FENC are as follows:

- Drive energy efficiency.
- Stress test investments.
- Drive low-carbon investment.
- Identify and seize low-carbon opportunities.

GHG Emissions in 2024



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

Direct and Energy Indirect GHG Emissions (Market-Based)

Unit: ktCO₂e

		2021	2022	2023	2024
Direct Emissions	Scope 1	1,340	1,163	1,016	934
Energy Indirect Emissions	Scope 2	1,015	869	806	664
Biogenic Emissions		25	37	33	44
Total		2,355	2,032	1,822	1,598

Direct and Energy Indirect GHG Emissions (Location-Based)

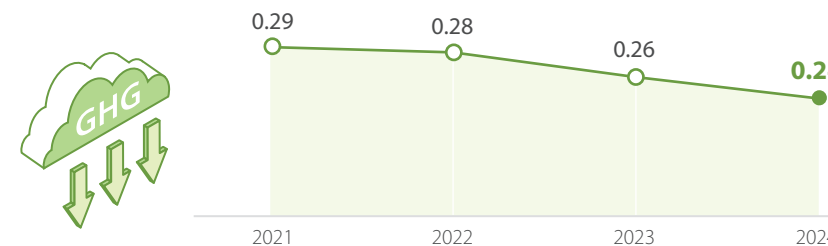
Unit: ktCO₂e

		2021	2022	2023	2024
Direct Emissions	Scope 1	1,340	1,163	1,016	934
Energy Indirect Emissions	Scope 2	1,015	881	829	700
Biogenic Emissions		25	37	33	44
Total		2,355	2,044	1,845	1,634

Note:
 1. The scope of data collection covers 100% of the production sites included in this report. The consolidation approach for emissions is operational control.
 2. GHGs include CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃.
 3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
 4. Biogenic emissions are not included in the total.
 5. From 2020 to 2024, 100% of the emission data passed the internal audit.
 6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 88%, 100%, and 100% in 2021, 2022, 2023, and 2024, respectively.

Direct and Energy Indirect GHG Emissions per Unit of Production

Unit: tCO₂e / metric ton of production



Note: FEAZ, FEAV and FENV are not included.

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In 2024, direct and energy indirect GHG emissions from scopes 1 and 2 were down by 12% from the previous year, and GHG emissions per unit of production were cut by 8%. The energy and emission reduction projects as well as lower petrochemical production were the main factors behind the emission decrease.

Other Indirect GHG Emissions (Scope 3)

Unit: ktCO₂e

	2021	2022	2023	2024
Purchased Goods and Services	7,754	7,640	7,297	6,749
Capital Goods	53	91	91	177
Fuel- and Energy-related Activities	473	406	338	297
Upstream Transportation and Distribution	240	220	224	200
Waste Generated in Operations	12	14	10	10
Business Travel	0.92	0.95	1.97	1.43
Employee Commuting	25.27	30.32	26.24	15.86
Upstream Leased Assets	4.70	3.14	4.15	3.66
Downstream Transportation and Distribution	424	381	376	568
Processing of Sold Products	-	2,824	2,809	2,866
Use of Sold Products	-	-	-	0.01
End-of-Life Treatment of Sold Products	-	294	355	402
Downstream Leased Assets	0.07	0.18	0.19	0.28
Franchises	0	0	0	0
Investments	0	0	0	0
Total	8,988	11,906	11,531	11,289

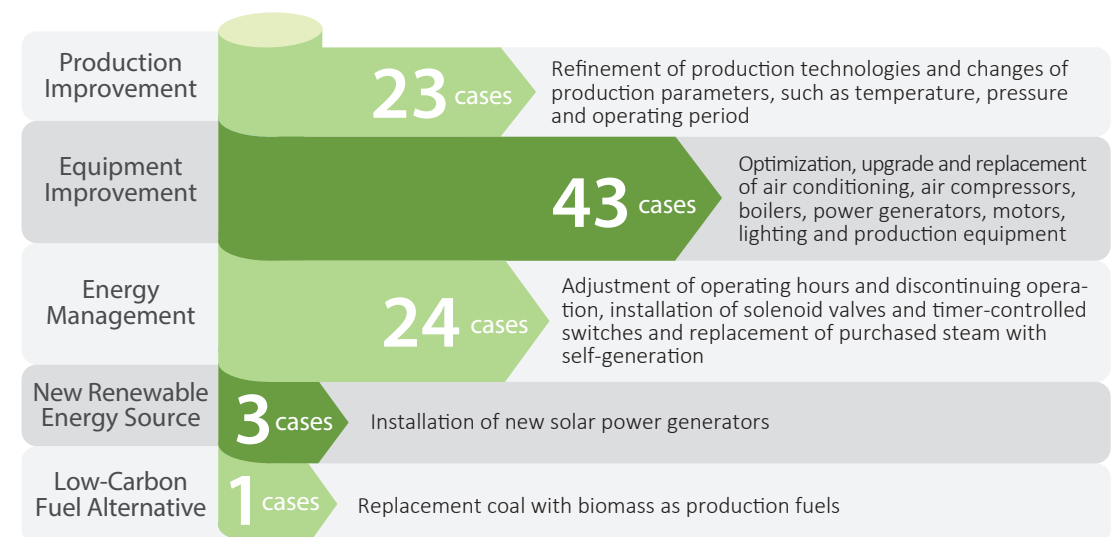
Note:

- The disclosure of GHG emissions covers 100% of the production sites included in this report, and the emissions data is consolidated following the operational control approach.
- Significant indirect GHG emissions are identified in accordance with the ISO 14064-1:2018 standards and divided into the 15 reporting categories based on the GHG Protocol.
- The calculation of GHG emissions generated from "processing of sold products" and "end-of-life treatment of sold products" began in 2022; the calculation of GHG emissions generated from "use of sold products" began in 2024.
- FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under the two categories.
- From 2020 to 2024, 100% of the emission data passed the internal audit.
- The percentages of emission data being third-party verified under the ISO 14064-3 standards are 100%, 94%, 100% and 100% in 2021, 2022, 2023 and 2024, respectively.

Measures and Performance in Energy Saving and Emission Reduction

FENC's efforts in promoting energy and emission reduction measures continued in 2024 with the implementation of 94 energy and emission reduction projects, which averted 70,188 tCO₂e in GHG emissions. Equipment improvement was the primary focus, among which was the replacement of dated air compressors. The secondary focus was on the enhancement of energy efficiency through production and equipment improvement.

2024 Energy Saving and Emission Reduction Projects



Energy Saving and Emission Reduction Project in 2024

Unit: tCO₂e

	GHG Emissions Avoided		
	Scope 1	Scope 2	Total
Project of Production Improvement	4,496	4,537	9,033
Project of Equipment Improvement	0	6,047	6,047
Project of Energy Management	0	17,923	17,923
Project of Low-Carbon Fuel Alternative	340	7,508	7,847
Project of New Renewable Energy Source	29,337	0	29,337
Total	34,173	36,015	70,188

Note:

- The estimate of energy efficiency is compared against the energy consumption with original production process and equipment prior to project implementation.
- Scope 1 emission sources are coal, coal-water slurry, and natural gas; scope 2 emission sources are purchased electricity and purchased steam.
- The emission factor of each energy source is based on the externally verified emission factor from each production site, including plant-specific / mass balance factors and those released by the local government.
- GHGs avoided include CO₂, CH₄ and N₂O.

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Energy Saving and Emission Reduction Projects in the Past Four Years

	2021	2022	2023	2024
Actual Investment (NT\$1,000)	268,365	204,725	828,566	759,187
Savings (NT\$1,000)	85,467	64,121	349,047	242,239
Energy Savings (TJ)	754	1,188	586	648
GHG Emissions Avoided (tCO ₂ e)	114,048	135,168	78,425	70,188

Priority Energy Efficiency and Emissions Reduction Project

Production Site	Detail and Performance
Hsinpu Chemical Fiber Plant	<ul style="list-style-type: none"> • The temperature of the chilled water supply has been adjusted for the higher setting gradually through equipment improvement. With the rise of each degree Celsius, the electricity consumption drops by 3%. • The aluminum alloy fan blades have been replaced with high-efficiency fiberglass reinforced plastic blades, which saves 10% to 25% in electricity consumption. • The fixed-frequency chillers has been replaced with low-carbon magnetic bearing chillers to improve efficiency. • The waste heat recovery system has been installed for the condensing unit, which replaces electricity as the energy source. The residual heat is recovered during production to evaporate the refrigerant, such as water. Once inside the condenser, the evaporated refrigerant is condensed into chilled water. <p>The above measures are averting approximately 7,000 tCO₂e in GHG emissions each year.</p>
FEIW	<p>The cotton suction system of the spinning machine has been optimized. The structure and weight of the fan blade have been upgraded, the suction function added and the roving frame modified, which have improved energy efficiency and reduced energy consumption, translating to a 3% cut in carbon emissions per year.</p>
FEPV-Knitting and Dyeing Plant	<p>The plant installed inverters on the pump motors of the wastewater system and replaced dated equipment with high-efficiency motors. The plant also improved the stenter without incurring any costs. These measures averted a total of 2,153 tCO₂e of GHG emissions in 2024.</p>

A total of 21 energy and emission reduction projects from 2024 are still underway. Once completed, they are expected to cut carbon emissions by 43,075 tCO₂e annually.

Avid Support for Governmental Policies

1. Climate Change Response Act, Taiwan

On February 15, 2023, the Climate Change Response Act was promulgated in Taiwan. The law stipulates the levying of carbon fees as one of the policies to thrust Taiwan towards net zero by 2050. In August 2024, three delegated regulations governing the carbon fee system were announced, marking the official beginning of the

carbon pricing era. Efforts to reduce GHG emissions already began at FENC production sites in Taiwan, which will submit voluntary reduction plans to the authorities by June 30, 2025 to win preferential rates.

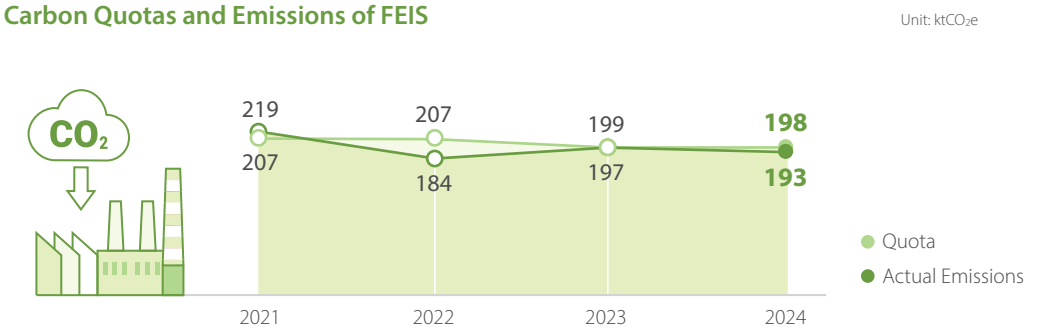
2. Decree 06/2022/ND-CP Regulations on Reduction of Greenhouse Gas Emissions and Protection of the Ozone Layer, Vietnam

In 2022, Vietnam enacted Decree 06/2022/ND-CP, which governs the reduction of GHG emissions, protection of the ozone layer and development of carbon market. FEPV is among the enterprises on the control list and must start submitting a GHG inventory report annually beginning in 2025 and a GHG reduction plan covering a period between 2026 and 2030 by the end of 2025. Starting in 2027, the plant must submit a GHG reduction report annually. FEPV has made the GHG inventory an annual practice since 2021 with third-party verification. The plant also has multiple emission reduction projects in the pipeline, ready to provide projects, reports and full support to advance government policies.

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

On May 1, 2024, the Interim Regulations for the Management of Carbon Emission Trading, which governs the national carbon trading system in mainland China, went into effect. FEIS, though currently not considered as being within the polyester industry, is within the demonstration zone for the carbon emission trading pilot program. The plant ensures compliance with governmental mandates through various emission reduction projects and control measures with annual energy and carbon reduction targets established at the end of each year. Monthly meetings are held to track and review energy consumption and carbon emissions with proposals for improvement measures and the designation of departments responsible for implementation. FEIS also established the carbon emission management team, carbon trading decision-making team, carbon trading capital trading team and carbon trading confirmation team to track the daily fluctuation of carbon pricing, and present the report at the monthly energy conservation meetings to monitor the entire carbon trading process.

Carbon Quotas and Emissions of FEIS



Note:
 1. The quota in 2024 were estimated emissions; the actual quota is yet to be verified by the government.
 2. The 2023 carbon allowance was updated to reflect the actual allocation by the authority.

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Value Chain Collaboration

1. Carbon Reduction Alliance with Value Chain Partners

Upon the invitation of Nike, FENC's Textile Business joined the Manufacturer Climate Action Program developed by the Sustainable Apparel Coalition and proposed scopes 1, 2 and 3 reduction targets that meet the science-based standards. In October 2024, the Textile Business submitted the commitment letter to SBTi, joining the collective action to fight climate change with its global peers.

OTIZ has been closely collaborating with its customer, Autoliv. To achieve the carbon reduction targets set by Autoliv, OTIZ has been purchasing low-carbon electricity, enhancing energy efficiency and adopting low-carbon raw materials and logistics. The targets set by Autoliv are identical to those that have been established by FENC, which are to reduce 50% carbon emissions by 2030. OTIZ will continue to maintain close relationship with its customers, working together towards the common goal of reducing carbon emissions.

2. Regular Tracking of Carbon Reduction Performance by Brand Customers

FENC conducts product life cycle assessments of its major products and provides the results, including the product carbon footprint, to downstream customers in order to guide them towards low-carbon products. To reduce the carbon footprint, FENC provides holistic solutions that embody circularity by converting recycled and biomass materials to meet the value chain customers' needs in emission reduction.

The Company also reports GHG reduction targets and progress on platforms established by CDP, EcoVadis and the brand customers. For instance, the Textile Business is required by customers, such as Nike and adidas, to report monthly energy consumption and develop carbon reduction strategies. Each quarter, the plant confirms the progress towards carbon reduction targets and ensures tracking, management and inspection.

Advocating and Participating in Climate Change Initiatives and Associations

At one of the main zones of the 29th session of the Conference of the Parties (COP29) to the United Nations Framework Convention on Climate Change in 2024, Dr. Ching-Ying Yu, Associate Professor of Yuan Ze University, an affiliate under Far Eastern Group, delivered two speeches that featured FENC's circular economy products and carbon reduction performance. Additionally, FENC is a member of the Center for Corporate Sustainability, whose mission includes addressing the challenges of climate change, mitigating overexploitation, minimizing environmental impact and safeguarding a sustainable ecological habitat.



Tour of FIGP-Himeji Plant for Non-profit Organization



The Nishinomiya branch of the Global Warming Prevention Promotion Agency, a non-profit organization (NPO) in Hyogo Prefecture, Japan, is committed to engaging local residents in activities that prevent global warming.

In 2024, FIGP invited members of this NPO and local residents on a tour of the Himeji Plant to illustrate how rPET could reduce the demand for virgin plastic and lower the carbon emissions derived from raw materials. FIGP explained that washing waste PET bottles and removing labels prior to recycling would help waste treatment suppliers improve the recycling efficiency. In addition, recycling PET bottles would lessen the load on landfills or incinerators, and further reduce GHG emissions.

The tour and dialogues have helped raise the local awareness of environmental protection and enhanced stakeholder engagement.

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3.3 Elevating Energy and Resource Efficiency

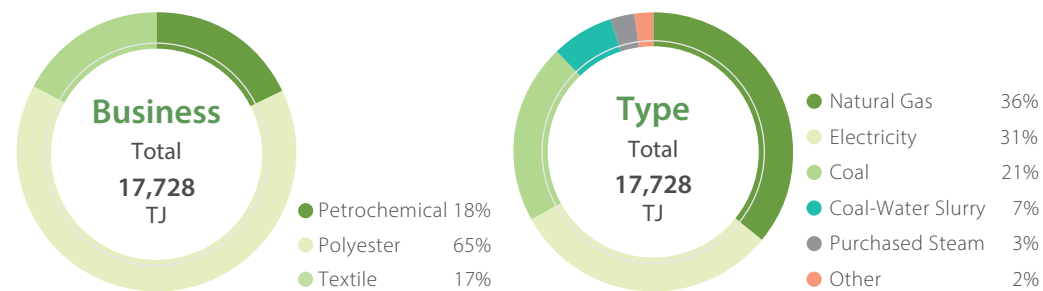
3.3.1 Energy Management

In 2024, the overall energy consumption at FENC dropped by 6% from the previous year and the energy consumption per unit of production fell by 1%. The reduction is the result of energy and carbon reduction projects implemented by FENC as well as the decrease in production at the Petrochemical Business. A total of 90 projects were implemented for the year to improve energy efficiency, including production improvement, equipment enhancement and energy management. The Company will extend this approach and maximize energy efficiency through a mix of energy conservation projects.

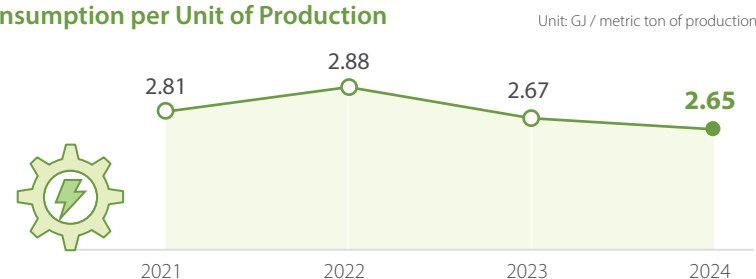
Energy Management System and Establishment

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

Energy Consumption in 2024



Energy Consumption per Unit of Production



Note: FEAZ, FEAV and FENV are not included.

FENC's total renewable energy use in 2024 amounts to 1,229 TJ, which accounts for 7% of its total energy consumption during the year. Of the total electricity consumption, 14% is renewable electricity.

Energy Consumption

	2021	2022	2023	2024
Purchased Electricity	6,609	5,707	5,451	4,753
Purchased Renewable Electricity	27	349	589	714
Self-generated Renewable Electricity	40	49	66	87
Total Electricity Consumption	6,676	6,105	6,106	5,554
Natural Gas	7,432	7,428	7,416	6,304
Heavy Oil	288	255	74	25
Diesel	53	47	39	29
Coal	5,112	4,482	3,103	3,636
Coal-Water Slurry	2,441	2,062	1,390	1,253
Biomass Fuel	201	317	284	428
Purchased Steam	561	505	470	499
Total Energy Consumption	22,764	21,201	18,882	17,728
Percentage of Renewable Electricity	1%	7%	11%	14%
Percentage of Renewable Energy	1%	3%	5%	7%

Note:

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

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Renewable Energy Use

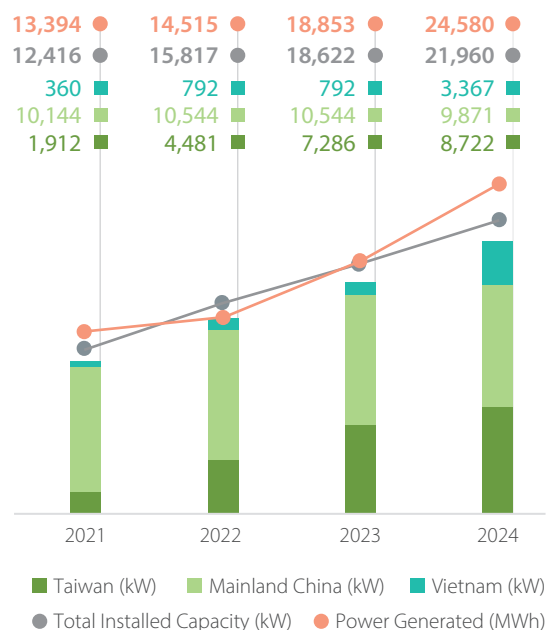
FENC has been aggressively investing in renewable energy, building a wide array of power generation facilities and purchasing renewable electricity to phase up the use of renewable electricity each year. The total renewable electricity use in 2024 is approximately 230 GWh, accounting for approximately 14% of the total electricity consumption. The target is to reach 250 GWh in 2025.

1. Installation of Renewable Energy Facilities

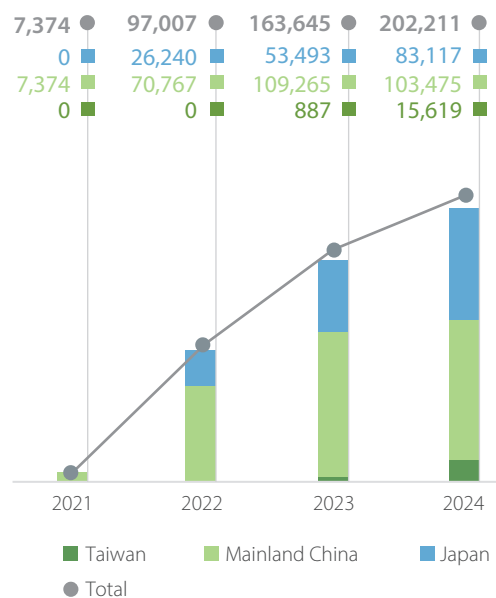
“Develop renewable energy” is one of the five major strategies propelling FENC forward along its march towards net zero. The Company has been intent on investing in and installing a broad mix of renewable energy facilities with additional solar and biogas power generators installed in Taiwan, mainland China, Vietnam, Japan and the U.S. FENC is supporting renewable energy use and GHG reduction with actions, minimizing environmental impacts from its production activities.

Since 2016, FENC has been installing renewable power stations at its production sites in mainland China with a main focus on solar power. In 2024, the combined solar power generated at FENC sites in Taiwan, mainland China and Vietnam reached 24,580 MWh, of which 98% was consumed by FENC, which averted 12,681 tCO₂e of GHG emissions. It is anticipated that in 2025, the total capacity will reach 38.2 MW, which will generate 47,250 MWh of electricity annually.

Renewable Energy Generation and Installed Capacity



Purchased Renewable Electricity Unit: MWh



2. Support for the Renewable Energy Development Act

The Renewable Energy Development Act stipulates that energy-heavy industries in Taiwan must build renewable energy generation facilities with a capacity equivalent to 10% of their contract capacity. FENC showed its support when the law went into effect by stepping up plans to construct new energy facilities, and by partnering with the government to promote the development of renewable energy. As of the end of 2024, FENC has installed solar power stations with 8,272 kW in capacity at its production sites in Taiwan, a 20% growth from 2023, and the expansion will continue. FENC also signed long-term power purchase agreements to increase the percentage of renewable electricity in its energy mix.

In addition to ongoing efforts in building solar power facilities, OPTC completed the installation of biogas generators in 2025 to be eligible for preferential rates offered to energy-heavy industries. Utilizing the biogas generated from its own anaerobic treatment system, it is estimated that the plant will generate approximately 6000 MWh in annual capacity. This is a climate action that demonstrates OPTC’s contribution to mitigating environmental impacts caused by global warming.

3. Purchase of Renewable Energy

FENC has been purchasing green power since 2015. In 2024, ten FENC production sites in Taiwan, mainland China and Japan purchased a total of 200 GWh of renewable energy certificates and avoided 98,227 tCO₂e of GHG emissions. FENC plans to purchase a minimum of 100 GWh of renewable energy certificates per year in the future to avert indirect energy-related GHG emissions.

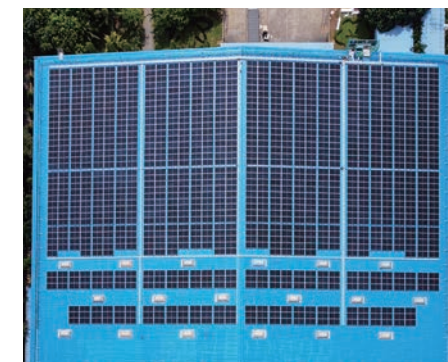


High-efficiency Energy Conversion With Double-sided Output From N-Type Solar Panels



By installing N-type solar panels, a model with double-sided output, FENC has increased the efficiency of power generation by approximately 3%.

The new panels began operating in January 2025. With an installation capacity of 810 kW, it is estimated that the new panels will generate 1 GWh of solar power, averting 677 tCO₂e of GHG emissions.



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Internal Energy-Saving Incentives

1. Far Eastern Energy Award

To excel further in energy management, FENC is encouraging collaboration with the affiliates under FEG. Through peer exchange, these corporate entities may acquire energy conservation approaches that will inspire technological advancement and increase energy efficiency. Since 2005, FEG has been presenting Far Eastern Energy Awards to encourage and recognize excellence in improving energy conservation technologies and practices within the conglomerate. In 2024, FENC submitted 14 projects, accounting for 28% of the total entries. FEAZ submitted an energy-saving project that drastically reduced the steam used during production. The plant retrofitted the steam iron, turning it into an electric model. As its production increased by the quarter, the overall energy efficiency also grew noticeably, delivering an average annual energy-saving rate of 22%. The performance won accolades and the Award of Excellence from FEG.

2. Incorporation of Energy-Saving Performance Into Remuneration

In 2016, Hsinpu Chemical Fiber Plant established the Regulations Governing Energy Conservation Incentives, tying energy-saving performance with the evaluation for salaries and bonuses. Among the performance indicators is energy conservation, specifically, the energy-saving (electricity-saving) rate and the rate of change in energy saving per unit of consumption.

Avid Support for Governmental Policies

For the past ten years, FENC production sites in Taiwan has met the target of reaching the 1% electricity-saving rate set by the Ministry of Economic Affairs (MOEA). On January 2, 2025, the MOEA announced the new targets for the period between 2025 to 2028. For private and state-owned enterprises with contracted electricity capacity exceeding 10 MW, the target of average electricity-saving rate has been increased to 1.5%. It is FENC's intent to continue optimizing its energy management system with progressive approaches to achieve the new target.

3.3.2 Raw and Packaging Material Management

The refinement of production processes and techniques is an ongoing pursuit at FENC. Through technological and system innovation, the Company is minimizing raw material damages and maximizing its recycling rate. Measuring itself more stringently than the industry standards, FENC selects raw material suppliers that comply with regulatory and sustainability standards based on a set of procurement management procedures and operational guidelines. Meanwhile, the Company upholds quality standards through testing conducted by its quality control units.

All FENC production sites have operational guidelines in place for the management of packaging materials. The Company matches appropriate packaging materials and methods with customers' needs in terms of products and transport options. Priority consideration is given to recyclable and reusable materials, and operational adjustments are made to ensure waste avoidance. FENC sets recycling targets for packaging materials. Each month, the recycling quantity, recycling rate and achievement rate are tabulated, and unmet targets are examined. By managing the recycling of packaging materials, FENC is prolonging their product life cycle, which reduces consumption, costs and waste. In addition to implementing recycling and reuse internally, FENC also partners with suppliers, customers and qualified recycling companies, reusing packaging materials recycled from domestic customers at its production sites.

Raw and Packaging Material System Establishment and Management

- Conduct training on raw and packaging material management.
- Develop the Material Usage Safety Management System.
- Establish goals and compile achievement rates regularly.
- Create the proposal improvement system.
- Establish warehouse management operation standards to reduce redundant packaging.

Supplier assessments and development process for Raw and Packaging Materials



FENC engages customers consistently on recycling packaging materials such as pallets, paper tubes and peg boards to establish a robust recycling management system. In 2024, the average recycling rate for packaging materials from the production sites within the scope of this report reached 62%. The average recycling rate for in-house recycling is 58% while that for recycling through external programs is 84%.

There were no leakages of raw materials, oils or fuels from FENC sites in 2024.

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Sustainable Practice for Packaging Materials

- 
Paper Boxes
 - Once the finished products are delivered to customers, the paper boxes are returned to FENC through the deadhead trucks. The boxes are then sorted and selected based on specifications, overall condition and usability. Those in decent quality are returned to the warehouse to be collected and reused by on-site units for packaging and shipment.
- 
Paper Tubes
 - The recycled paper tubes are boxed and sealed properly to prevent deterioration due to moisture.
- 
PE bag / PP bag / bulk bag
 - The tank truck option is increased for shipping finished products to reduce the use of bags and additional packaging materials.
- 
Pallets
 - Engagement efforts are made with domestic customers to reduce the use of pallets.
 - Unusable wooden pallets are outsourced to be processed into wooden boxes.



Decarbonizing With Coal Dust Recycling and Reuse



Coal dust tends to scatter and causes pollution when used to fuel the coal boilers. To address this problem, FEPV-Polyester Plant installed a baghouse filter system to collect and recycle the scattered coal dust into the hopper for reuse.

In the past, coal dust processing was outsourced for treatment. By repurposing it as a fuel and looping it back to the combustion chamber, the plant cuts processing costs while reducing coal consumption and approximately 516 tCO₂e in annual GHG emissions, multiplying the benefits through recycling, reuse and decarbonizing. In addition, the new baghouse filter system minimizes health risks for boiler operators by improving the working environment.

3.3.3 Water Resources Management

FENC believes that water resources should be shared and protected, and pays close attention to the health of water resources and environment in regions that house its production sites. The Company continues to lower water consumption during production by establishing reduction targets for water withdrawal per unit of production. Partnering with its customers, FENC strives to protect water resources. Its water resources management plan has 100% coverage, and takes governmental policies, corporate development, industry

evolution as well as the local needs into consideration. FENC manages, allocates and distributes water resources in a reasonable and effective manner, aiming to minimize consumption and maximize efficiency during storage and utilization. In addition, the quantity and approach of water withdrawal at FENC do not pose any significant negative impact on the water sources as well as the surrounding habitats and residents.

Water Resources System Establishment and Management

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

Water Conservation Measures and Performance

Avoidance	Water conservation devices and technologies are incorporated to reduce water withdrawal. The pipelines and equipment are inspected and maintained regularly to avoid leakage and waste. Water conservation training is provided to heighten staff awareness and encourage employees to integrate water conservation practices into their work routines.
Rainwater Recycling	Rainwater is harvested in the retention pond to replenish the cooling tower or stored for reuse. After being filtered through the RO system, the harvested rainwater may be used as domestic water. <ul style="list-style-type: none"> • At FENV, a total of 5,733 KL of rainwater was harvested and recycled in 2024 for restroom cleaning or landscape irrigation purposes.
Reclaimed Water Reuse	Water reclamation and reuse measures include the recycling and reuse of water that circulates through the boiler and production process. <ul style="list-style-type: none"> • WHFE used to outsource the treatment of approximately 40 KL of production wastewater to qualified suppliers. After adopting the low-temperature evaporation technology, a mechanical treatment, more than 86% of the wastewater is now treated in-house and reused for restroom cleaning. Approximately 34 KL of water is recycled annually. • The effluent recycling process at OGM was optimized in 2024 with additional filtration equipment, which purifies the production wastewater and loop the water back to operations such as PET bottle washing and crushing, water bath float/sink, and ditch flushing. OGM is able to recycle and reuse approximately 12,636 KL of effluent annually, which cuts down its water withdrawal. The additional filtration equipment also alleviates the burden on its wastewater treatment facilities by removing impurities from the wastewater.
Equipment Improvement	The filtration membranes are replaced to increase the recycling rate of reclaimed water and new equipment is incorporated to improve water efficiency. <ul style="list-style-type: none"> • FEFC has installed a side stream filtration system for the cooling tower, which effectively removes suspended solids in the cooling water. Its effectiveness and stability are ensured by backwashing or replacing the filter media periodically. The measure has dramatically reduced the use of cooling water by 7,200 KL in 2024.
Production Refinement	The refinement of production processes is ongoing with production parameters calibrated based on professional expertise to improve water conservation. <ul style="list-style-type: none"> • Kuanyin Dyeing and Finishing Plant increased the cloth capacity of the printing and dyeing machine by 2.2%, which saved 7,600 KL of water in 2024.

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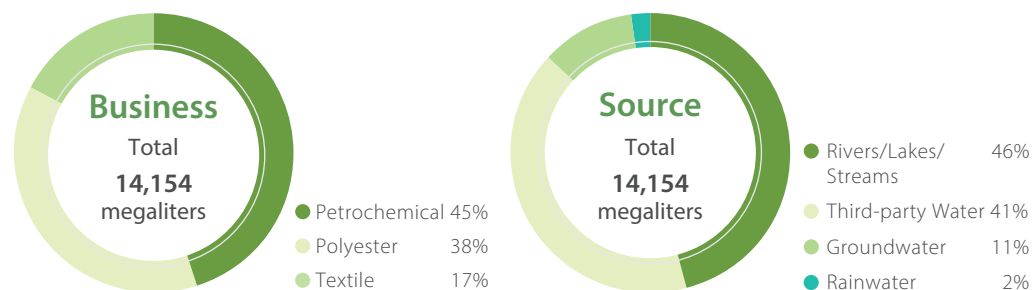
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Measures for Water Resources Management and Contingency Plan

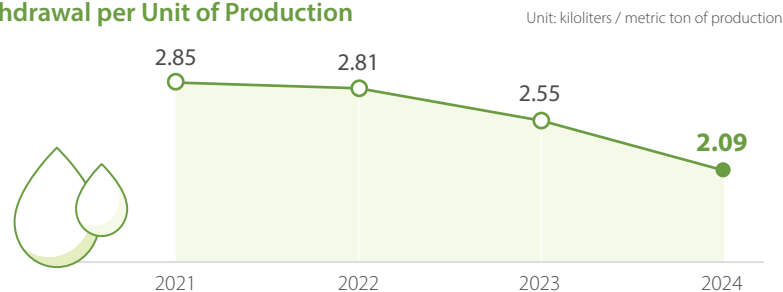
Water Reserve and Contingency Plan	<p>Response measures have been established based on the water shortage warnings issued by local governments. In Taiwan, this would refer to the water level signals issued by the Water Resources Agency. All production sites have established contingency plans to provide backup water supply during emergencies. In 2024, there were no occurrences of production interruption caused by water shortages. FENC's emergency responses for water shortages are as follows:</p> <ol style="list-style-type: none"> 1. Adjust the discharge flow from water towers and air-conditioning systems to reduce the need for discharge and replenishment. 2. Activate effluent recycling and the RO filtration system as a backup water source. 3. When the water level in the retention pond reaches the lowest permitted level, initiate evaluation procedures to assess the need for activating the backup water supply within the production site. 4. Make price inquiries regarding water tankers and delivery distance periodically, and formulate contingency plans as emergency responses.
Real-time Monitoring	<p>Water meters are installed to record daily consumption, track areas with unusual water usage and perform timely repairs.</p>
Incorporation of Management Systems	<p>FENC conducts water consumption review, completes performance evaluation and optimizes the daily management of major water facilities based on the international standards of ISO 46001:2019 water efficiency management systems-requirements and usage guidelines. The Company also incorporates the Plan-Do-Check-Act cycle regarding the improvement of water recycling procedures and formulation of response strategies and actions that address water risks and opportunities, as well as the establishment, implementation, operation and control of the water efficiency targets.</p> <ul style="list-style-type: none"> • In March 2022, OPTC-Plant 2 was among the first ten entities in Taiwan to obtain the ISO 46001 certification. The plant also passed the reassessment in 2024.

Water Consumption Performance

Water Withdrawal in 2024



Water Withdrawal per Unit of Production



Note: FEAZ, FEAV and FENV are not included.

The total water withdrawal in 2024 was down by 22% from the previous year, and the total water consumption dropped by 27%. Water withdrawal per unit of production decreased by 18% compared to 2023. Aside from a decrease in total production at the Petrochemical Business, the performance is attributed to efforts from the water conservation projects at all FENC production sites. These projects and measures will be fine-tuned on an ongoing basis to optimize water efficiency.

Water Withdrawal and Water Consumption

	2021	2022	2023	2024
Rivers/Lakes/Streams	8,794	8,213	7,292	6,496
Third-party Water	12,348	10,686	9,142	5,868
Groundwater	1,937	1,804	1,553	1,556
Rainwater	205	154	162	234
Total Water Withdrawal	23,284	20,857	18,149	14,154
Total Water Consumption	10,705	9,375	8,403	6,161

Unit: megaliter

Note:

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

Water Risk Management

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

The assessment conducted in the fourth quarter of 2024 identified nine FENC production sites as being located in high-risk areas, four of which are located in water-stressed areas. FENC is responding by strengthening its adaptation strategies, such as improving production water efficiency, establishing a rainwater harvesting system and increasing reclaimed water recycling rates. The details are provided in Water Risk Adaptation and Mitigating Actions under "3.3.3 Water Resources Management" (R).

In 2024, water withdrawal from FENC sites in water-stressed areas was down by 6% and water consumption by 9% compared with 2023. Moving forward, FENC will continue stepping up its action towards improving water efficiency to promote reasonable water allocation and utilization.

Located in a water-stressed area, OTIZ has been implementing a slew of measures, making technological advancements that focus on avoidance and recycling, and supporting government policies. The results are noticeable. On avoidance, OTIZ has adjusted the concentration ratio of cooling water and reduced the frequency of water softening and regeneration. Recycling measures include reclaiming and reusing the concentrate generated during the reverse osmosis (RO) filtration process; adding pipelines to increase rainwater harvesting during the flood season; implementing zero discharge of production wastewater.

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

Unit: megaliter

	2021	2022	2023	2024
Rivers/Lakes/Streams	0	0	0	0
Third-party Water	1,894	1,594	1,603	1,511
Groundwater	0	0	0	0
Rainwater	41	16	27	25
Total Water Withdrawal	1,935	1,610	1,630	1,536
Total Water Consumption	542	397	468	428

Note:
 1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, a region is considered as facing high water stress when it is withdrawing 40% or more of its available water supply annually.
 2. The boundary of data collection includes the four FENC production sites located in water-stressed areas. The concentrations of total dissolved solids (TDS) tested across all water withdrawal categories are equal to or lower than 1,000 mg/L.

Water Recycling and Reuse

The amount of water recycled in 2024 decreased by 15% compared with 2023. The main contributing factor is lower production at the Petrochemical Business, which led to a 16% drop in the use of cooling water and a 19% decline in the reclaimed water recycled compared with the previous year. The water recycling rate rose to 99%.

Reused Water Volume and Recycling Rate

Unit: megaliter

		2021	2022	2023	2024
Circulating Water	Cooling Water	1,239,475	1,231,627	1,123,254	946,518
	Other circulating Water	16,903	15,527	29,173	28,063
Recycled Water	Recycled Water Excluding Reclaimed Water	2,141	1,392	1,046	930
	Reclaimed Water	3,736	2,898	2,543	2,067
Total (Reused Water)		1,262,255	1,251,444	1,156,016	977,578
Water Recycling Rate		98%	98%	98%	99%

Note:
 1. "Circulating water" refers to water that is used by a water consumption facility and is directly recycled and reused within said facility without being discharged.
 2. "Recycled water" refers to water that is recycled and reused after being discharged out of the water consumption facility.
 3. The "Other circulating Water" category under circulating water mainly includes boiler and production circulating water.
 4. The water recycling rate is calculated as: total reused water ÷ (total water withdrawal + total reused water) × 100%. The calculation is based on the formula for recycling (reuse) rate, R1, in the Water Usage Plan issued by the MOEA of Taiwan.
 5. The data disclosed in the table, Reused Water Volume and Water Recycling Rate, covers 100% of the FENC production sites covered in this report.



Improvement for Water Reclamation Efficiency at FEDZ



FEDZ has adopted a host of improvement measures to increase the efficiency of water reclamation. The ultrafiltration (UF) and the RO membranes are cleaned more frequently to maintain system stability. The cleaning methods include backward flush, maintenance cleaning, mechanical maintenance cleaning and automated chemical cleaning. Backward flush involves flushing the membrane surface with reverse water flow to remove pollutants. Maintenance cleaning rinses off organic and inorganic matters on the membrane surface using a low-concentration chemical solution. Mechanical maintenance cleaning eliminates dirt through brushing or ultrasonic cleaning and automatic chemical cleaning is a closed-looped cyclic cleaning process.

In addition, the replacement rate of new filter membranes has been increased from 62% to 71%, which further improves the filtering and operating efficiency. In 2024, these measures improved the recycling rate of reclaimed water from 69% to 71%.

Measures for effluent management

Effluents Management Policy

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

1. Effluent Source Management

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

2. Treatment Efficiency Management

Gradually phase out old equipment, regularly replace filter membranes, and perform routine maintenance to prevent equipment failures in wastewater treatment facilities that could cause water quality issues and environmental impact.

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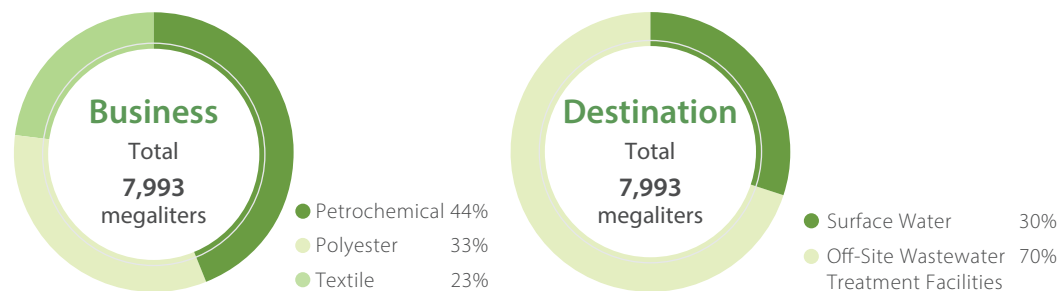
3. Environmental impact management

Continuously establish low-noise, low-odor, and low-pollution effluent treatment facilities, fully enhance effluent recycling rates, and implement resource recycling and reuse. Use online monitoring instruments to measure and monitor the concentration of Mixed Liquor Suspended Solids (MLSS) in the wastewater treatment system. Provide real-time sludge concentration data to facilitate operator adjustments and ensure stable system operation.

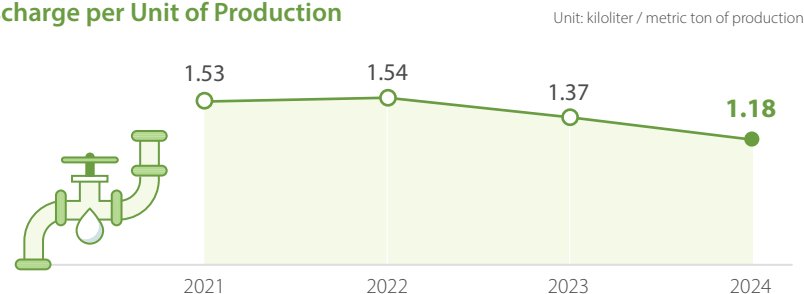
FENC has a comprehensive set of guidelines and operating procedures established to address effluent discharge. The Company conducts pollutant treatment with regular self-evaluation and testing that target an array of pollutants. Among them, those regulated by the local government are prioritized for treatment to keep the water quality in line with regulatory standards. Permits are obtained from the government authority prior to discharging the effluent into water bodies as stipulated by law, and the recycled effluent is for internal use only.

Since February 1, 2023, water users in Taiwan with over 9,000 KL in monthly consumption have been imposed a water conservation charge during the dry season. After the requirement went into effect, FENC paid a yearly charge that amounted to approximately 0.1% of the total revenues generated by its production sites in Taiwan, which does not constitute a material financial impact. FENC will minimize its water conservation charge by continuing to implement water conservation measures, utilizing reclaimed water and increasing the water recycling rate.

Water Discharge in 2024



Water Discharge per Unit of Production



Note: FEAZ, FEAV and FENV are not included.

The total effluent is down by 18% in 2024 compared with the previous year, and the effluent per unit of production is cut by 14%. The Company will install additional effluent recycling and reuse systems to increase water efficiency per unit of production.

Water Discharge

Unit: megaliter

		2021	2022	2023	2024
TDS	Freshwater	1,814	812	696	1,940
	Other Water	10,765	10,670	9,050	6,053
Destination	Surface Water	3,849	2,973	2,288	2,426
	Off-Site Wastewater Treatment Facilities	8,730	8,509	7,458	5,567
Total Water Discharge		12,579	11,482	9,746	7,993

Note:
 1. FENC does not discharge effluent directly to the seawater or groundwater / well water. Please refer to the table, Effluent Treatment Methods and Final Discharge Destination.
 2. "Fresh Water" means total dissolved solids \leq 1,000mg/L; "Others" means total dissolved solids $>$ 1,000mg/L.

Water Discharge of Production Sites Within Water Stress Zones

Unit: megaliter

		2021	2022	2023	2024
TDS	Freshwater	728	231	182	198
	Other Water	665	982	980	910
Destination	Surface Water	0	0	0	0
	Off-Site Wastewater Treatment Facilities	1,393	1,213	1,162	1,108
Total Water Discharge		1,393	1,213	1,162	1,108

Note:
 1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, an area is considered to be faced with water stress when the ratio of total annual water withdrawal to the total available annual renewable water supply is 40% or higher.
 2. The scope of the statistics covers the four FENC production sites located in water-stressed areas. Wastewater from these sites is treated on-site to meet discharge standards before being discharged into the municipal sewage system, where it is further treated by a wastewater treatment plant prior to final discharge.
 3. "Fresh Water" means total dissolved solids \leq 1,000mg/L; "Others" means total dissolved solids $>$ 1,000mg/L.

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Effluents Treatment and Final Discharge Destination

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

Note:

1. There is no significant impact from wastewater discharge on the water bodies and related habitat.

2. Wastewater at OPSC includes wastewater from the manufacturing process, domestic wastewater, lab wastewater and wastewater from the cooling tower. Wastewater at Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, FEFC and FEIS is from the manufacturing process, cooling tower, domestic wastewater and cleaning water. Wastewater at OGM, WHEF, FEDZ the polyester plant of FEPV and APG Polytech is from the manufacturing process, domestic wastewater and lab wastewater. Wastewater at Kuanyin Dyeing and Finishing Plant, OTIZ and FENV is from the manufacturing process and domestic wastewater. Wastewater at OPTC is from the manufacturing process and the cooling tower. Wastewater at Hukou Mill, FEIW, FEAZ and FEAV is from domestic wastewater. Wastewater at the textile plant of FEPV and FIGP is from manufacturing process.

3. Calculation of wastewater at Hukou Mill also includes the biomedical business unit of Oriental Resources Development Limited.

4. There is no significant impact caused by the effluent on water bodies and adjacent habitats.

5. Minimum wastewater discharge standards have been established at all production sites in accordance with local regulations and industry characteristics.

6. The discharge water treatment method and final discharge location have not changed in the past three years.

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Wastewater Improvement at APG Polytech



The Department of Environmental Protection in West Virginia, U.S. issued a new mandate regarding volatile organic compounds. To respond to the mandate, APG Polytech teamed up with Hsinpu Chemical Fiber Plant in Taiwan and installed an organic stripping column to remove organic pollutants from production wastewater. The project, which was completed in June 2024, has pushed the pollutant removal rate above 99%, bringing the plant up to code and enhancing its image as being environmentally conscious.



Water Risk Adaptation and Mitigating Actions

Climate change has led to environmental risks such as water shortages, and FENC is responding by investing in mitigation and adaptation projects to address water risks. The Company devoted approximately NT\$12 million in capital spending to avert water-related risks in 2024 with approximately NT\$96.4 million appropriated in the 2025 budget.

Additionally, FENC is enhancing water efficiency through multiple water conservation projects, such as lowering evaporation and wind losses from the cooling tower; increasing the concentration ratio for the water circulating through the cooling system under controlled production conditions; creating water recycling and reuse systems; recycling and reusing effluents with membrane technologies.

Water Conservation Project in 2024

Water Conservation Project	Actual Investment (NT 1,000)	Annual Water-Saving Benefit (NT 1,000)	Water Saved (kiloliter / year)	Percentage of Water Saving in Water Withdrawal
	6,059	18,625	250,746	2%

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

Avid Support for Governmental Policies

OPTC signed a recycled water use contract with the Taoyuan City Government for a three-phase project to utilize reclaimed water. The completion of phase one is expected in 2025 with 40,000 KL in the daily output, approximately

15,000 KL of which will be utilized by OPTC. Taoyuan North District Water Resources Recycling Center supplies the treated effluent. Once meeting the water quality standards, the effluent is reclaimed through the UF and RO membrane systems, and then sent to the industrial end users through the pipelines. This project is the exemplification of water recycling and reuse with the added benefit of preventing water shortages during the dry seasons.

Water Conservation Achievement Through Production Improvement at FEPV-Knitting and Dyeing Plant



FEPV-Knitting and Dyeing Plant delivered remarkable water conservation performance in 2024 by cutting its water withdrawal through five innovative production improvements without any capital spending.

- Refinement of the dyeing process: Water consumption is minimized by applying direct dyeing to fabrics with minor color variations to reduce the need for returning the fabrics to the dyeing machine for repeated dyeing.
- Production adjustments: The production of filament products are relocated to the low-liquor-ratio dyeing machine, which delivers the same result but uses less dyeing liquid.
- Reduction of the dyeing stages for greige goods.
- Production optimization: The washing process is no longer required as the color fastness has been improved by modifying the dry setting at the stenter using a lower temperature.

These measures reduced water withdrawal by a total of 132,504 KL, which accounts for 14% of the total water withdrawal at FEPV-Knitting and Dyeing Plant.

3.4 Steering Environment Management

3.4.1 Air Pollution Management

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

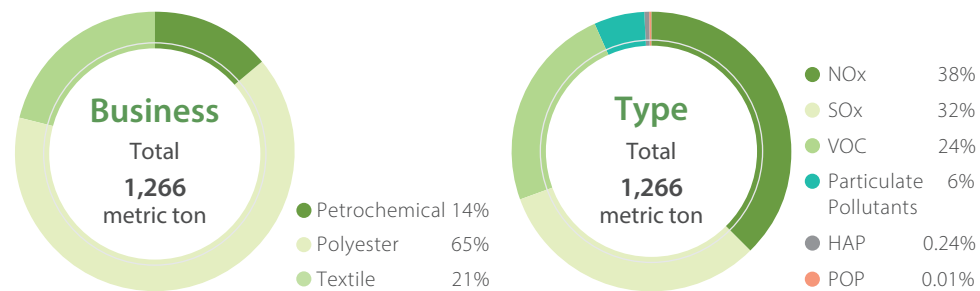
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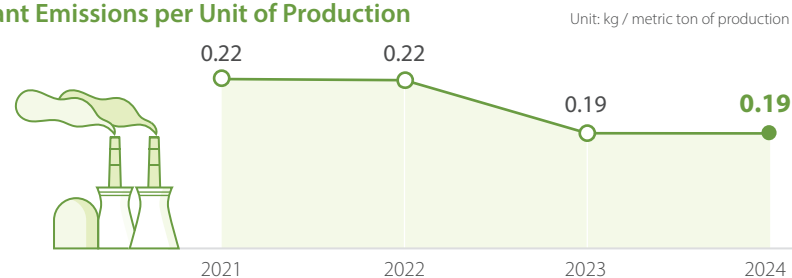
Air Pollution System Establishment and Management

Continuous Emission Monitoring Systems (CEMS)	CEMS is installed to conduct the quarterly relative accuracy test audit (RATA).
Reporting Mechanism and Procedural Training	The internal reporting mechanism and procedural training are established for the reporting of unusual occurrences.
Stabilizing Production Operation	<ul style="list-style-type: none"> • Equipment inspection and maintenance are performed regularly to stabilize operation and prevent excessive pollutant emissions caused by malfunctions. • Advanced technologies are adopted to control emissions. • Desulfurization towers have been installed to reduce pollutant emissions. • Operation parameters of the control equipment are inspected daily to maintain consistent and efficient air pollutant removal.
Improving Boiler Combustion Efficiency	The air-fuel ratio of the combustion chamber in the boiler is adjusted to achieve complete combustion and improve combustion efficiency, which reduces air pollutants.
Boiler Stack Sampling by Qualified Testing Agencies	Qualified testing agencies are commissioned to perform the quarterly general testing and biennial testing for equipment components. Leakages identified in the result are addressed in a timely manner.
Employee Training	Equipment component training is conducted and volatile organic compound sensors are purchased for production personnel to help them identify and repair possible leakage with precision.
Supply Chain Management and Training	Supplier audits are conducted on a random basis to ensure compliance with applicable local air pollution regulations, and awareness training targeting air pollution prevention and control is provided for suppliers.

Air Pollutant Emissions in 2024



Air Pollutant Emissions per Unit of Production



Note: FEAZ, FEAV and FENV are not included.

In 2024, the total air pollutant emission dropped by 11% compared with the previous year. The air pollutant emission per unit of production stayed on par with 2023. Efforts will continue to enhance the equipment, monitoring and efficiency of air pollution prevention and control.

Air Pollutant Emissions

	2021	2022	2023	2024
NOx	810	699	520	477
SOx	365	370	448	400
VOC	490	430	382	308
Particulate Pollutants	82	89	77	78
HAP	3	3	3	3
POP	0	0	0.07	0.08
Total	1,750	1,591	1,430	1,266

Unit: metric ton

Note:

1. Only the emitted gas types are listed.
2. Particulate pollutants include particulate matter, dust and smoke.
3. The data types include: actual measured values, annualized sample values and estimated values.
4. Data on the emission of hazardous air pollutants (HAPs) are collected at APG Polytech in accordance with mandates from the U.S. Environmental Protection Agency; at FIGP in accordance with the list of HAPs in Japan; at Kuanyin Chemical Fiber Plant in accordance with the Standards for Air Pollutant Emission from Stationary Pollution Sources enacted by the Ministry of Environment in Taiwan.
5. The disclosure on air pollutant emissions covers 100% of the FENC production sites in this report.

Incorporation of Innovative Technology and Equipment

1. FENV implemented a new chemical management strategy in 2024 by replacing the oil-based chemicals, which emitted more volatile organic compounds (VOCs) during production, with water-based versions. The replacement has lowered the emission of VOCs radically by 73%, which mitigates negative environmental impacts.
2. Kuanyin Dyeing and Finishing Plant replaced a dated stenter in 2024. The new model is equipped with a more efficient filtration and emission control system, which reduces the emission of particulate pollutants and VOCs, and cuts the emission of VOCs by 37% compared with the previous year.
3. WHFE installed a vacuum waste gas treatment system, which utilizes the ultraviolet photolysis method to photodegrade hazardous substances into small non-hazardous molecules. The system works in conjunction with the honeycomb activated carbon, which absorbs the photodegraded waste gas and further removes hazardous residues with its honeycomb-shaped structure to purify the air.

Supply Chain Management and Training

1. FEIS invited the suppliers of automatic monitoring equipment to participate in a training course organized by the Shanghai Municipal Bureau of Ecology and Environment in 2024, and seven representatives participated.

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2. In 2024, the Environmental Protection Bureau made two on-site inspections at FEDZ to monitor the exhaust gas in real-time. The bureau also offered training during the visit, and four FEDZ employees participated to ensure the accuracy and efficacy of the monitoring system.

3.4.2 Waste Management

General Waste and Hazardous Industrial Waste Management Policies

- Comply with the ISO14001 environmental management system.
- Facilitate avoidance.
- Classify, recycle and reuse waste materials.
- Sell valuable waste to external businesses for recycling and reuse.
- Commission qualified waste treatment companies to dispose of valueless waste.

1. Waste Management Goal and Principle

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

2. Waste Disposal and Recycling

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

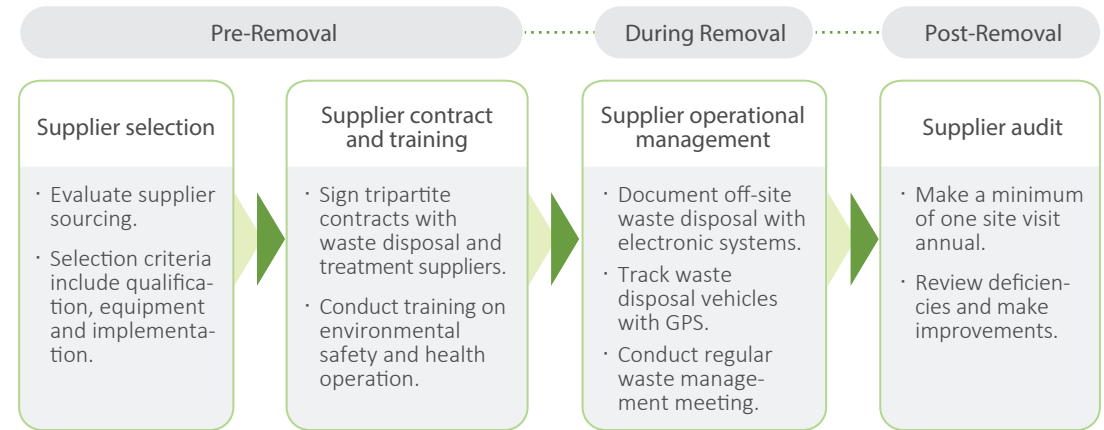
3. Compliance and Social Responsibility

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

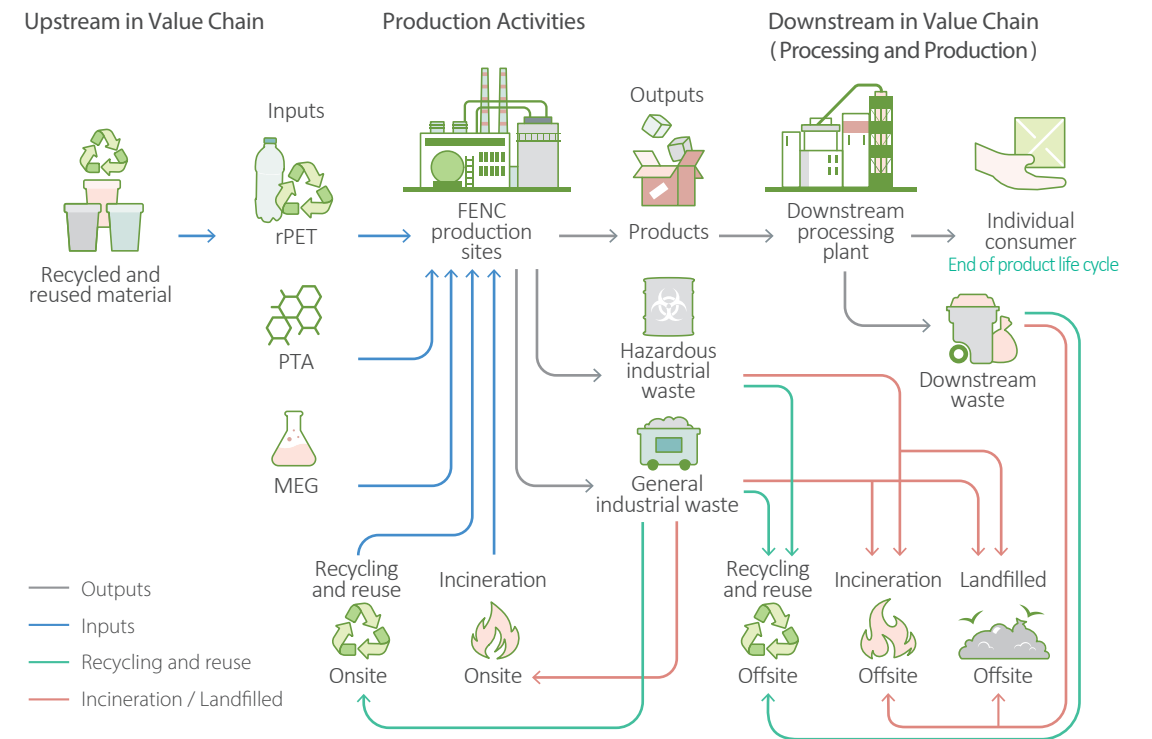
Waste Impact Assessment

Waste materials generated from the business activities at FENC can be broken down into 98% regular industrial waste and 2% hazardous industrial waste. The hazardous industrial waste includes used chemical bottles for testing, lubricant/oil and light tube/electrical batteries, which are stored in hazardous waste storage facilities and processed 100% by qualified waste management companies. There were no occurrences of waste leakage at FENC in 2024, and the waste treatment did not pose any substantial and significant impact on the environment.

Management Procedure for Waste Disposal Suppliers



Waste Treatment Process Flow



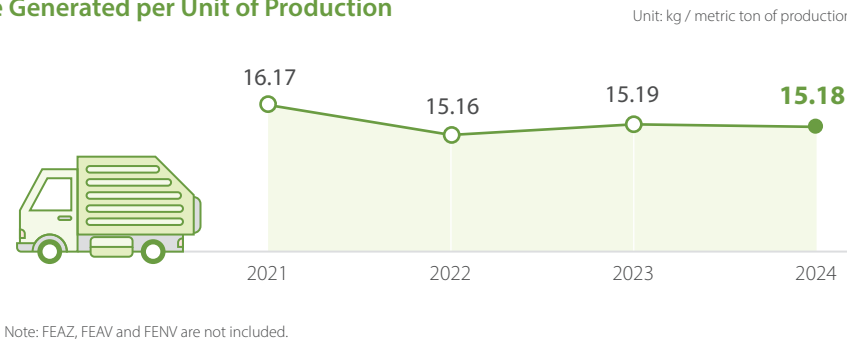
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Waste Generated in 2024



Waste Generated per Unit of Production



Waste Generated

		2021	2022	2023	2024
Treatment Method	Recycling and Reuse	114,545	95,717	92,706	89,413
	Non-Recycling and Non-Reuse	18,480	18,497	16,384	13,821
Type	General Industrial Waste	126,411	111,024	102,544	100,776
	Hazardous Industrial Waste	6,614	3,190	6,546	2,458
Total Waste		133,025	114,214	109,090	103,234

Unit: metric ton

Compared with 2023, the total waste generated in 2024 dropped by 5%, and the total waste per unit of production remained at the 2023 level mainly due to production decrease and adjustments in the industry structure. FENC will adhere to its commitment to waste avoidance and resource circulation, establishing improvement and action plans to implement reduction, recycling and reuse.

Data of Waste

			2021	2022	2023	2024
Recycling and Reuse	General Industrial Waste	Production Waste	25,840	18,497	32,344	24,333
		Sold	30,475	28,230	22,775	25,160
		Off-Site Disposal	53,267	45,993	32,739	38,504
	Domestic Waste	On-Site Recycling and Reuse	0	0	0	0
		Sold	280	514	245	303
		Off-Site Disposal	841	720	82	99
	Hazardous Industrial Waste	Production Waste	0	0	0	0
		Sold	311	362	422	399
		Off-Site Disposal	3,531	1,401	4,099	615
	Total			114,545	95,717	92,706
Non-Recycling and Non-Reuse	Production Waste	Incineration With Energy Recovery (On-Site)	0	495	2,344	2,816
		Incineration With Energy Recovery (Off-Site)	344	891	598	968
		Incineration Without Energy Recovery	6,736	3,555	2,802	2,428
		Landfilling	22	62	35	137
	General Industrial Waste	Other Disposal Operations	2,905	6,128	2,894	1,718
		Incineration With Energy Recovery (On-Site)	0	0	0	0
		Incineration With Energy Recovery (Off-Site)	423	333	407	75
	Domestic Waste	Incineration Without Energy Recovery	1,463	1,248	1,808	1,438
		Landfilling	2,324	2,426	1,795	1,895
		Other Disposal Operations	1,491	1,932	1,676	902
	Hazardous Industrial Waste	Production Waste	0	0	0	0
		Incineration With Energy Recovery (Off-Site)	55	25	59	3
		Incineration Without Energy Recovery	2,691	1,373	1,677	1,280
		Landfilling	1	1	5	1
			Other Disposal Operations	25	28	284
Total			18,480	18,497	16,384	13,821
Total Waste			133,025	114,214	109,090	103,234

Unit: metric ton

Note:

- Waste materials are classified based on local governmental regulations. For instance, sludge generated from wastewater treatment is deemed hazardous industrial waste based on the definitions of Chinese and Vietnamese governments while it is deemed as general industrial waste in Taiwan.
- Non-recycling and non-reused waste disposal are handled off-site by qualified waste treatment companies.
- The data collection on waste management accounts for 100% of FENC production sites in the scope of this report.
- The waste disclosures from 2021, 2022, 2023 and 2024 have been 100% verified by SGS.

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Waste to Energy: Transforming Refuse Into Solid Fuel



FIGP-Himeji Plant recycles and remanufactures waste PET bottles. However, the labels on PET bottles and containers made of non-PET materials cannot be processed and would produce polylactic acid (PLA) as a waste material, which used to be outsourced and incinerated as general industrial waste. In 2024, the plant sent waste PLA to waste management suppliers that remanufactured the waste into refuse-derived paper and plastics densified fuel (RPF), which lowered the cost of industrial waste treatment while delivering environmental benefits.

FIGP is adamant about ensuring the compliance of its suppliers' waste conversion process. With proper treatment, the suppliers could sell the RPF for purposes such as boiler fuels in paper mills.

Between August 2024 and January 2025, a total of 248 metric tons of waste PLA were recycled, averting an estimated 100 tCO₂e in carbon emissions per year and approximately NT\$1.26 million in waste disposal costs.

Reducing Waste and Energy Consumption With Innovative Technologies



FEIS used to recycle MEG through thermal distillation using Dowtherm. However, the process creates residues that are categorized as hazardous waste due to high moisture and oligomers.



To lower environmental impacts and processing costs, FEIS adopted a new method in 2024 using diaphragm pumps and centrifuges, a more effective separation technique that significantly reduced the residue by 96% and resulted in a low moisture content. The improvement reduced approximately NT\$2.22 million in the cost of hazardous waste treatment. Additionally, as heating is no longer involved, the approach also cut the energy cost by approximately NT\$2.08 million.

Promoting Zero Waste and Closed-loop Recycling With Waste No More



Since launching the zero waste policy and closed-loop recycling in 2022, FEAV has been able to recycle 100% of its production waste and repurpose scrap fabrics into materials such as rags, masks and plastic pellets. FEAV expanded the practice in 2024. By repairing and reusing waste computers as well as electronic products and parts, the plant has achieved a 12% reduction rate in hazardous waste.

FEAV's impressive accomplishment in waste reduction and recycling received international recognition, and the plant was invited to participate in Waste No More, a coordinated initiative by the German Agency for International Cooperation (GIZ) and brands such as Lululemon, Columbia, and PVH. The initiative aims to foster collective action for the closed-loop recycling of pre-consumer waste in the apparel and footwear supply chain, and boost the standards of the waste sector in Vietnam.

FEAV served as the guest speaker at five of the Peer Workgroup workshops between July and September 2024. During this period, FEAV shared its experience in waste management; source separation; the establishment and implementation of reduction targets; weighing management system and data management; suppliers management regarding the recycling and reuse of packaging materials. Its contribution has won trust and acknowledgment from the participating customers and brands.

Supply Chain Management and Education Training

FEAV conducts safety training for waste treatment suppliers. The training raises their environmental awareness by covering safety precautions when loading waste materials and the plant security management system. A total of 209 participants, representing 66% of the 72 general waste treatment suppliers, attended the training in 2024; a total of 164 participants, accounting for 76% of the 22 hazardous waste treatment suppliers, were also in attendance.

FEAV participated in the waste management exchange program that Nike, its brand customer, organized for the suppliers to tackle waste through avoidance, recycling and reuse. FEAV launched its waste management program in 2023 with the aim to minimize waste. The plant listed specific management strategies targeting nearly 50 types of waste materials, such as waste fabrics, containers and oil. The plant also reinforced waste management training by conducting quarterly workshops and forming working groups and learning groups for employees to share practices in waste reduction and recycling. These approaches are helping FEAV accomplish its environmental goals.

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3.4.3 Ecological Protection

FENC has a profound understanding of the vital importance of biodiversity and natural resources to environmental protection and sustainable development. The Company supports the Kunming-Montreal Global Biodiversity Framework with engagement efforts carried out within its own operation and with suppliers and business partners, creating mutual prosperity and the flourishing of nature and FENC as the Company strives to achieve nature positive and zero deforestation.

Biodiversity and No Deforestation Commitment

<div style="border: 1px solid green; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Commitment </div>	<ul style="list-style-type: none"> · Amid growing environmental challenges across the globe, additional attention is required from the corporate community to protect the natural capital and enhance sustainable development. Therefore, FENC is putting its focus on reaching nature positive, incorporating nature-related reporting from the Taskforce on Nature-related Financial Disclosures (TNFD) to create an economic model that reverses nature loss and fosters nature positive. · FENC aims for no net loss (NNL) and zero deforestation for its own operation, striking a balance and seeking harmony between production activities and biodiversity. FENC also maintains rapport with local communities and environmental organizations, forming a coalition to safeguard ecological health on Earth.
<div style="border: 1px solid green; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Goal </div>	<ul style="list-style-type: none"> · FENC aims to minimize the impact on biodiversity to the greatest extent throughout the production process while protecting local natural resources and ecosystems.
<div style="border: 1px solid green; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;"> Measure </div>	<ul style="list-style-type: none"> · Biodiversity risk assessments are conducted when selecting locations for production sites. Developed or low-biodiversity areas are prioritized to prevent impacts on protected or high-biodiversity areas. · All FENC sites adhere strictly to local environmental regulations during the entire production process, controlling the generation and discharge of GHG emissions, effluents, air pollutants and waste, reducing water and soil pollution, and adopting renewable raw materials and energy. · FENC conducts environmental monitoring and assessment with regular reports on performance and improvement plans to applicable stakeholders.

Identification of Critical Natural Capital and Priority Management Locations

FENC has adopted the LEAP approach from TNFD and the ENCORE database to identify the dependency and impact on nature from its production businesses and significant raw material suppliers for an in-depth look into its own dependency and impact on natural capital. Using multiple tools in the identification of nature sensitivity in its value chain, FENC ensures the effectiveness of its management strategies regarding nature-related issues, laying the foundation for the establishment of subsequent management approaches and targets.

Management Procedures for Nature-related Issues

<div style="text-align: center; background-color: #4CAF50; color: white; border-radius: 10px; padding: 5px; margin-bottom: 10px;">Locate</div> <p style="text-align: center; color: #4CAF50; font-weight: bold; margin-bottom: 10px;">Locate hotspots related to business operation and nature</p> <ul style="list-style-type: none"> · Define the scope and boundary of the assessment. · Determine the connection between the value chain and surrounding ecosystems to identify critical nature-sensitive locations. 	<div style="text-align: center; background-color: #4CAF50; color: white; border-radius: 10px; padding: 5px; margin-bottom: 10px;">Evaluate</div> <p style="text-align: center; color: #4CAF50; font-weight: bold; margin-bottom: 10px;">Evaluate dependencies and impacts on nature</p> <ul style="list-style-type: none"> · Evaluate value chain's high dependency and impact on natural capital. · Compile and analyze the results to identify issues and locations of critical natural capital within the supply chain. 	<div style="text-align: center; background-color: #4CAF50; color: white; border-radius: 10px; padding: 5px; margin-bottom: 10px;">Assess</div> <p style="text-align: center; color: #4CAF50; font-weight: bold; margin-bottom: 10px;">Assess nature-related risks and opportunities</p> <ul style="list-style-type: none"> · Analyze international reports and industry status to compile lists of risks and opportunities associated with critical natural capital. · Identify nature-related material risks and opportunities within the value chain. · Quantify major nature-related risks and opportunities using methods such as scenario analysis and financial quantification as a reference for decision-making. 	<div style="text-align: center; background-color: #4CAF50; color: white; border-radius: 10px; padding: 5px; margin-bottom: 10px;">Prepare</div> <p style="text-align: center; color: #4CAF50; font-weight: bold; margin-bottom: 10px;">Prepare response strategies and implement actions</p> <ul style="list-style-type: none"> · Establish management measures and targets. · Implement nature-related performance disclosure and engagement. · Report the performance and progress regularly to the Sustainability Committee and the Board.
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FENC has identified the critical nature-related risks, opportunities and issues associated with its production businesses and significant raw material suppliers through the management procedures for nature-related issues. The details will be disclosed in the Company's TCFD and TNFD reports in 2025.

Avid Support for Governmental Policies

In 2022, the Office of Coast and Resource Circulation of Taoyuan City Government formed the Taoyuan Blue Ocean Recycling Alliance with corporate entities and technical teams. As a member of this alliance, OGM contributes by processing the waste PET bottles collected by the Taoyuan City Government. After rinsing and shredding, the bottles are turned into flakes and chips, ready for the filament unit to proceed with spinning and subsequently transform them into eco-friendly textile products, such as clothing, shoes, bags and blankets, which are gifted to the participants or volunteers during beach cleaning. In 2024, OGM recycled and reused a total of 7.2 metric tons of ocean waste PET bottles.