



福懋興業股份有限公司
FORMOSA TAFFETA CO., LTD.



2021年永續報告書

2021 Sustainability Report



Sustainability Report

Table of Contents

1. Corporate Culture and Governance

(I) Commemorating the Corporate Founders	01
(II) Vision	01
(III) Common Values	01
(IV) Sustainable Development	02
(V) Message from the President	03

2. About this Report

(I) Editing Principles	06
(II) Stakeholders Engagement	07
(III) Materiality Analysis	09
(i) Process of identifying Material Topics	09
(ii) Analytical Matrix of Material Topics	10

3. Operating Overview

(I) Overview of the Company	15
(II) Financial Information	20
(III) Corporate Governance	21
(IV) Risk Management	25
(V) Management of supply chain	33
(VI) Corporate Governance	43
(VII) Formosa Petroleum Stations (FPS)	47

4. Environmental Sustainability

(I) Operation Overview of Development of Sustainable Environment	56
(II) Energy and Water Conservation and Pollutant Management Measures	56
(III) Violations and Environmental Protection Expenditures	76
(IV) Description of Material Environmental Issues	76
(V) Cultivation of Green Sustainability	86

5. Social Prosperity

(I) Human Rights Protection	89
(II) Employees’ Rights and Benefits	96
(III) Respecting Employees’ Suggestions and Creating a Harmonious Labor Relationship	101
(IV) Personnel Training	102
(V) Occupational health and Safety	104
(VI) Sustainable Social Care	120

APPENDIX I. GRI Index
APPENDIX II. Corrigendum
APPENDIX III. Assurance Statement
APPENDIX IV. SASB Index

Corporate Culture and Governance

I. Business Philosophy

- **Harmony:** With integrity, individuals, departments, our Company, clients, subcontractors, the community, industries, and local society are developing in harmony.
- **Service:** The Company is a service provider with rapid cycles, which is beneficial for getting a foothold in the industry, and we require all employees to be accommodating and altruistic to meet clients' needs with thoughtful services.
- **Innovation:** To enable the Company to achieve excellence and users to enjoy more utility, we motivate talents' potential and develop products with better intentions by proactively providing.
- **Contribution:** We endeavor to align goals of the Company with social humanitarian needs across borders so as to establish a connection with the world by providing quality products, promoting industry prosperity, improving quality of life, and continuing reaching out to society.

II. Vision

We can provide solutions to clients' various requirements and create an excellent research and development site to produce high-tech products. Through innovation, we will continue growing, satisfy the demands of stakeholders, and earn the loyalty of product users and the respect of society.

We emphasize good qualities and virtues of employees and hope them to be enthusiastic about efficient working and revolution and to value the protection of life, ecology, and environment. At last, the Company will become a famous brand for sustainable development in the industry and clients' first choice.

III. Common Values

- **Corporate Goals:** To make both clients and the Company grow and be mutually beneficial, to satisfy clients, users, stockholders, and employees, and to win all of their respect.
- **Quality Policy:** To surpass the improvement speed of the same trade, and share profits of growth with clients.
- **Corporate Mission:** To provide quality products, relevant information, and services to respective users fast and reliably.
- **Client Policies:** To satisfy clients by serving them in a proactive manner.
- **Cultural Image:** Our Company is a professional and continuously running manufacturer, which means that our Company has an established history, philosophy, systems, organization, experience, technology, previous performances, integrity, responsibilities, and intellectual property. Our Company has formed strategic alliances with many global corporations, and kept clients' needs and trends in mind so as to pursue the growth of intelligence of our personnel and improvements to our product quality.

IV. Sustainable Development

● Sustainable Development Policies :

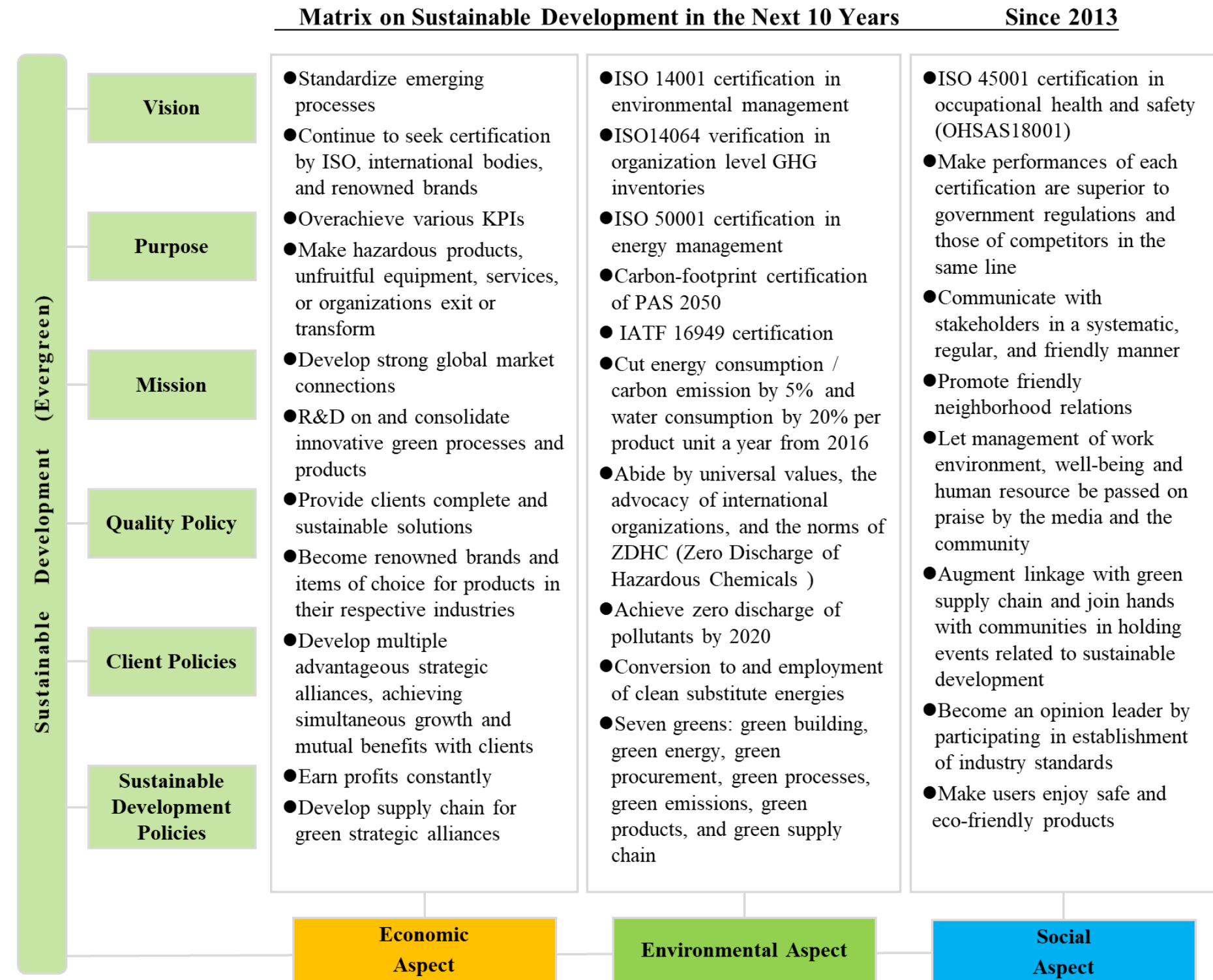
To follow what announced in 2013 Sustainability Development Report for the economic, social and environmental policies

● Sustainable Development Strategies:

To create green processes and products through enabling FTC people to do themselves justice with environmental protection in mind, and to continuously grow and meet stakeholders' expectations through the promotion of lean production, advances in effectiveness of resource usage, the utilization of environmentally friendly materials and green equipment, and the supply of ecologically safe products.

● Sustainable Development Matrix:

For achievable work items for execution in long-term business development plan, please refer to the right matrix on sustainable development in the next 10 years.



V. Message from the President

Materialization of Low-Carbon Sustainability

Amid a gloomy global climate since the outbreak of COVID-19 pandemic in early 2021, including raging virus variants, deteriorating climate-change problem, and emerging inflationary threat, we have continued to proceed toward the target of low-carbon sustainability at unwavering pace, under the banner of CSR (corporate social responsibility) previously and ESG (environmental, social, governance) now.

Silver linings have been visible along the bumpy journey, though:

- The successful development and widespread inoculation of vaccines, slashing the amount of severe cases;
- Gradual lifting of lockdown, giving the sagging economy a lifeline;
- Resumption of an active role by the U.S. on the global stage, including return to the Paris Agreement and WHO;
- Holding of Tokyo Olympics after one year delay;
- Convening of COP 26 in Glasgow, Scotland in Nov. 2021;
- Acceptance of new normal by the society in the post-pandemic era;

With more and more people embracing a good vision once again, it is imperative for us to pick up our quest for low-carbon sustainable life.

The report chronicles the footprints made by Formosa Taffeta in CSR, especially in the aspect of environment, in 2021. Major works in environment include:

- ★ Gradual substitution of natural gas for fuel oil for use by boilers;
- ★ Intensification of reclaimed-water recollection, with the volume topping 3,404,606 metric tons in 2021, up 14.4% over 2020 level;
- ★ Zero discharge of restricted or banned hazardous chemicals (zero discharge of hazardous chemicals, ZDHC);
- ★ Installation of PV power systems, including completion of 2nd-stage project reaching 2,750kw capacity in Long An factory premises in Vietnam and first-stage project with 2,600kw capacity in Taiwan factory premises;
- ★ Usage volume of environment-friendly recoverable long-fiber polyamine/polyester yarn increased, for the third straight year, to 43.6% of the total of 33,814 metric tons in 2021.
- ★ To safeguard the health of employees, the company held several times of screening and vaccination for COVID-19 in Taiwan factory premises, attended by 1,027 person/times, in 2021.

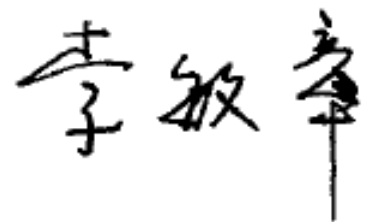
On Jan. 19, 2022, the Corporate Social Responsibility (CSR) resolved to change its name to Sustainability Committee, still consisting the three divisions of environmental sustainability, social co-prosperity, and corporate governance, which oversee 17 theme sections, 15 advocacy staffers, and 40 executive staffers, all environmental specialists among the company's 8,000 employees in the five factory premises at three sites, all dedicated to the attainment of ESG target, in order to materialize low-carbon sustainable circular economy.

2022 ESG outlook:

1. To attain the sustainability goals of environmental protection, social responsibility, and corporate governance, the company has established a sustainable development committee, under the jurisdiction of the board of directors, to strengthen the competence and function of the board of directors, upgrading corporate governance.
2. The company continued to expand its PV power capacities, including 1,560kw PV power system in Changshu factory premises in Jingsu inaugurated on April 2 and 3,430kw system in Dong Nai province of Vietnam, scheduled for inauguration in July and Dec., respectively.
3. The company continued its quest for ZDHC.
4. The company continued to expand the use of environment-friendly recoverable yarn, which now accounts for over 50% of textile yarn purchased by the company.
5. Following of greenhouse-gas inventory at Taiwan factory premises for years, the company has started to conduct such inventory at the other offshore factory premises, scheduled for completion of 3rd party verification in October.
6. The company has applied to join SBTi (Science-Based Targets initiative), aiming to attain various target values according to a schedule, thereby contributing to the cause of ESG.

The outbreak of Russia-Ukraine war on Feb. 24, 2022 has complicated the low-carbon initiative for combating climate change. Different from the conflicts in Iraq, Syria, and Afghan, the war has triggered widespread repercussion worldwide, involving such international issues as peace, reconstruction, national defense, economic sanction, foreign exchange rate, inflation, food, financial control, refugees, and energy, possibly prompting European countries to postpone the decommissioning of their nuclear power plants.

It is hoped that the war can be ended soon and peace resumed, so that the international community can refocused its attention on climate-change issue and environmental sustainability. Whatever the external environment, Formosa Taffeta will continue march toward the goal of low-carbon sustainability.



May, 2022

About This Report

I. Editing Principles

This report is prepared in accordance with Core option of the GRI Standards and AA1000 standards; its information is gathered in line with the identified material topics so as to encompass as complete stakeholders' concerned topics as possible. Its contents can be grouped into environmental, social, and corporate governance aspects, each of which elaborates the overview of sustainable policies, management approaches and performance indicators while corporate future risk evaluations and responses are placed an emphasis on. To obtain the assurance from the third party, this report is edited in accordance with four principles—inclusivity, materiality, responsiveness, and impact —of AA1000 AP (Accountability Principles). Furthermore, reporting principles of GRI Standard are also taken as a work of reference—the contents of this report are disclosed conforming to materiality, stakeholder inclusiveness, sustainability context while its quality is in light of principles of balance, comparability, accuracy, timeliness, reliability and clarity.

Financial data is presented in New Taiwan Dollars while other relevant information is presented in the form of what international universal indicators require and/or explained with notes beneath or beside charts/tables.

The disclosed information is what took place from January 1st to December 31st 2021, but a summary of main events before the deadline for compilation in the first half of 2022 are covered so as to acquaint stakeholders with the full and latest status. The report boundary includes FTC (main plant and second plant), Formosa Taffeta (Zhong-Shan) CO., LTD., Formosa Taffeta (Chang-Shu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., Formosa Taffeta Dong-nai CO., LTD., and 105 stations of Formosa Petrol Stations (FPS); information of overall environment, financial performance, safety/hygiene, and performance of energy/water conservation of all these subsidiaries is disclosed. The coverage on all these objects includes information of their overall environment, safety/hygiene, and performance of energy/water conservation. The exclusion of Formosa Development (in the Taiwan Plant), Formosa Taffeta (Hong Kong), Public More International Company Ltd. from disclosure in this report results from their total workforce of 15; no factories are set up, and their relevant data on Environmental and Social aspects are only the small.

The Chinese version of the Report has been published at the end of every June since 2016. The 2020 Report of Chinese version and English one were respectively posted at the end of June and September. Welcome to visit http://www.ftc.com.tw/newftc/respons_report.php to download reports for reference.

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II. Stakeholders Engagement

Potential topics and stakeholders that may generate interactions with the Company’s activities, products and services are first discussed and identified by groups and were reported to the senior management, and finally, the results were reported to the committee for discussion and approval. Stakeholders’ concerned topics and five groups of stakeholders are determined. Identified stakeholders and concerned topics, and their corresponding communication methods and frequency are as follows:

Clients	Concerned Topics	Competitiveness in product quality, quantity, delivery date, and price, supply and demand, service or strategic partnerships; conservation of raw materials, energy and water resource, reduction of emissions, effluents and waste, and recycling; the degree of interaction with stakeholders, lawfulness of employment procedures and relevant regulations; the management system of workplace safety; gender equality, humanizing management, client privacy, and human rights protection
	The importance of stakeholders to FTC	Creating a sound and healthy supply and demand relationship is an important management theme for sustainable development
	Communication Methods	Phone / e-mail/ Interviews/ Attendance of meeting
	Frequency	Irregularly

Investors	Concerned Topics	Projected objectives and actual performance, earned profits and the allocation of dividends, the state of corporate governance, indicators of long-term shareholdings for foreign and international investors, and willing to add the shareholdings.
	The importance of stakeholders to FTC	FTC continues to seek long-term benefits for our shareholders and investors based on sustainable development.
	Communication Methods	Board of Directors Meeting /Shareholders’ Meeting/Shareholder Service Room / Spokesman Interview / Mails
	Frequency	Every Two Months / Annually/Irregularly

Suppliers	Concerned Topics	Mutually beneficial partnership that enables each party to grow simultaneously, transparency of environmental protection information, compliance with the labor system, fairness of bidding and haggling, incoming quality control (IQC) and whether the selection of suppliers in compliance with regulations
	The importance of stakeholders to FTC	FTC continues to create a harmony relationship and grow up with suppliers.
	Communication Methods	Phone / E-mail / Interview
	Frequency	Irregularly
Employees	Concerned Topics	Whether the HR system explicitly regulate the payroll, promotions, performance evaluation, training and rewards and penalties and whether equitable treatment is put into practice, whether the condition of working environment and labor rules comply with the international human rights treaties, and whether systems of job protection, benefits, and career planning and development, and the channel of communication are complete.
	The importance of stakeholders to FTC	Talent is the most valuable asset for enterprises; therefore, it is important to offer a safe and healthy workplace and trainings to improve employees' cohesiveness.
	Communication Methods	Face-to-face Communication / e-mail/Suggestion Box/Labor Organizations /Regular Union Meetings
	Frequency	Irregularly /Every Two Months
Community and Organization	Concerned Topics	Whether there are clear community communication channels, maintenance of public relations, involvement in community activities, concern for local vulnerable groups, resource allocation for emergency relief, the advocacy and sponsorship of public benefit affairs like education, fulfillment of energy conservation and reduction in carbon emissions and in environmental hazards, and control over the discharge of effluents, exhaust and noise to the required extent.
	The importance of stakeholders to FTC	We strive to create a harmony relationship with the community.
	Communication Methods	Face-to-face Communication/ Phone
	Frequency	Irregularly

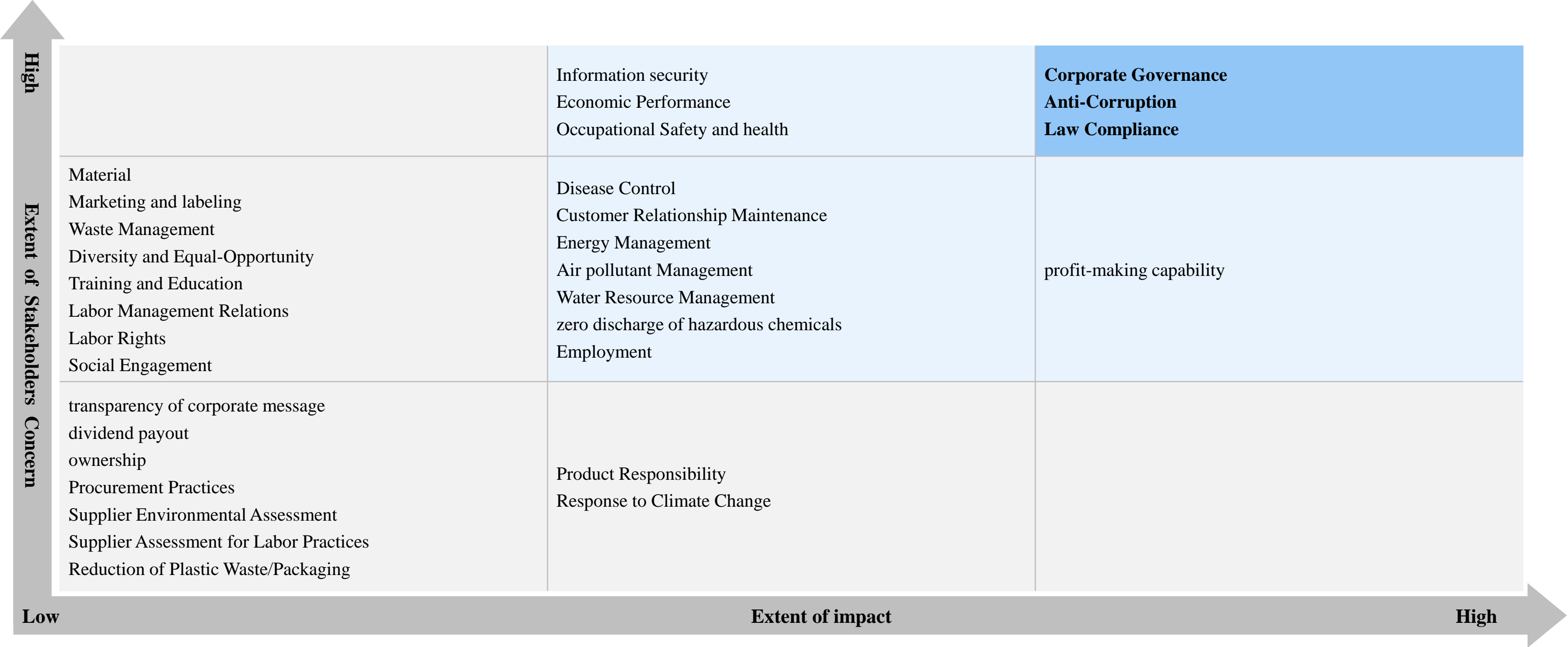
III. Materiality Analysis

(i) Process of identifying Material Topics

To truly reflect and respond to stakeholders’ concerned topics, the Company conducted the following processes to select the material topics of this Report.

1	Collection of sustainability issues	<p>Sustainability issues are collected based on the international norms and standards, such as GRI standards, SASB, ISO 26000, and SDGs, and the stakeholders’ concerned topics. The list of sustainability issues is drafted and reported to senior management for discussion and adjustment.</p> <p>Compared with 2020 sustainability issues, six issues were added to the 2021 list, including "corporate governance," "transparency of corporate message," ""profit-making capability," "dividend payout," “ownership," and "zero discharge of hazardous chemicals," boosting the total to 31 sustainability issue, which was discussed and finalized by the sustainability committee.</p>
2	Analysis of the extent of concern for sustainability issues	<p>Material issues are analyzed through two aspects, “the extent of concern by stakeholders,” and “ the extent of impact on operation.” On "the extent of concern by stakeholders,” the Company issued 140 copies of questionnaire to stakeholders in five categories and collected 129 valid replies, analyzed to find out issued concerned by stakeholders in the five categories. On "extent of impact on operation," there were 29 valid responses, consisting of the results from eight department chiefs and 21 managers, in order to find out the impact of each sustainability issue on operation.</p>
3	Sequencing of material issues	<p>Sequence the 31 sustainability issues by evaluating their intensity in the two major aspects of "extent of concern by stakeholders" and "extent of impact of corporate operation," followed by identification of their materiality according to the spread of their locations in coordinates or regional concentration, resulting in determination of 14 material issues among 31 issues.</p>
4	Identification and confirmation	<p>After analysis and evaluation, the 14 material issues form the core of the report. For the convenience of comparison and overview, a simplified matrix diagram is produced. In the future, in line with changes in regulations and external environment, the Company will continue review of material issues and take feedbacks of stakeholders to the report into accounts, to assure the transparency, reasonableness, timeliness, and balance of future reports.</p>

(ii) Analytical Matrix of Material Topics



● Correspondence to GRI standards and internal and external boundary of each material issue

Material Topic and its meaning to the Company	In Response to GRI Standards	Boundary ●Disclosed with materiality ○Undisclosed with materiality							In Response to SDGs
		Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Clients	Suppliers	Community and Organization	
		FTC	FPS						
Profit-making capability: Creating profitability to give back to shareholders, employees, and other stakeholders.	GRI 201	●	●	●	●				SDGs 8 SDGs 16
Economic Performance: Driving profitability through creating competitive edge and operational efficiency in line with business policies of “Transform Mentality”, “Accelerate Innovation,” and “Pursue Value.”	GRI 201	●	●	●	●				
Corporate Governance: Having a well corporate governance is a key to stable business growth.	GRI 201	●	●	●	●				
Law Compliance: Complying with law and regulations for fear of any punishment and fine, which may impact the Company’s reputation and the orders from customers.	GRI 307 ; GRI 419	●	●	●	●	○	○		
Anti-Corruption: Fulfilling ethical business is a foundation to the sustainable development.	GRI 205	●	●	●	●	○	○		
Information security: Establishing a sound information management system in case of any loss from cyberattack.	GRI 418	●		●	●	○	○		
Customer Relationship Maintenance: Improving the customers’ satisfaction and maintaining the good relationship.	GRI 418	●	●	●	●	●			

Material Topic and its meaning to the Company	In Response to GRI Standards	Boundary ●Disclosed with materiality ○Undisclosed with materiality							In Response to SDGs
		Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Clients	Suppliers	Community and Organization	
		FTC	FPS						
Energy Management: Improving the energy efficacy to reduce the energy consumption and mitigate the impacts on the environment	GRI 302	●	●	●	●	○	○		SDGs 6 SDGs 7 SDGs 11 SDGs 12 SDGs 13
Air pollutant Management: Monitoring the air pollutants such as SOx, NOx, PM2.5 to mitigate the impacts on the environment.	GRI 305	●	○	●	●	○	○	○	
Water Resource Management: Improving the water usage rate through an effective water resource management to mitigate the impacts on the environment.	GRI 303	●	●	●	●	○	○	○	
Zero discharge of hazardous chemicals: Ensuring the product quality in conformity with customers and law requirements.	GRI 416	●		●	●	○			
Employment: Creating a friendly working environment to improve employees’ satisfactory and employee retention rate.	GRI 401	●	●	●	●		○		SDGs 8
Occupational Safety and health: Providing an health and safe workplace to maintain well production capabilities.	GRI 403	●	●	●	●				
Disease Control: Implementing the disease control measures to keep employees from infection and maintain the production.	GRI 403	●	●	●	●				

Operation Overview

● **Material Topics and Key Responses in this Chapter**

Material Topic \ Item	Targets in 2022	Targets in 2021	Achievement Status in 2021
Economic Performance	<ul style="list-style-type: none"> To strengthen the cooperation with global brand customers in pursuit of stable profitability. 	<ul style="list-style-type: none"> Strengthen the cooperation with global brand customers ° 	Please refer to the Company's 2021 Financial Statement.
Law Compliance	<ul style="list-style-type: none"> No major violation (fine more than NT\$1 million) on Environmental, Social, and Corporate Governance. 	<ul style="list-style-type: none"> No major violation (fine more than NT\$1 million). 	✓ No major violation (fine more than NT\$1 million) occurred in 2021 °
Ethical & Integrity	<ul style="list-style-type: none"> To hold ethical and integrity lectures. No violation on corporate governance and corruption incident. 	<ul style="list-style-type: none"> To hold ethical and integrity lectures. No violation on corporate governance and corruption incident. 	<ul style="list-style-type: none"> ✓ Three ethical and integrity training courses were held in Taiwan plant, with 60 employees trained and 240 training hours. ✓ No corruptive incidents occurred in 2021 °
Information security	<ul style="list-style-type: none"> No major information security incident. 	<ul style="list-style-type: none"> No major information security incident. 	<ul style="list-style-type: none"> No major information security incident occurred in 2021.
Customer Relationship Maintenance	<ul style="list-style-type: none"> To improve customers' satisfactory and review. 	<ul style="list-style-type: none"> To improve customers' satisfactory and review. 	Please refer to "VI. Client Policies and Rights Protection of this Chapter."
Supply Chain Management	<ul style="list-style-type: none"> Suppliers of Taiwanese plant with procurement value exceeding NT\$300,000 should sign "letter of commitment for corporate social responsibility. 	<ul style="list-style-type: none"> Carry out the verification of suppliers' ESG performance. 	✓ ESG questionnaire survey on 56 suppliers were completed in 2021.

I. Corporate Profile

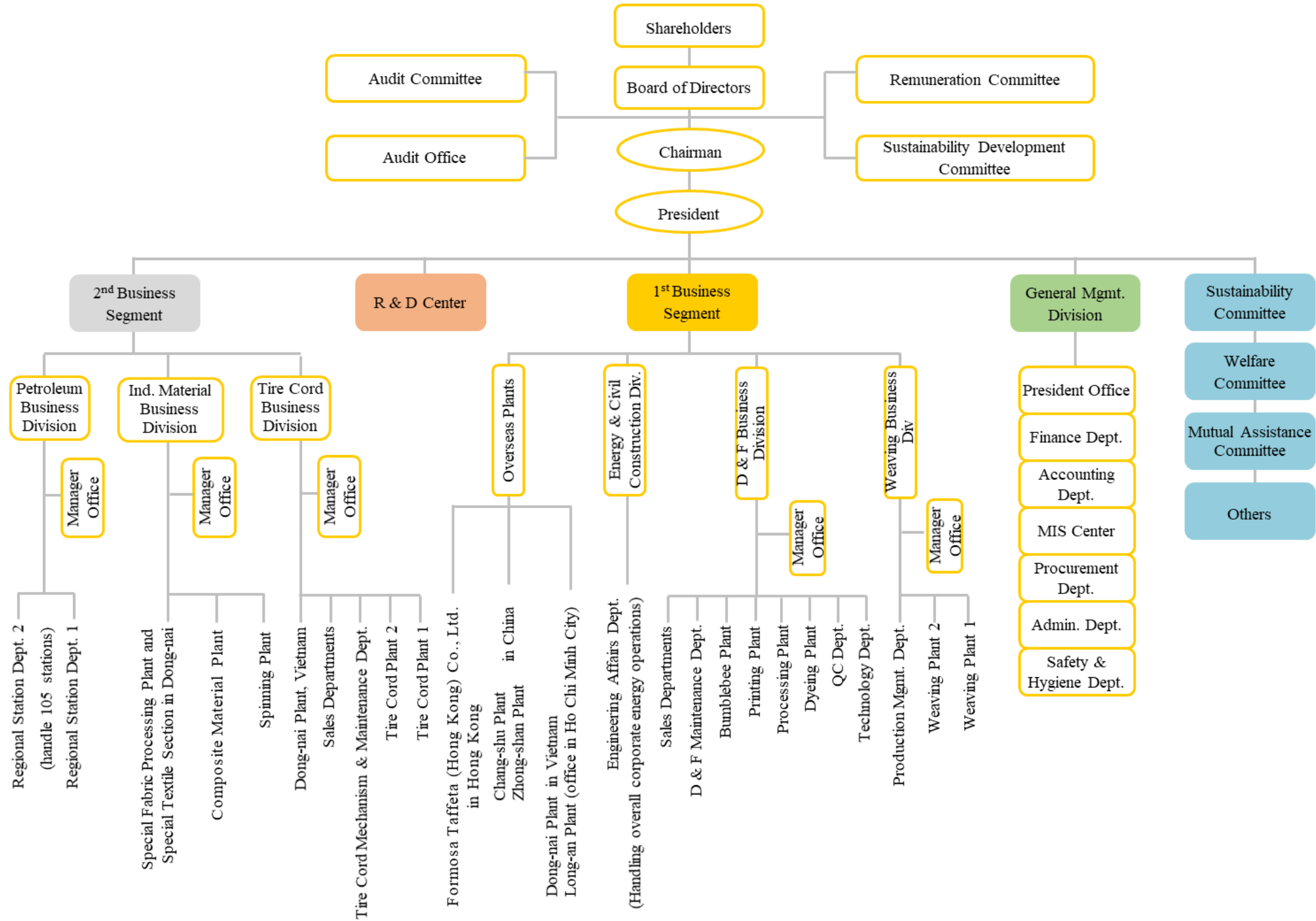
Founded by Formosa Chemicals & Fibre Corp. and a few of business figures, the company was incorporated on April 19, 1973, initially named "Formosa Fiber Co., Ltd.," for engagement in the weaving, dyeing, finishing, and printing of polyamide and polyester filament woven taffeta fabric. Renamed as Formosa Taffeta Co., Ltd. in Jan. 1979, the company was listed in Dec., 1985 on Taiwan Stock Exchange, which has been enlarged in subsequent years, via several capital increments with earnings to fund business diversification. The company's registered capital reached NT\$16,846,646,370 since August, 2006. Major products cover filament polyamide/polyester dyeing-and-finishing fabric, fabrics for down-proof jacket, water-proof with vapor permeable fabric, composite organic fabric, multi-function smart temperature-control fabric, umbrella fabric, staple woven/ knitted yarn, tire cord, PE. bag, bullet/stab-proof fabric, flame-retardant fabric for military/police/firefighters, medical/ protective fabric, anti-static barrier for clean room garment/ anti-bacterial fabric, conductive fabric, carbon-fiber fabric and composite materials, and gas stations. Formosa Taffeta Co., Ltd. has become a world-class manufacturer, in terms of both production scale and quality, of polyamide and polyester filament woven fabric, notably in the fields of sportswear and outdoor functional clothes, progressing in sync with fashion current and the development of major international textile brands.

Company Name	Formosa Taffeta Co., Ltd.
Capital	NT\$ 16,846,646,370
Headquarters	317, Shuliou RD., Douliou 640, Taiwan

● Overview of Subsidiaries

(in thousands of NTD)				
Company Name	Date of Establishment	Address (as appeared on the license)	Paid-in Capital	Scope of Business
Formosa Taffeta (Hong Kong) Co. Ltd.	1989.4.11	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	1,356,822	Sales of fabrics woven with filament/staple synthetic fibers
Formosa Development Co., Ltd.	1990.9.20	29, Ln. 224, Shiliu Rd., Douliu City, Yunlin County 640, Taiwan	161,000	<div>- Urban land consolidation</div> <div>- Development, rental and sales of residential/business buildings and industrial plants</div>
Formosa Taffeta (Zhong-Shan) Co., Ltd.	1992.12.3	167, South Shenwan Avenue, Shenwan Town, Zhong-Shan City, Guangdong Prov. 528462, China	1,402,085	Manufacture and sales of — Polyamine/polyester fabrics woven with synthetic fibers
Formosa Taffeta Vietnam Co., Ltd.	1999.6.16 Reformed after M & A	SECTION 1, NHUT CHANH COM, BEN LUC DIST., LONG AN PROVINCE, VIETNAM	2,340,866	Manufacture, processing and dyeing of fabrics woven with synthetic fibers
Formosa Taffeta Dong-nai Co., Ltd.	2004.6.25	NHON TRACH 3 IND. ZONE, HIEP PHUOC TOWN, NHON TRACH DIST., DONG NAI PROVINCE, VIETNAM	2,590,434	Manufacture, processing and sales of various dyeing fabrics and tire cord fabric woven with synthetic fibers
Formosa Taffeta (Chang-Shu) Co., Ltd.	2005.4.4	15, Peng-Hu RD., Dongnan St., Chang-Shu City, Jiangsu Prov. 215500, China	1,302,019	Dyeing and finishing of top-grade fabrics; Rental of owned facilities and the offer of property management
Public more International Co., Ltd.	2017.2.15	27, Ln. 224, Shiliu Rd., Douliu City, Yunlin County 640, Taiwan	5,000	Employment service, manpower allocation and agency service

● Organizational Structure (as of June, 2022)



● Overview of Products

Product	Scope of Application
Polyamine fabric	Wet breathable & waterproof rain coat, waterproof breathable snow coats, jackets, sleeping bags, garments, down jackets, sportswear, jackets, hunting suits, hats, tents, air beds, umbrellas, parasols, golf umbrellas, beach umbrellas, sails, gloves, shields with electromagnetic insulation etc. The multi-function cloth for smart clothing of temperature control, light display, detection and location
Polyester fabric	Sports casual wear, microfiber clothing, curtains, umbrellas, medical supplies, home accessories, etc.
Cotton fabric, blended fabric, fabrics interwoven with filament/staple fiber, pre-dyed plaid	Garments, jackets, shirts, umbrellas, backpacks, medical health care supplies, etc.
Tire cord	Various kinds of tire cords, chafers for tire-lips, conveyor Ducks, avoidance of a flat tire, liner
Plastic bags	Plastic shopping vest bags, perforated bags, garbage bags
Combed cotton yarn, blended yarn	All kinds of woven and knitted fabrics, cotton and blended fabrics, fabrics interwove with filament/staple fiber, and pre-dyed plaid
New functional yarn	Individual or composite applications to diverse woven/knitted fabrics for various apparel, bedding, health care supplies, sports casual wear, hats, coats, parasol (umbrella), special processing purpose, etc.
Protective fabric	Flame retardant/resistant fabric, air force flight suits, tank suits, secret service suits, firefighting suits, and electric arc suits
Fabrics with special purposes	Clean-room clothes/aseptic clothes for electronic, foodstuff, and pharmaceutical factories, sterile gown, wrapping fabric, bullet-proof/stab-proof clothes, helmet, shield, drum paper for speaker, damper fabric for stereo equipment
Carbon fiber fabrics as composite materials	Sports equipment, bicycles, motorcycles, automobiles, aerospace industry, electronic products, industrial mechanical arms and mechanisms, construction reinforcement, wind turbine blades, etc.
Super diesel/98,95+,92 unleaded gasoline various motor oil / car wash service	Retails of vehicle fuel, generator oil, motor oil, and lubrication oil

➤ For the overview of product and innovative technology, please refer to 2021 annual report\V. Business Overview\i. business contents (http://www.ftc.com.tw/newftc/annual_report.php)

● Sales quantity and amount of main products for the last 2 years

Main Product	Year Quantity/Amount	2021				2020			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Polyamine /Polyester Fabric (thousand yard)		27,886	1,068,414	235,492	11,920,218	31,492	1,014,549	192,055	10,747,695
Polyamine /Polyester Tire Cord Fabric (ton)		8,658	1,814,589	33,662	5,229,014	10,684	1,763,348	36,951	4,363,624
PE Bags (ton)		936	46,472	2,823	197,965	1,032	46,591	3,437	224,579
Yarn Count (piece)		11,169	391,747	1,437	117,932	10,489	268,729	312	11,522
Special Textile (thousand yard)		4,651	669,106	2,212	441,251	3,721	498,811	1,834	372,406
Oil Products (KL)		427,106	10,811,504	0	0	465,628	9,414,248	0	0
Land Development (-)			4,531		0		19,252		0
Investment Promotion income (-)			-		31,652		-		31,992
Commission Income (-)			54,612		0		6,146		0
Total			14,860,975		17,938,032		13,031,674		15,751,818

● Sales Markets

- Textile Products : The Company's sales markets are all over the world, including Asia, Europe, America, etc., and the target markets are the ones in Asia, mainly in Hong Kong, Southeast Asia, and the Middle East.
- Tire Cord Fabrics : Besides tire manufacturers in Taiwan, these fabrics are also exported to Southeast Asia, India, Sri Lanka, the United States, China, Japan, Korea, and Eastern Europe.
- Plastic Bags : These are mainly sold to Japan, and then South America.
- Oil Products : 100% of oil products are for domestic markets.

II. Financial Information

FTC drives profitability through creating competitive edge and operational efficiency in line with business policies of “Transform Mentality”, “Accelerate Innovation,” and “Pursue Value.” Shareholders’ meeting is annually held; board of directors meeting, on average, is held six times per year. Special board meeting is occasionally convened. The Company regularly updates the financial information, audited by the third party, of the “Investors” section on its website, appoints a spokesperson and establishes mailboxes as communication media, etc. The first investor conference was convened in 2017 to communicate with stakeholders, and the subsequent are held twice a year, which has become an annual routine since 2018. Facing the global challenges, the Company regularly reviews the business performance, and such reviews include monthly and annual management performance reviews.

The Company’s consolidated revenue increased by 13.95%, from NT\$ 28,783.49 million in 2020 to NT\$ 32,799.01 million in 2021, an increase of NT\$ 4,015.52 million. The consolidated pretax profit went up by 5.52%, from NT\$ 2,262.56 million in 2020 to NT\$ 2,387.36 million in 2021, an increase of NT\$ 124.80 million. Its diversified businesses mainly include polyamine/polyester filament woven fabrics, polyamine/polyester tire cord fabrics, industrial materials, petroleum stations, IC assembly/testing/modularization, investment, etc.; its financial status is healthy because of stable cash flow from 105 petroleum stations. For more information, please refer to the annual report, downloadable on <http://www.ftc.com.tw/newftc/financial.php>.

Annual Financial Review

(in millions of NTD)

Year	Sales Revenue	Operating Costs	Employee Salaries and Wages			Profit after Income Tax	EPS Dollar/Share	Retained Earnings	Profit-Seeking Enterprise Income Tax
			Employee Salary	Other Employee Benefit Cost	Subtotal				
2021	32,799	28,625	2,872	597	3,469	2,143	1.27	8,349	244
2020	28,783	25,771	2,694	554	3,248	2,095	1.25	8,229	167

III. Corporate Governance

FTC abides by the law and regulation and has stipulated “Corporate Social Responsibility Principles,” “Ethical and Integrity Principles,” and “Corporate Governance Principles” to monitor and implement the management and operation of the Company’s sustainable development. In addition, the Company regularly reviews the performance with an aim of keeping improving corporate governance system, and enhancing internal control to improve the efficacy as a goal to ensure the rights of stakeholders in line with sustainable development.

(i) Operation of the Board of Directors and other functional committee

● Operation of Board of Directors

The operation of the Company’s board of directors (BoD) is in accordance with the relevant regulations and the resolutions by the shareholders’ meeting. All member have the necessary background knowledge and skills to fulfill their responsibility. Based on the foundation towards sustainable development and excellent profitability for stakeholders, the main duty of BoD is to resolve the major operation decision, provide the transparent public information, abide by the law, appoint the senior management, monitor the operation of the Company. In addition, the Company has stipulated the “Ethical Behavior Guidelines for the Board and managerial officers “ for them to follow to prevent any harm from damaging the Company and shareholders’ interest. Operation of 2021’s BoD and the constitution of BoD please refer to the Company’s website and annual report.

● Operation of Audit Committee

The Committee is constituted with three independent directors. The main purpose of establishing this committee is to supervise the fair expression of financial statements, the appointment (dismissal), competence, independence and performance of CPAs, the effective implementation of internal control, compliance with the relevant laws and regulations, and the control of existing or potential risks to the Company. Relevant information please refer to the Company’s 2021 annual report.

● Remuneration Committee

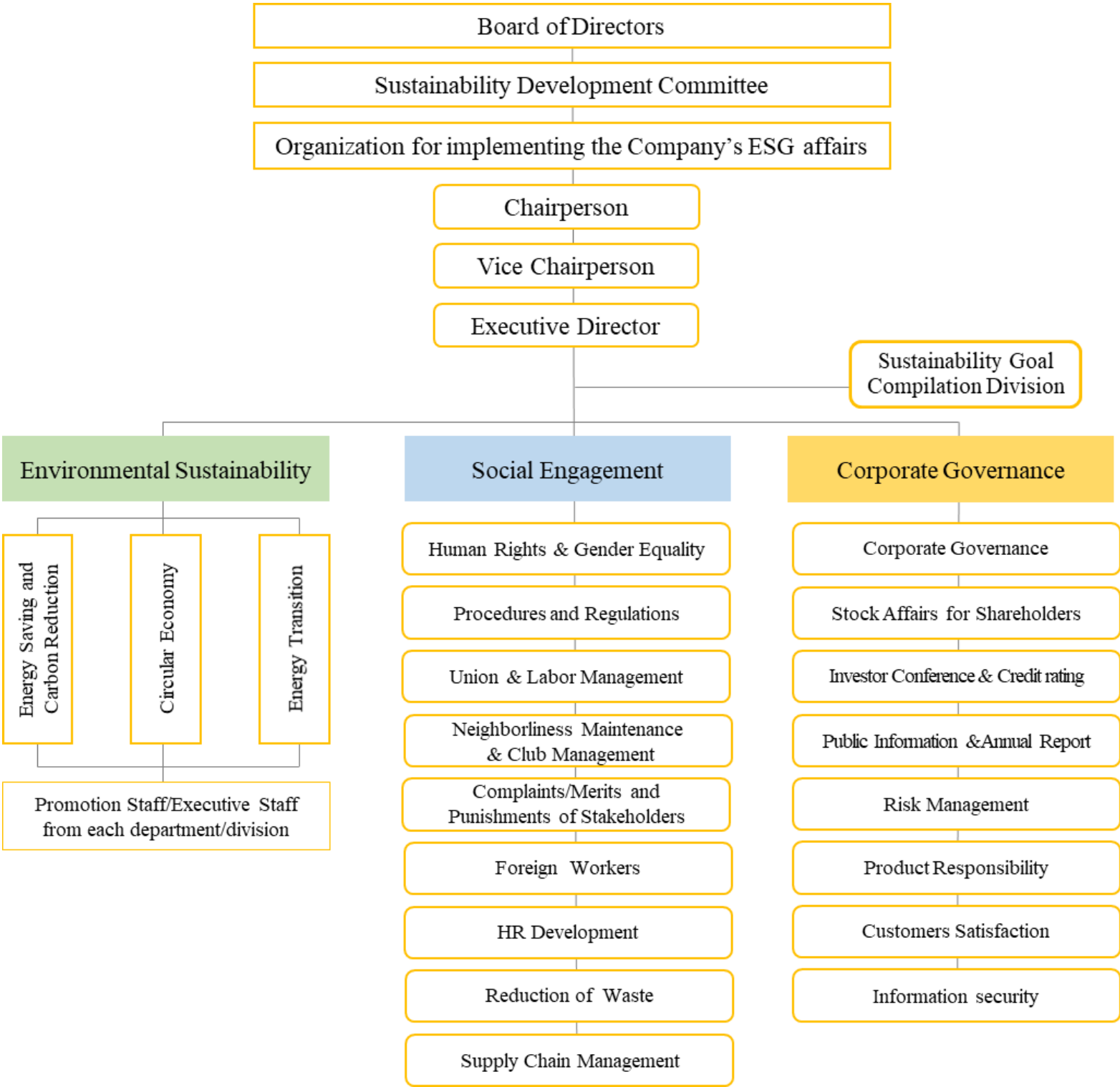
The Remuneration Committee is composed of three independent directors. During these meetings, remuneration policies and systems for directors and managerial officers are evaluated, and recommendations are submitted to the Board of Directors for deliberation, so as to prevent directors and managerial officers from engaging in conduct that exceeds the risk appetite of FTC due to remuneration policies. Relevant information please refer to the Company’s 2021 annual report.

● Transparent Information and Shareholder Service

The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information, as well as providing the spokespersons and relevant business departments with answers to stakeholders, investors, and authorities. In addition, the Company discloses information on finance, business, and corporate governance on "special investor section" of the website. Since the second half of 2020, the Company also discloses the material information in both Chinese and English on MOPs to strengthen the information disclosure. In 2021, the Company was invited to attend two online investors’ conferences to outline the business overview and outlook. The Company has stipulated “Anti-insider trading audit management guidelines” to forbid the internal personnel to have a trade on securities for non-public information.

(ii) Operation and Constitution of Sustainability Committee

A CSR Committee was set up On March 6th 2015 , and its chairperson was assumed by the managing director and President then, who was promoted as the Vice Chairman in June 2016. In September 2018, it was reshuffled and renamed, and its chairperson was assumed by the director and President, Lee Ming Chang, instead. In January, 2022, the Committee was renamed and reshuffled into “Sustainability Committee,” the Chairperson was assumed. The Committee encompass three divisions—environmental sustainability, social engagement, and corporate governance—and its tasks are executed by 17 Topic Groups. The framework is shown as right picture. The related major matters must be reported to the chairperson; the submission of an annual Sustainability Report is a must in the agenda of the Sustainability Development Committee and Board of Directors prior to the publication of that report.



iii. Advocacy and Implementation of Business Integrity and Anti-Corruption

● Institutionalization of integrity-oriented management

Corporate integrity management has been of social concern. In 1999, the United Nations proposed the Global Compact to include anti-corruption in main issues of CSR, advocating that corporations should be responsible for actively creating an ethical and fair environment. APEC also promulgated the necessity for corporations to face “Improving corporate social responsibility” and “Cracking down on corruption,” which are of global concern, and encouraged public and private sectors to cooperate in improvement of governance mechanisms and the fight against and elimination of corruption.

In June 2015, the Board of Directors passed the 26 Articles of FTC’s “Ethical Corporate Management Best Practice Principles,” which stipulated that the directors, audit members, managers, and staff, etc. must comply with relevant legal regulations and prevent unethical conduct. These principles are applicable to not only FTC but also its subsidiaries and posted on FTC’s website. The aim of these principles is the generation of internal consensus on the creation of ethical management environment and integrity-oriented business edge through the prevention of unethical conduct and the conformity to related legal regulations with ethical management and risk control mechanisms. These principles are mainly on :

- Requirements of the inclusion of related rules of ethical management in the Articles of Incorporation and outgoing documents and of actual implementation of these rules so as to strengthen FTC’s commitment to such management
- Prohibition on business dealings with parties with an unethical record(s) to ensure the fairness and transparency of commercial activities
- Prohibition on direct/indirect bribery and fraud, directly/indirectly providing illegal campaign funding, false charitable donations, unreasonable gifts, entertainment, or other unjust enrichment
- Duty of the Board of Directors to supervise conduct of the management and ensure the implementation of ethical management policies by, but not limited to, the dedicated compliance units.
- Rules/regulations governing duty of the directors, audit members, managerial officers and personnel and precautions against unethical conduct
- Requirements of stipulation of regulations on recusal of interest conflict for directors, supervisors and managers.
- Requirements of establishment of effective accounting and internal control systems, regular/irregular internal audit of all personnel’s compliance, and periodical submission of written audit reports
- Requirements of stipulation of relevant SOPs and regulations to facilitate ethical management
- Requirements of regular training and outreach and establishment of reporting and punishment mechanisms
- Requirements of strengthening information disclosure of ethical management implementation

● Anti-Corruption Mechanisms and Risk

Anti-corruption measures and conduct audit are not only implemented but also incorporated into daily operations by FTC. The possibility of exposure to the risk of corruption is rather low, in terms of the proportion of the amounts of money involved, which can be inferred from the following:

- 1) Independent, internationally renowned accountants without negative social images will be selected for the third-party verification.
- 2) Supervisors are independent of the Board of Directors and undertake independent audits.
- 3) “Corporate Governance Principles,” “Ethical Corporate Management Best Practice Principles,” and “Codes of Ethical Conduct,” etc., passed by the Board of Directors, are widely applicable to the self-discipline and recusal of directors, audit members, managerial officers, and personnel involved in trading, accounting, and warehousing. What are regulated, including bribes and illegal acceptance of entertainment, etc., are incorporated in the “Work Rules” and other relevant regulations that have been in effect for years.
- 4) The Audit Office conducts monthly audits of 9 transaction cycles—sale and receipt cycle, purchase and payment cycle, production cycle, labor and wage cycle, property, plant and equipment (PP&E) cycle, finance cycle, investment cycle, research and development cycle, and computerized information processing system cycle—, submits audit reports that specifies a material weakness and/or an abnormality, if any, to the independent directors and the audit committee for review, and further follows up on or conducts investigations into the weakness/abnormality in accordance with instructions; it also quarterly and annually reports its findings to the Board of Directors. In March, 2021 the new chief internal auditor was appointed by the Board of Directors.
- 5) Each unit, including each sector of President Office, Accounting Dept., Procurement Dept., Engineering Affairs Dept., Sales Dept., General Affairs Sector, Human Resources Sector, Manager Office, Plant Manager Office, etc., has the responsibility and obligation to conduct and undergo audits.
- 6) Overseas subsidiaries are required to avoid illegal rent-seeking; especially in China, no improper entertainment took place, which can partially attribute to the effective enforcement of Chinese government’s anti-corruption. Visits in Vietnam Plants for faster official approvals are admittedly inevitable sometime to meet the schedule and seek efficiency, but their occurrences have decreased.
- 7) “Regulations Governing Grievance for Inner and Outer Stakeholders”: The Company has established various reporting channels, including suggestion boxes, reporting forms, a direct line (05-5577015), and e-mail (t1000@ftc.com.tw), etc. for employees to report a complaint at any time when they feel that their rights are being infringed or they are subject to inappropriate treatment. The whistleblower and the reporting contents are all kept in confidence to ensure that the whistleblower is free from any inappropriate treatment.

To view more details of what above, please refer to the “Status for implementation of ethical management and measures” section in FTC’s Annual Report on its website. No corruptive incidents reported in 2021.

● **Ethical Training**

FTC has enacted Ethical Code Conduct, Best Principles for Corporate Governance, Working rules require that employees shall avoid any treat such as banquet or gift from the work related stakeholders. In 2021, the Company invited lecturers gave courses regarding anti-corruption, audit and risk management to employees, including the management and the employees from sales, accounting, procurement departments, in Taiwan plant, totaling 60 employees with 240 training hours. The number of participants, training course and training hours are illustrated as table below:

Name of Lecture	Training Hours	Number of Participants	Planned Training Hours of Participants	Actual Training Hours of Participants	Attendance Rate
Prevention from money laundering and information security	3	20	60	60	100%
Anti-corruption and Whistleblower Protection	3	20	60	60	100%
Anti Insider Training	6	20	120	120	100%

iv. Overall Corporate Risk Inspection and Countermeasures

Economic Aspect

1. Inventory Valuation Loss Risk

Inventory includes raw materials, works in process, semi-finished products, and finished products, with raw materials mainly consisting of reusable yarn, dye, and auxiliaries. Works in process are of high liquidity. The company is capable of meeting the demands of quick-delivery orders for semi-finished products, which refer to grey cloth, thanks to significant amount of stock, half of which will be sold after dyeing. The company's most stock of fabric belongs to substandard fabric, which has been auctioned many times in recent years, following provisions for inventory valuation loss, to lower inventory risk. According to the financial statement, the inventory as of the end of 2021 accounted for 9.73% of total asset. The reduction and realization of inventory should be accelerated, but inventory valuation loss is not that serious to incur vital risk of insufficient turnover of working capital.

2. Risks of Technology Concentration

The textile industry is a mature one and doesn't involve R&D on key technologies as the hi-tech one does, which means that the completion of finished products of this industry still requires collaborative efforts of upper-, middle- and down-stream manufacturers. Including the four overseas plants, plant managers/division chiefs and those ranking higher with different kinds of expertise, working at respective plants, which attested that there is little risk for key-technology outflow or technology concentration. Some technological outflows resulting from retirement or poaching of key technicians are, however, inevitable, posing challenge to the Company's advantage based on certain unique technologies.

3. Manpower gap of rank-and-file workers and managerial staffers

Due to difficulty in seeking fresh blood, caused by the trend of less offspring and young people flocking to service sector and abroad, the Company has been confronted with the problem of aging. In order to mitigate impacts of such risks, suffice manpower, especially solicitation of young employees and cultivation of basic-level cadres, for sustainable development, the Company has been improving significantly pays, fringe benefits, promotion opportunities, and education/training in recent four years. The employees' average ages of Chain and Vietnam plants are relatively low; therefore, the risk has not happened so far.

4. Risks of investigation and penalties by the customs for inconsistency in the recorded volumes for reception, release, and storage of imported tax-bonded materials

The Vietnamese Plants should intensify warehousing management for the reception, release, and storage of tax-bonded imported materials to avoid risk and periodically regulate the import volume. Nearly 90% of its polyamine yarn for export purpose after processing with 0% nominal tariff was imported via DDP (Delivered Duty Paid), and further, most of filament in 2019 was reduced the quantity of bonded materials and cut the related risk. Given massive inbound and outbound of bonded tire core and high inventory of fireproof yarn and fabric, amounting to 32 tons, or 3.5 months of sales, as of the end of May, 2022, the company has endeavored to cut stock, via dynamic management balancing input/output/stock, notably slashing of over-one-year bonded stock. The company's Zhong-Shan plant and Chang-Shu plant in China do not have the risk, due to cessation of bonded operation for years.

5. Risks of Client Concentration

FTC has always viewed clients' 100% loyalty to our products as our target and honor, and thus strived to achieve a good cooperation or alliance relationship with clients, among which the main branded customers (such as Nike, Adidas, Columbia, Puma, Cheng Shin Rubber Ind., Kenda Tires and others) are our primary targets. Textiles are FTC's main products, that is, FTC is in the globally so-called traditional industry, in which suppliers are numerous and competition is quite fierce. Therefore, unlike the electronic industry, there are hardly statistics of worldwide market shares of respective enterprise's various products. Under such circumstances, what FTC pursues is clients' orders with maximum fulfillment of their demand. With worldwide sales and distribution network, FTC has no risks of client concentration, but there are risks of major client switching and changing companies. The resulting excess production capacity can be immediately distributed to other domestic or foreign demanding branded customers, but the room for price negotiation will be small. For great flexibility in distribution and resolving excess capacity, FTC, for a long time, has endeavored to form strategic alliance with local branded clients with growth potential in a country. To meet customers' needs in emerging countries such as Pakistan, and Brazil, the Company has implemented strategic emphasis and alliance on diverting the capacity and reducing the risk of low-high season.

6. Risk of termination of ECFA between Taiwan and mainland China

Shipment of polyamine and polyester filament to mainland China is subject to 5% tariff, although shipment of polyamine and polyester fabric is free of tariff, thanks to ECFA (Cross-Straits Economic Cooperation Framework Agreement). However, different from 100% reliance on supply from our Taiwan factory before 2010, the Zhongshan and Changshu factories have been able to secure over 90% of their need for polyester filament/fabric from local suppliers and 40% of their need for polyamine filament/fabric from local or Vietnamese suppliers in recent six years, greatly reducing the risk of termination of ECFA. In fact, the company's savings from preferential tariffs of ECFA amounted to only US\$483,708 in 2021, even lower than corresponding savings of US\$565,595 from ASSEN. Further taking account the exchangeable use between ASSEN + China and RCEP, maximum ECFA-related financial risk for the company tops only US\$500,000, which is not high.

Environment Aspect

7. Risk of changes in environmental protection acts and regulations

- 1) Active investment in remodeling equipment and correspondences in energy conversion and management of waste discharge to keep environment and community sustainable.
- 2) Reinforcement of incidents reporting systems to monitor risks in daily operation.
- 3) Compliance with law regulations, regular review on the environment assessment document and rectifications on those non-conformed items.

8. Risks of Effluent Discharge and Air Emissions

- 1) In January 2015, 24-hour detection and quality analysis instruments of discharged dyeing wastewater were activated and connected to the Environmental Protection Bureaus (EPB) of Yunlin County; data of the quality of wastewater is updated every 15 seconds. For alarms about any abnormalities, timely reactions will be taken to reduce the hazards of industrial discharge. For corporate sustainability, FTC has striven to prevent its neighbors, who have paid close attention to and kept an eye on FTC's discharge and emissions, from harm of those pollutants and maintain the long-term relations.
- 2) Regulation on Waste Management of the Company was amended in June, 2021. In addition, the Company strengthens advocacy to ensure all the operation conform with the regulations and avoid any losses.
- 3) The Company investigates how an error could have occurred and requires all plants to avoid the same error.

9. Risks and Opportunities of Climate Change , including impact, verification, management, evaluation and target :

Extreme weather and climate change may cause influential chain reactions among food, energy, water resources, hygiene and health, ecology, flood, forest fires, fluctuations in material prices, and so forth. It brings in pros and cons to the Company's products but do harm to the global environment. Locations of 5 plants in 3 places range from 10.7 ° N to 31.6 ° N. Chang-Shu Plant in China is the northernmost plant where it is occasionally hit by heavy snowfall. Long-An Plant in Vietnam and office in Ho Chi Minh City are the southernmost ones where water shortage occasionally happens at dry season. Production activities are slightly subject to the impacts of climate changes compared with the nations with high latitudes, which are explained as below:

- 1) The extreme weather, especially blizzards induced by polar vortex and extreme heat waves as a result of global warming, will be beneficial to the widespread application of the Company's main products, functional fabrics—fabrics for cold-resistant down coats, thermal retention finished fabrics, Intelligent temperature control clothing, high-end waterproof and breathable laminated fabrics, etc.
- 2) Global warming generates adverse impacts on sales of cold-resistant down fabric but benefits on sales of fabrics made of cooling yarn. This risk is about to be addressed through.
- 3) Identification of Climate risks and opportunities, including impacts, identification, management, evaluation, and goal

Climate Change and Index	Impact	Verification	Management/Assessment	Target
Global warming	Decreasing demands for down coat	Decrease in orders, Weather Forecast	Work-shift adjustment for off and busy seasons, dedication to development of cool feeling fabric and summer and autumn apparels	Additional sale of summer and autumn apparels
Polar vortex	Increasing demands for down coat	Drop in customers' inventory, Rapid increase in orders	Alliance with end customers with retail stores, seek for rush orders to create win-win situation	Strengthened ability for acceptance of rush orders
Typhoon & flooding	Damage of assets , Flooding, Power outage	Weather Forecast, Plant inspection	Central Emergency Operations Center, Rainwater and Sewage Shunting	Flood subsides within two hours, restarting production within one day
Snow disaster	Increasing demands for down coat, Increasing cost of the steam	Weather Forecast, Plant inspection	Snow cleaning and warming of equipment and pipes (only in Chang-Shu factory premises in China)	Normal operation

Climate Change and Index	Impact	Verification	Management/Assessment	Target
Salty lake tracking	Quality	Inspection of Water Quality	Reservoir inauguration/adjustment (in Zhong-Shan/ Long An Plants)	Stockpile of fresh water for four-month consumption, Normality in quality control
Rising electricity prices	Incremental cost	Announcement from the government/ the Taiwan Power Company	Work-shift adjustment for off and busy seasons	Work-shift adjustment for off and busy seasons, Electricity conservation
Air pollution	Fine, Lung cancer	ISO 14001/ Data collected from the instrumentation/Air pollution control Act	Natural gas in replacement of carbon and fuels, Examination of smoke channel, Purchase of management system; To raise the Right the First Time of dyeing and improve the recycling equipment and manufacturing process	Attainment of goal/carbon abatement/9.7% carbon abatement by 2022
Water conservation	Brand awareness	Total Consumed Water /Amount of Reclaimed Water	Sales growth via waterless and water repelling equipment, Improvement of dyeing rate to raise the Right the First Time of dyeing and improve the recycling equipment and manufacturing process	50% reduction of dyeing failure rate and 10% water-consumption reduction compared with 2021
Electricity conservation	Brand awareness	Amount of electricity	To raise the Right the First Time of dyeing, install the solar panels, and improve the energy-conserving equipment and manufacturing process	1% of electricity conservation compared with 2020.
Conserved Steam	Incremental cost	Amount of steam	To raise the Right the First Time of dyeing, Cogeneration, and manufacturing process improvement	3% saving of the consumption of steam compared with 2020

According to the regulation of TCFD (Task Force on Climate-related Financial Disclosures), cases involving over NT\$20 million value must be designated as company-level risk (or substantial financial impact), which must be managed and dealt with according to regulations and procedure.

Social Aspects

10. Risks of Public-Safety Hazard for Petroleum Stations

- 1) Regular safety check for equipment: conduct safety checks for vehicles, tanks, and equipment related to the filling of oil storage tanks, as well as car-washing machines, electric-circuit boxes, auto shut-off device for nozzles, and breakaways according to SOP.
- 2) Personnel management: forbid station staffers to use fire, keep their cell phones during working hours, ask them to wear anti-static uniforms, and require them to follow SOP in providing service.
- 3) Control of customers and vehicles: ask, via posters or oral reminding, customers not to smoke, not to use cell phones for making or receiving calls, to turn off engine in filling , and to keep away from filling islands with necessary pause of service if a customer's behavior impacts daily operation. Such management is doing better than harm and is conducive to the image and reput e of petroleum stations.
- 4) Calling for improvement of the other 100-plus stations entirely whenever one of them is penalized.

11. Risk of infringement on intellectual properties (IP)

- 1) Patents for FTC's textile technologies are applied in the name of the R&D team and their ownership is registered in the name of FTC , which seldom results in individual patent theft. In addition, textile technologies, unlike invention ones of the technology industry, are mostly of the nature of application, which hardly causes dispute on IP infringement.
- 2) As for the prevention of the infringement of trademark and copyright for pattern prints, the Company demands customers to have adequate authorization for the patterns to be printed on the fabric they purchase, a practice, carried out according to SOP, already in place for about 30 years. In fact, printed cloth is a marginal business of ours, unworthy of risking violation of law.
- 3) Although IP infringement of patented technologies by mistake, quite frequent for renowned international electronic enterprises, is rare in the textile industry, we still endeavor to prevent such incidents via intensified education and patent application. Over the past two years, FTC has acquired 6 patents as a measure of self-protection.

12. Product Liability Risks

- 1) FTC is a midstream manufacturer in the supply chain while Formosa Petroleum Stations (FPS), its subsidiary, whose business mode is B2C with sales of ready-made merchandises and plastic shopping bags that are free form processing. FTC's main products are textiles, which are intermediate goods rather than final ones, like garments, the edible, and the medicinal. Unlike FPS, which has to pay attention to consumers' safety thanks to their products sold in the form of final goods, FTC does not have to worry about such issue.
- 2) Tire cord fabrics are used in the tire casing by our tire manufacturing clients. The whole tire must pass production certification and tire safety inspection, both of which will be conducted at those clients' manufacturing end.

- 3) Produce and test protective fabric, Bulletproof fabric, fabric for detection and anti detection, and temperature-enduring fire-retardant industrial cloth (commonly known as fireproof cloth) in various grades according to customers' requirements. Bulletproof fabric is tested by the military in a professional manner, in order to meet the criteria of suppliers of materials or branded customers, such as DuPont, that much more regard highly the maintenance of long-term reputation than FTC.

13. Risk of Information Security

In order to assure the safety and stability of information safety, prevent abnormality and disaster of information systems and damage of computer information files, and strengthen protection of personal data, the company has set up related management measures and handling guidelines, plus multi-layer control and protection mechanisms, so as to effectively manage risks of corporate information systems and uphold continuing operation of the company. In order to assure safety of information utilization and establish a reliable environment for information usage, the company has embraced the following information-safety policy:

- 1) A multi-layered in-depth framework used to build firewalls, intrusion prevention systems (IPS), malicious URL filtering and advanced persistent threat defense (APT) are being adopted to prevent malicious attacks from external networks.
- 2) Set up employee Internet access, e-mail and personal information/sensitive data loss prevention mechanisms to prevent improper disclosure or leakage of personal and sensitive information, and prevent internal systems from being implanted with malicious programs. Regularly require password changes and enable password complexity settings to strengthen authentication for system logins. Install anti-virus software on the computer, update virus patterns and security patches in real time, establish security access policies, and control the connection and access of USB devices to strengthen endpoint detection and response capabilities.
- 3) The computer room and other information infrastructures are equipped with access control. Backup systems, uninterruptible power supply and fire protection facilities are regularly simulated and drilled to strengthen physical security.

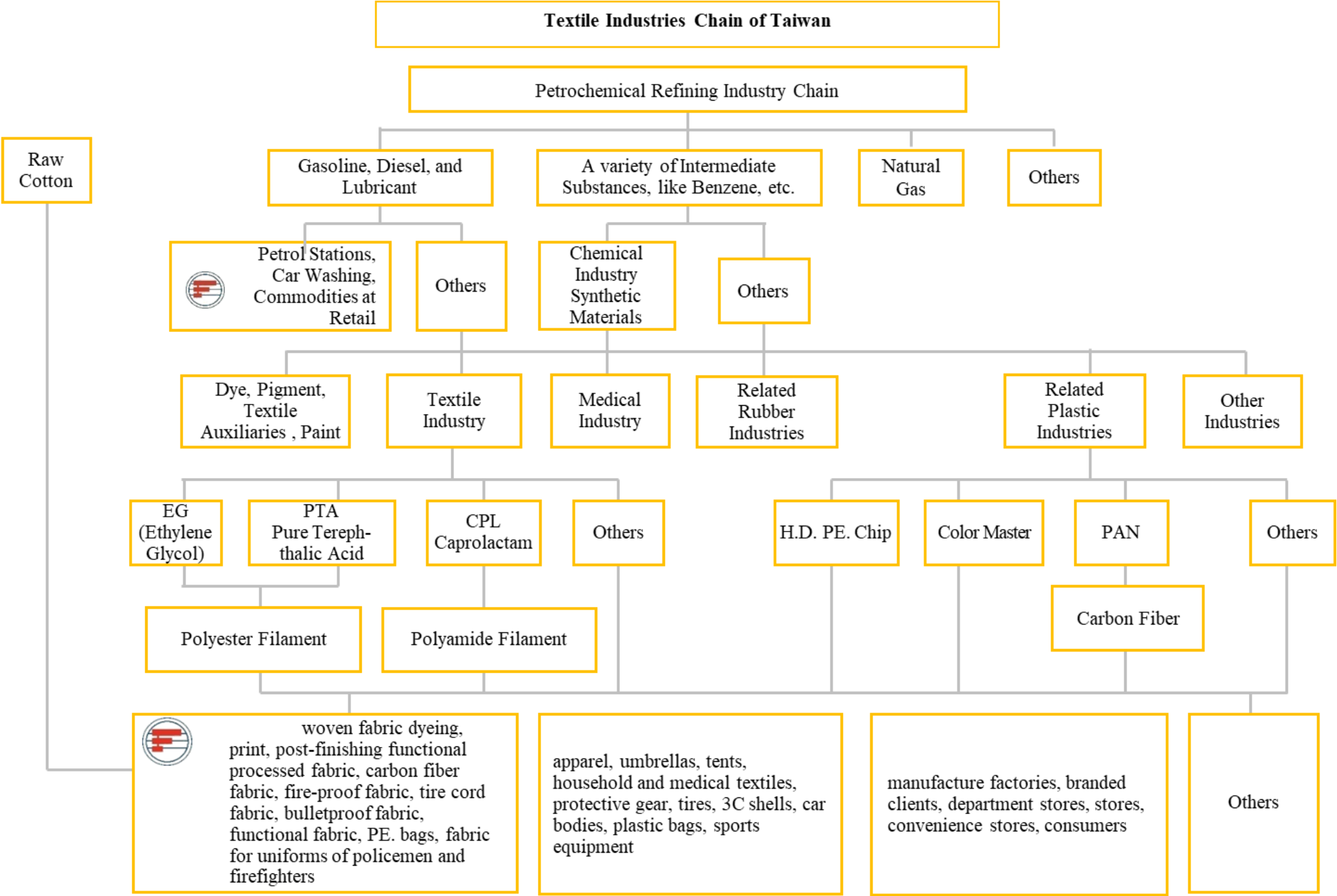
The Company continues to implement training on information security to employees to strengthen the employees' awareness of information security. A total of 23 people in the company completed the MIS center's internal training course on "information security management principles," and seven promotions on information security were conducted in 2021. In 2021, The company has not had any major information security events.

14. Risk of regional politics

Shortly before the outbreak of COVID-19 pandemic, the U.S. and China signed first-stage trade agreement on Jan. 15, 2020, alleviating their trade disputes. On March 20, 2020, U.S. Dollar Index (DXY) surged to 102.99, before dropping to the nadir of 89.206 at -13.38% on Jan. 6, 2021, due to unlimited U.S. QE (quantitative easing) monetary policy, inflicting exchange-rate loss on many Taiwanese exporters, shrinking the earnings from exports. The world has been plagued by rising oil prices, emerging inflation, and restructuring of supply chain, with U.S. inflation rate hitting 8.6% in May, 2022 and U.S. Dollar Index rising to 105.78 on June 15. The U.S. Fed announced, for the first time since Dec. 2018, interest rate hike by 0.25 of a percentage points on March 16, along with adjustment of corresponding financial instruments, ushering in an interest hike cycle. The Fed will also contract money supply (withdrawing funds from the market) gradually, to combat inflation. Taiwan's central bank also raised interest rate, for the first time since June, 2011, 0.25 of a percentage point in March. Faced with the volatile environment, the company has to consolidate existing supply chain and intensify anti-epidemic measures, to uphold the normal operation of various factory premises, preventing disruption of supply chain, materials supply, production, and shipment. Taiwan's central bank also raised interest rate, for the first time since June, 2011, 0.25 of a percentage point in March. Fortunately, the company's mainstay product textiles and garment are excluded from the items liable to 25% tariff increase in the U.S. In 2022, with the world haunted by raging virus variants, the company will adjust the capacities of the five factory premises flexibly, to solicit orders from new supply chain.

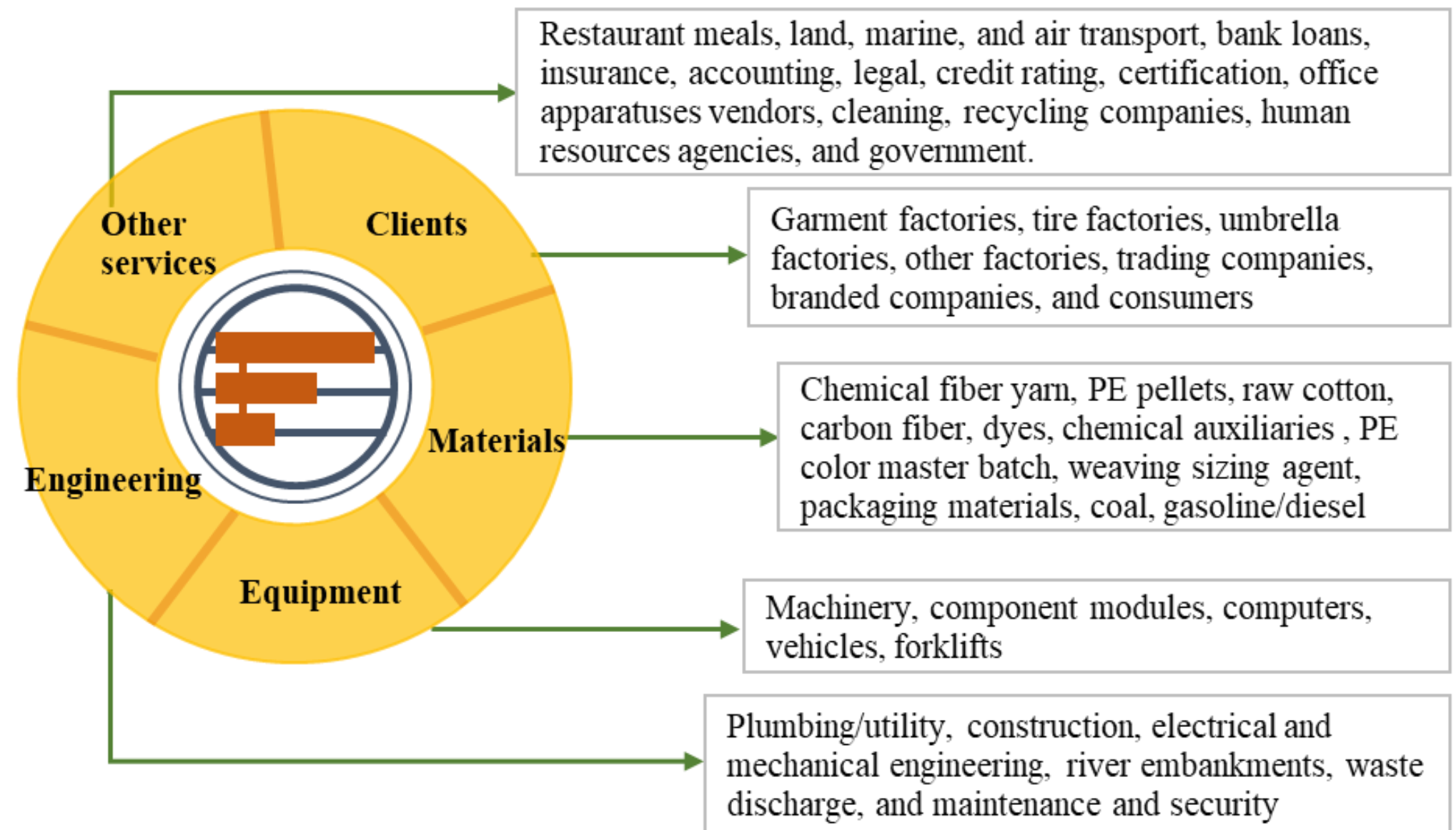
V. Relation with the Textile Industry Chain

(i) The Supply Chain of Raw Materials and Products



ii. Overview of the Supply Chain

As a midstream player in the textile industry, the Company must rely on not only a large number of clients' orders but also the cooperation of the entire industry chain in multi-lateral and multiple trade/services, such as the construction of plants, the arrangement of production line equipment, regular maintenance, the procurement of raw materials, the provision of before- and after-sales services, etc., to maintain the required energy for daily operations. The diversification, customizability and a wide scope of applications—functional apparel, flame retardant fabric derivatives, umbrellas/parasols, cleanroom suits, medical expendable items, tires, electronic product cases made from carbon fiber, carbon fiber auto accessories, etc.—of FTC's products lead to its complex supply network, whose operation is summarized as right picture:



1. Proportion of Local Suppliers and that of Spending on them

- "Local country" refers to autonomous tariff areas as WTO (World Trade Organization) members materials-consuming factory premises are located. In the report, it refers to Taiwan, mainland China, and Vietnam, where suppliers must provide judicial-person certificates issued by local governments, fill data sheet on contractors (subcontractors), offer registration forms for remittance accounts, and sign anti-bribery commitment letters, to be screened by the company to be the company's qualified suppliers, capable of making transactions with the Company based on the company's procurement procedure. To promote the usage of green materials for environmental protection, the Company encourages suppliers of major materials (filament, dye, auxiliary) to take environmental factors into account in their operation, giving them priority in procurement as an incentive, and demands new suppliers to set goals for energy conservation, water-consumption saving, waste abatement, and hazard reduction.
- The amount and proportion of local procurement of five plants in three places are displayed in the following table:

The Amount and Proportion of Local Procurement of Five Plants in Three Places in 2021

Plant	Taiwan Plant	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
Amount (NT\$)	16,275,750,072	270,322,681	938,923,540	444,241,592	2,372,721,923
Proportion (%)	80.24%	56.9%	92.62%	46.20%	24.77%

- Given the needs for proper and safe inventory, rapid delivery, avoidance of tariffs, and after-sales service, local sourcing is a top priority, while insisting on the requirement for quality and functionality.

➤ The number of local suppliers and proportion as of December 31st, 2021 is shown as the table below:

Plant		Taiwan Plant					Zhong-Shan Plant					Chang-Shu Plant		
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxi-liary	Total	Yarn	Sizing Agent	Dye	Auxi-liary	Total	Dye	Auxi-liary	Total
Number of Supplier		72	8	26	106	212	19	2	18	42	81	14	22	36
Locations of Suppliers	Taiwan	59	8	26	100	193	7	2	4	8	21	3	6	9
	China	7	-	-	-	7	10	0	14	34	58	11	16	27
	Vietnam	3	-	-	-	3	2	0	0	0	2	-	-	-
	Hong Kong	1	-	-	-	1	-	-	-	-	-	-	-	-
	Netherlands	-	-	-	1	1	-	-	-	-	-	-	-	-
	Indonesia	1	-	-	-	1	-	-	-	-	-	-	-	-
	Japan	1	-	-	3	4	-	-	-	-	-	-	-	-
	German	-	-	-	1	1	-	-	-	-	-	-	-	-
	Switzerland	-	-	-	1	1	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		81.94%	100%	100%	94.3%	91%	52.63%	0%	78%	81%	71.6%	78.6%	72.7%	75%

Plant		Long-an Plant					Dong-nai Plant				
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxi-liary	Total	Yarn	Sizing Agent	Dye	Auxi-liary	Total
Number of Supplier		18	7	15	33	73	32	7	12	19	70
Locations of Suppliers	Taiwan	9	6	8	23	46	14	6	6	10	36
	China	5	-	-	-	5	12	-	-	-	12
	Vietnam	4	1	7	10	22	4	1	6	9	20
	Indonesia	-	-	-	-	-	2	-	-	-	2
Proportion of Local Supplier (%)		22.22	14.29	46.67	30.3	30.14	12.5	14.29	50	47.37	28.57

(ii) Evaluation of economic benefits of local procurement of textile materials and dye and progress :

- 1) In recent years, international branded customers have preferred local sourcing and manufacturing; thus, the local sourcing proportions of yarn vary in regions based on the volume clients order.
- 2) The local sourcing proportion of yarn for tire cord in Dong-nai Plant is lower owing to no high denier polyamide production plants in Vietnam currently.
- 3) Customers' demand for products with high functionality swells; such products are still mainly manufactured in Taiwan Plant because of the consideration of high-tech transfer, leading to relatively higher local sourcing proportion of materials for those products.
- 4) The local sourcing proportions of auxiliaries in Vietnam Plants are relatively low due to the limited number of local suppliers and their incompetence in the supply of quality materials to meet the demand for diversified products.
- 5) The local sourcing proportions of dyes are determined by types of yarn; the more purchase of one kind of yarn, the more consumption of corresponding dyes.
- 6) Given the requirements of safe inventory, consistent quality, short delivery time etc., local sourcing is a top priority and carried out with adequate quality, volume, and prices for the five plants in three places.
- 7) For the reduction of overseas transportation costs/time/tariffs/insurance fees of raw materials, environmental protection, the increase of the local industry cluster and social benefits, to adequately augment the local sourcing proportion.
- 8) A material, conforming to quality requirements, will be listed in the candidate list for procurement through irregular comparisons of raw materials supplied by local suppliers.

Local Sourcing Rate of Yarn for Weaving and Dyeing, Sizing Agent, Dye and Auxiliaries (Unit:%)

Year Plant	Yarn for Weaving and Dyeing			Sizing Agent			Dye			Auxiliaries for Weaving and Dyeing		
	2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Taiwan	73.5	68.6	76.92	100.0	100	100	99.9	100	100	89.6	94.17	98.8
Zhong-Shan	44.4	48.1	40.9	0.0	0	0	76.3	76.3	82.7	86.0	86.1	83.3
Chang-Shu	No woven plant			No woven plant			94.7	90.15	82.75	86.7	91.47	93.56
Long-an	52.9	70.6	69.4	2.1	1.8	0.8	16.7	32.5	28.7	20.6	21.4	23.0
Dong-nai	17.9	18.4	20.9	3.9	4.36	2.0	44.1	36.6	52.0	32.1	44.7	33.3

Local Sourcing Rate of Dyeing Auxiliary of the 2nd Business Segment

(Unit: %)

Year	Plant	Raw Material	Latex	Resorcinol	Bridging Agent	HDPE.L-LDPE	Color Master Batch	Ink	Epoxy
2021	Taiwan	Tire Cord Plant	100	0	99.8	100	100	100	100
		Carbon Fiber Plant	-	-	-	-	-	-	-
		Plastic Plant	-	-	-	-	-	-	-
	Vietnam	Tire Cord Plant in Dong-nai	0	0	0	-	-	-	100
2020	Taiwan	Tire Cord Plant	100	0	99.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam	Tire Cord Plant in Dong-nai	0	0	0	-	-	-	100
2019	Taiwan	Tire Cord Plant	100.0	0.0	99.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100
		Plastic Plant	-	-	-	100	100	100	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	0.0	0.0	-	-	-	-

❖ Resorcinol must be 100% imported for both the tire cord plant in Taiwan Plant and that in Dong-nai of Vietnam, that is, no local sourcing takes place, since it is not produced locally.

❖ “0” represents no local sourcing ; “-” represents non-usage.

(iii) Material Management and Assessments of Suppliers' ESG Conformity**1. Raw Materials**

- 1) Materials that are provided by suppliers must be verified via :
 - i. OEKO-TEX Standard 100 Specification Guarantee;
 - ii. EU REACH Substances of Very High Concern (SVHC) Qualification Certificate;
 - iii. Organotin-free Certificate;
 - iv. APEO-free Certificate;
 - v. ZDHC – Inventory of Restricted Chemical Substances ZDHC.
- 2) earn manufacturers, consumers and users' trust.
- 3) meet national transportation safety regulations for being deliverable if transported materials are hazardous.
- 4) pass regular examinations and/or irregular on-site inspections of related processes and their quality to ensure their conformity to government environment protection regulations and its commitments to ESG.
- 5) be safe to use through terminating business with suppliers who violate government environment protection regulations.
- 6) Material procurement is mainly the procurement of raw materials (yarn/cotton) and chemicals (sizing agents, dyes, auxiliaries). Suppliers of five Plants in three places are assessed in quality, delivery, price, and ESG performance that respectively account for 50%, 20%, 20%, and 10%; the results in 2021 are shown as table of 2021 Suppliers' Rating of five Plants in three places .

2021 Suppliers' Rating of five Plants in Three Places									Unit: number/%
Type	Grade		A	B	C	D	E	F	Total
Taiwan	Raw material	Number	64	0	0	0	0	0	64
		Proportion	100	0	0	0	0	0	100
	Chemicals	Number	108	6	0	0	0	0	114
		Proportion	94.7	5.3	0	0	0	0	100
Zhong-Shan	Raw material	Number	9	0	0	0	0	0	9
		Proportion	100	0	0	0	0	0	100
	Chemicals	Number	41	17	0	0	0	0	58
		Proportion	70.7	29.3	0	0	0	0	100
Chang-Shu	Raw material	Number	10	0	0	0	0	0	10
		Proportion	100	0	0	0	0	0	100
	Chemicals	Number	27	5	0	0	0	0	32
		Proportion	100	0	0	0	0	0	100
Long-an	Raw material	Number	17	0	0	0	0	0	17
		Proportion	100	0	0	0	0	0	100
	Chemicals	Number	57	0	0	0	0	0	57
		Proportion	100	0	0	0	0	0	100
Dong-nai	Raw material	Number	19	0	0	0	0	0	19
		Proportion	100	0	0	0	0	0	100
	Chemicals	Number	19	0	0	0	0	0	19
		Proportion	100	0	0	0	0	0	100

❖ Due to no woven plant in Chang-Shu Plant in China, there is no evaluation for raw materials (yarn/cotton) in Chang-Shu Plant.

Grade	A	B	C	D	E	F
Bracket	100 90	89 80	79 70	69 60	Introduced for trial , unified assessment every June	Below 59
Frequency of Rating/Description	Twice a year	Once a year	Every half year, improvements needed	Every half year, potential candidate and improvements needed		Termination of inquiries

2. Materials

- 1) Regarding material procurement, priority is given to materials that conform to international environmental protection regulations, and to
- 2) Materials that are certified with the Green Mark by the EPA or Energy Label by the Ministry of Economic Affairs, or renewable/helpful to lower pollution/recyclable/ beneficial to the society or the reduction of social costs, or the like.

Expenditures of Products with Green Mark in Taiwan Plant

Year	Amount (NT\$)
2021	908,982
2020	229,558

Proportion of Yarn Made from Reclaimed Materials Procurement Unit : tons/%

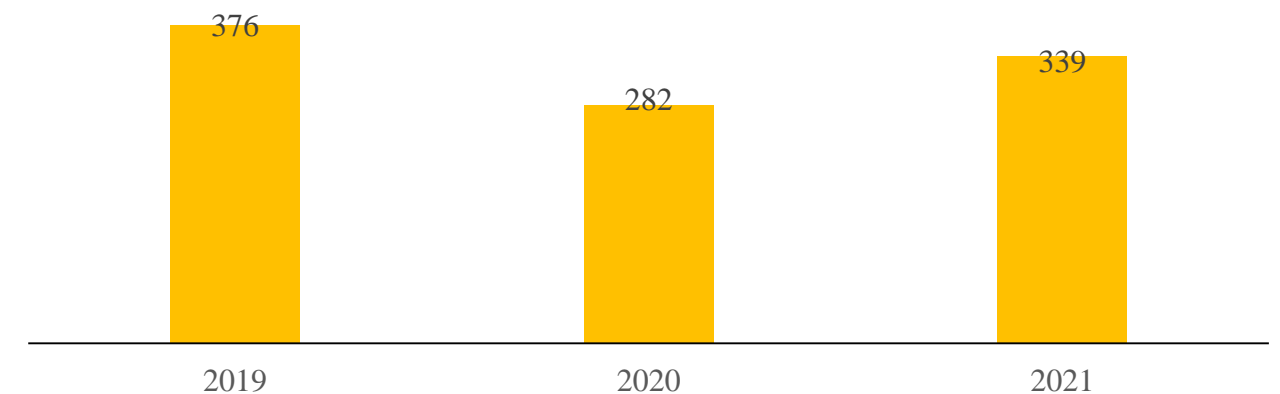
Year	The amount of Yarn Made from Reclaimed Materials Procurement (A)	The amount of raw material (B)	Proportion of Procurement (A/B)
2021	5,159	12,786	40.3%
2020	2,811	9,093	30.9%

- ❖ Such products, like energy-saving equipment and eco-friendly products, are mostly purchased irregularly; the gradual replacement of old ones has been carried out in recent years, which results in fluctuations in expenditures incurred exactly by the replacement of the damaged parts.
- ❖ The Company defines secondary processes of polyester draw textured yarn and polyamine as Yarn Made from Reclaimed Materials.

(IV) Selection of Suppliers and Extended Collaboration

1. The existing screening criteria are adopted for reviewing a supplier's qualification for business, and an advance notice is required if the supplier is incapable of supply, e.g. stoppage of production or shutdown, etc., so as to assure stable production quality and uphold customers' rights.
2. Less usage of packaging is another requirement, including:
 - 1) the replacement of packing method for auxiliaries whose monthly usage reaches an economical bulk—4,000 kg—with bulk packages (Capacity: 1,000 kg) to reduce packaging usage, and
 - 2) the adoption of eco-friendly/recyclable substances as raw materials for packaging.
 - 3) The extended collaboration between a supplier and FTC's R&D department on development of high-performance dyes is strongly recommended for less consumption of dyes and energy, less generation of effluent, and so on. The year by year declining purchase of dyes in Taiwan Plant is the best evidence to demonstrate the effectiveness of such collaboration.

Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant from 2019 to 2021 (Unit: Ton)



3. To strengthen the awareness of environmental protection for procurement staff, 14 staff from the procurement department were trained on environmental protection on Jan., 11, 2021.
4. In 2019, suppliers of major materials (filament, dye, auxiliary) were required to sign "supplier corporate social responsibility commitment," covering labor and human right, health and safety, environmental protection, ethical code, management participation, and friendly inspection. As of the end of 2020, 70 suppliers have already signed the commitment. Since 2020, FTC has irregularly conducted on-site audit or submitted questionnaire on suppliers to review each ESG performance of suppliers to create a sustainable value chain. The assessment performance conducted over the past two years and the assessment result of suppliers in 2021 are shown the table below. In 2021, no negative impacts were found during the on-site visits on these suppliers. Besides, no suppliers were ended the business partnership due to the audit result.

Supplier Assessment Aspects and Number of Suppliers in 2021

Item	Labor and Human Right	Health and Safety	Environmental Protection	Ethical Code	Management Participation
Number of assessed suppliers	56	56	56	56	56
Number of assessed that have or may have negative impacts	0	0	0	0	0

Performance of ESG Assessment on Suppliers over the Past Two Years

Method of assessment	Year	2020	2021	Total
On-site audit (unit: number of assessed suppliers)		9	0	9
Questionnaire Survey (unit: number of assessed suppliers)		0	56	56

*Due to the pandemic, the method of ESG assessment on suppliers were implemented through questionnaire survey.

VI. Client Policies and Rights Protection

1. Client Policies: Sharing Benefits of Market Growth with Clients

- 1) Creating a Sound and Healthy Growing Supply and Demand Relationship: The more an enterprise and its clients can mutually benefit, the better extent of co-prosperity they can reach. Therefore, for an enterprise, creating a sound and healthy supply and demand relationship is an important management theme for sustainable development. In view of the emphasis on the long-term development and maintenance of the industry supply chain and dependence on the international marketing of clients, the Company has devoted to transaction integrity, reasonable pricing, fair trade, stable supply and demand, long-term cooperation, mutual benefits, co-prosperity while cooperating with clients in a manner of mutual trust in the long-run.
- 2) Enhancing the Competitiveness of Middle- and Down-stream Clients: Only by satisfying the demands of customers and sharing the benefits of market growth with midstream and downstream clients can the Company ensure sustainability. Before developing new products, the R&D Center of the Company will first communicate with midstream and downstream branded clients to develop mutually beneficial market strategies, ensure smooth promotion of the supply chain of new products, and simultaneously boost the competitiveness of the customers.
- 3) Electronic Commerce Saves Costs and Increases Efficiency: To increase the service efficiency for clients, the Company has established a Company website that includes a client online service system and internet promotion system in order to improve rapid services and provide real-time information, such as an online product information inquiry system, order and production progress, inspection reports, and warehousing and transportation tracking. Furthermore, the system also established a dedicated client performance evaluation mechanism, client order prediction and tracking system, and product inspection system to improve the service standards and clients' satisfaction and reduce the costs of negligence in operations.

2. Protection of Client Information and Rights

For long-term co-prosperity among FTC and clients, FTC has actively maintained clients' rights through avoiding infringing on their rights or leaking confidential information in the commercial transactions, which has been the basic knowledge and discipline of personnel of sales department. In 2020 and 2021, no reported cases of client rights infringement were received.

- 1) **Personal Information Management** : When collecting, utilizing, or processing the information of non-Company parties, especially of clients, all personnel of five Plants in three places must comply with the relevant corporate bylaws (Document Number 100-20-P067) and national legal regulations to prevent the abuse, tampering, damage, loss or leak of personal or legal persons' information. To implement relevant safety measures and guard clients' critical information and rights, items such as privacy, trademark rights, patent rights, copyrights, and business secrets, etc., are protected targets, and so is relevant units' data of the client order system and inferior quality product warehousing system.

2) Management of Printing Plates and Patent Rights of the Pattern of Plates : Through the configuration and specifications of the relevant information of the rights of the order system in the Company, the product items will be secured by the system and will require specific rights protocols and certification before they can be approved for production. Regardless of model type, sample fabrics, fabrics in excess, or inferior fabrics, information will not be leaked.

3) Inferior Quality Product Warehousing Management : Regarding inferior products produced in the manufacturing process, the inferior products that are registered in their rights protection system will be stored and controlled until their rights expire. The registration will be conducted by relevant personnel, and the restriction can only be lifted with the approval of the clients and President-level staff in order to prevent these inferior products from entering the market.

3. Information and Communication Security Management

The Company has taken all the necessary security and management measures for the information system and equipment, installed anti-virus software, firewalls and access restriction software/hardware, and implemented access control and user registration inspections to monitor the security of all information systems and prevent unauthorized access, leakage, infiltration, tampering, theft, or damage in order to ensure continuous operation and protection of client confidentiality and rights. In the case of emergency, such as earthquakes, fires, typhoons, power shortages, or lightning strikes, swift response measures will be taken to resume normal operations as quickly as possible; perpetual backup will be retained under normal conditions in order to reduce the threats to client rights and prevent damage to the sustainability of the operations.

4. Client Satisfaction Investigation

The questionnaire survey is conducted every year to understand the customers' satisfaction on the following items: quality, delivery punctuality, complaint handling, packaging maintenance, new product development, product sample marketing, color matching, and service.

2020-2021 Result (Average Points) of Client Satisfaction Survey of the 1st Business Segment (Unit: Point)

Significance /Satisfaction Level	Item	Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Product Sample Marketing	Color matching	Service
	Year								
Significance to Business Development	2021	7.4	6.1	3.2	2.2	5.1	3.7	4.8	3.5
	2020	7.7	6.5	3.8	2.6	4.9	3.7	3.9	4.3
Evaluation of Satisfaction Level	2021	5.3	5.0	5.1	5.4	4.9	5.1	5.3	5.7
	2020	5.2	5.1	5.1	5.4	4.9	5.0	5.2	5.7

Explanation:

- 1) Information of client satisfaction of the 1st Business Segment is fetched via questionnaire-based survey from 2018 for objectivity while that information prior to 2017 is a self-assessment conducted by FTC's president's office based on major branded clients' feedback on the Segment's products and services.
- 2) Since regular assessments on supply chain (Brand/ T1/T2) are conducted by the brand customers, the President appointed that the survey of 2020 shall focus on the individual customers such as umbrella and non-brand customers.
- 3) 32 questionnaires were sent to customers, with 28 effective collected. The result of the survey was collected and brought to the president for review in December, 2021.
- 4) In 2021, the company conducted a questionnaire survey of customer satisfaction, asking customers to mark extent of "significance for business development" for eight items, according to a eight-tier scale, with 1 representing eight points, the most importance, followed by 2 representing very important with seven points, and so on. Full score is 64 points. The result shows that the top item is quality, followed by delivery and new product development.
- 5) For the eight customer satisfaction evaluation items, 6 points represent excellence, five points good, four points average, with full score reaching 48 points. In 2021, evaluation results for four items (complain handling, packaging, new product development, service) were better than 2020, with an item (delivery) worse than 2020.
- 6) Quality and delivery punctuality are considered to be of great help for business development. According to the result of 2021, customer gradually focuses more on new product development; therefore, the Company shall not only improve the delivery and quality but also the new product development to show FTC's innovative value.

2020/2021 Result of Client Satisfaction Survey of FTC's Tire Cord Business Division

(Unit: Point)

Significance /Satisfaction Level	Year	Item	Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Service	Total
Significance to Business Development	2021		5.3	4.8	3.3	3.1	2.6	2.9	22.0
	2020		5.6	5.2	3.0	3.0	2.3	2.5	21.6
Evaluation of Satisfaction Level	2021		5.3	4.3	5	5	4.7	5.3	29.6
	2020		5.1	4.9	5.1	5.2	4.8	5.4	30.5

Explanation:

- 1) 59 questionnaires were sent to customers, with 23 effective collected, by the Tire Cord Business Division. The data above was collected in Nov., 2021.
- 2) 6 points in “Significance to Business Development” represent “much important” while 1 point means “much unimportant.”
- 3) 6 points in “Evaluation of Satisfaction Level” represent “much satisfied” while 1 point means “much dissatisfied.”
- 4) The results along with suggestions from customers were brought to the manager for review. The related department should continue to improve the new product development and delivery punctuality to meet customers’ expectations.
- 5) Delivery punctuality and quality, for clients of the Tire Cord Business Division, are considered much influential for their business development; therefore, the interaction of product development is recommended at appropriate time. Since driving safety is everyone’s most concern, all components/parts involving driving safety, requiring replacement, need to pass a series of testing, inspections and trial use, which is quite time-consuming and leads to significant difficulty for new product development and new customer solicitation.
- 6) For the well-known branded clients without a great deal of transactions, the Company should dig into the reasons and strive for their trust, trial orders and satisfactions.

VII. Formosa Petroleum Stations (FPS)

Main businesses of FPS’ are the retail of gasoline and diesel and service of car wash. All oil products are 100% from Formosa Petrochemical Corporation, a member of Formosa Plastics Group (FPG), which is a steady supply source. To maintain the quality conformity, a lot of efforts are made to execute source management—to regulate that samples of gasoline/diesel in each tank truck must be taken and stored, that standard operating procedures must be obeyed for the transportation and unloading, and that periodic oil quality inspections must be made by certification bodies accredited by the government.

Employees of petroleum stations must adhere to “five don’ts and five dos” in refueling to reduce the escape of gasoline vapors.

Five Dos during Refueling

- ✓ Stop refueling when self-stopping mechanisms are triggered.
- ✓ Lift the lever up with a hand for activating the pump.
- ✓ Keep a pump nozzle from being hit when in use.
- ✓ Let any last drops fall in before removing the nozzle from the gas tank.
- ✓ Keep pump nozzles and rubber hoses clean all the time.

Five Don’ts during Refueling

- ✗ Do not force refueling.
- ✗ Do not lift the lever up and/or lower it with a pump nozzle.
- ✗ Do not slam pump nozzle or hit it hard.
- ✗ Do not let the last few drops be left in the pump nozzle.
- ✗ Do not press the barrel of a pump nozzle with your hand.

i. FPS' Environmental Protection Measures

Besides growth in sales, FPS also attaches importance to environment protection and sustainability through incorporating energy/electricity/water conservation, reduction of air pollution, etc., into daily management, to social concern, and to realization of the social responsibility. The related environmental measures are as follows:

1. Energy Conservation Measures

Overall application of the electronic invoice system to 105 petroleum stations was attained on December 12, 2017, which brought the following energy conservation effects and economic benefits: :

- Compared to conventional duplicate/triplicate cash register uniform invoices and computer uniform invoices, the adoption of electronic ones in 2021 consumes 1.73 million pieces of paper pre month, which can save the paper expenditure of NT\$ 10.5 thousand per month.
- Manual jobs of collating, securing and checking paper invoices are much fewer.
- The usage of electronic invoices can cut warehousing costs through being free from the constraint of filing for reference for 5 years.
- To conserve energy and reduce carbon, it is planned to take membership cards as carriers to replace paper electronic invoices.

Consumed Energy Items of Vietnam and of Formosa Petroleum Stations over past two years

Item \ Year	2020	2021
Purchased electricity (GJ)	17,392	16,577
Total Consumption (GJ)	17,392	16,577
Unit Energy Consumption	1.8	1.5

*Unit Energy Consumption= GJ/NT\$ millions

2. Electricity Conservation Measure

From 2012 onwards, energy-consuming Fu-Le lights, projection lamps and conventional fluorescent tubes are replaced with energy-saving LED lights produced by Nan Ya Photonics Inc.; after such replacement, power saving is getting better year by year, shown as follows:

Annual Performance for using energy-saving LED lights

Year	2011 (base year)	2018	2019	2020	2021
Consumed electricity (KWH/KL)	14.0	9.8	9.8	10.4	10.8
Proportion of conserved electricity (%)	-	-30.0	-30.0	-26.4	-22.9

❖Electricity-saving ratio = (consumed electricity of the current year – consumed electricity of the base year) /consumed electricity of the base year.

3. Water Conservation and Discharge Measures

1) Tap water is the main water source of each petroleum station for clients' and employees' usage and car washing. Wastewater generated from car washing cannot be discharged into public sewers without treatment in conformity to drainage standards. In 2021, 15 petroleum stations have secured usage right for ground water and the remainder will also apply for the right successively. 33,157 tons of water were consumed in 2021.

2) Due to decrease of car washing services, total water consumption decreased by 7,318 tons, from 92,351 tons in 2020 to 85,033 tons in 2021. Till 2021, 43 water-saving car-washing machines in total were introduced for greater water conservation. Wastewater recycling and reuse systems were installed at the Wen-xinon on May 10, 2017, Pei-ming, and Hsin-kung stations in 2018, and Tai-zi station in 2020. For less consumption, wastewater, and fewer discharges, such systems will in succession be installed in the other stations depending on wastewater recycling benefits.

The aggregate wastewater recycling performances of these three stations are as follows:

Year	Amount of Wastewater Discharged (Ton/Month)	Consumption Water for Car Washing (Ton/Month)	Recycling Volume (Ton/Month)	Recycling Rate(%)
2021	405.9	2,018.6	1,764.8	109.43

4. Underground Pollution Prevention Measures

Prevention Measures	Implementation Contents	Implementation Cycle	Implementation Effectiveness
Declaration of Equalization Control over Total Oil-Input/Output Quantity	According to the Regulations Governing Facilities for the Prevention of Groundwater Pollution of Underground Storage Tank Systems and Monitoring Equipment, FPS has been daily filling out the total oil-input/output quantity control form and regularly declaring.	Complete total oil quantity control form/ daily Declaration / every 4 months	The 2021 declarations of all petroleum stations have been verified that no abnormalities take place by respective local EPBs.
Underground Pollution Monitoring	FPS mostly adopts the soil vapor monitoring for the underground pollution monitoring. Besides monthly soil vapor self-inspections, FPS further outsources such inspections to a qualified environmental protection inspection institution every four months, and declares the results online. The regular cooperating institution for 2021 is Top Team Professional Co., Ltd.	Outsourced inspections / every 4 months Declaration / once every January, May, September	Ditto. Both PID and FID* meet criteria; no need for further inspections of soil or groundwater.
Self-Inspections of Operation Equipment	FPS conducts self-inspections and self-measurements of fuel dispensers, pipelines of underground storage tanks system, vapor volume of catch basins of oil tanks, volume of oil tanks, etc.	Periodical circular sample inspections / daily, monthly, biannually	Results of 2021 irregular inspections of the EPA and the local EPBs reveal that inspected items meet criteria—no generation of pollution.

❖Install a flame ionization detector and a photoionization detector for detecting the oil-gas density of the soil-gas monitoring well of underground storage tank (monitoring well, for short), to determine leakage in underground storage tanks or pipelines (in reference to the "oil-gas detection method for the soil-gas monitoring well of underground storage tank", announced by Taiwanese EPA).

5. Petroleum Vapor Recovery Measures

- 1) According to the provisions of paragraph 3, Article 22 of the Air Pollution Control Act, air-to-liquid volume ratio testing and vapor leak testing shall be performed by professional testing personnel twice a year and once every two years respectively. To avoid vapor leak, all refueling islands are equipped with refueling guns with gasoline vapor recovery facilities, refueling guns are replaced regularly, and the residue gasoline within guns is cleaned. Each area is equipped with gasoline vapor recovery detectors, and monthly self-inspections are conducted to calibrate gasoline vapor recovery pumps to the optimal ratio of 1:1 to sustain the stability of gasoline vapor ratio and extend the service life of equipment. In 2021, the EPBs conducted sampling inspection of air-to-liquid volume ratio testing of refueling guns of 9 Formosa Petroleum Stations, 100% of which pass testing—a rate much higher than the required 70%.
- 2) FPS requests its employees to conform to refueling principles—the five Dos and five Don'ts, conduct frequent equipment checks, trigger timely notification for any abnormality, and replace damaged or malfunctioned equipment. To ensure safety and increase the vapor recycling rate, routine inspections that must be performed include checks on connectivity between a oil tank car and a vapor recycling pipe in the daily first stage oil unloading, functionality of vapor recycling motors, signals and/or noises for motor abnormalities, existence of oil residues in the rubber tubes of the pump nozzles, etc.

(ii) FPS' Contributions to Society

In addition to the aforementioned environmental protection measures, FPS also actively provides many offers to clients to increase their loyalty, reliance, satisfaction, and retention rate, and has fulfilled its duty to disclose the information of those offers to reduce consumer disputes. What FPS pays back to clients and the society are as follows:

- **Refueling Discounts:** Discounts vary according to payment methods—by cash or by credit card. In 2021, clients, eligible for discounts on account of the credit card payment, are those whose cards are issued by Cathay United Bank, E.SUN Commercial Bank, Union Bank of Taiwan, Taichung Bank, Yunta Bank, and HSBC Bank. Besides, another discount will be given to clients who pump self serve gas.
- **Membership Reward Points :** Applying for VIP membership enables a client to earn reward points for gift redemption.
- **Discounts on Side Products:** With smooth and autonomous channels, discounts will be irregularly given to clients on goods such as various motor oils, tissues, bottled water, cleaning supplies, Spring Festival gift boxes, and affiliated companies' products (warmth retention garment, umbrellas for both sunny and rainy use, waterproof and breathable jackets, etc.).

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- **FPS is also active in participating in charities, summarized as follows:**

Year	Charitable Organizations	Charitable Events	Targets
2021	Hondao Senior Citizen’s Welfare Foundation	Assistance to the underprivileged groups	Various underprivileged groups
2020	Huashan Social Welfare Foundation & 5 other Associations	Assistance to the aged, children, and the physically or mentally handicapped	Various underprivileged groups
2019	Hueiming Organization & 5 other Associations	Assistance to the physically or mentally handicapped	Various underprivileged groups



(iii) Result of Client Satisfaction Survey of FTC’s Petroleum Business Division

2021 Result (Average Points) of Client Satisfaction Survey of FPS

(Unit: Point)

Significance /Satisfaction Level	Year	Item	Quality	Environment	Service	Total
			4.38	4.41	4.50	4.47

Explanation:

- 1) 220 questionnaires were sent to customers, with 220 effective collected, by Petroleum Business Division. The data above was collected in Dec., 2021.
- 2) 6 points in “Evaluation of Satisfaction Level” represent “much satisfied” while 1 point means “much dissatisfied.”
- 3) The questionnaire were divided into three topics, quality, environment, and service. According to the result of survey, these three topics all reached 4 points or more.
- 4) The quality topic averagely reached to 4.38 point, among questions of quality topic, the oil quality got the best score, 4.60. The environmental topic averagely reached to 4.41 point, among questions of environmental topic , the clearance and tidiness of toilets got the best score, 4.55. The service topic averagely reached to 4.50 point, among questions of service topic, the proficiency got the best score, 4.61.
- 5) The average score of all three topics, quality, environment, and service, reached to 4.47. Issues such as the availability of the giveaways, quality of car washing, and the car washing services shall be improved .

Environmental Sustainability

● Material Topics and Key Responses in this Chapter

	Targets in 2022	Targets in 2021	Achievement Status in 2021
Emission	<ul style="list-style-type: none"> Execute the action of reducing air pollutants to cut down the carbon emissions. 	<ul style="list-style-type: none"> Reduce 5% of carbon emissions in Taiwan plant compared with 2019 (base year). 	<ul style="list-style-type: none"> ✓ Awarded A-(leadership) on CDP Climate Change Questionnaire. ✓ Carbon emission of 2021 in Taiwan plant was less 21.8% than 2019 (base year).
Energy Management	<ul style="list-style-type: none"> Expansion of installing renewable energy equipment to cut down the carbon emissions. Constantly execute conservation programs to reduce the environmental impacts brought by the operation. 	<ul style="list-style-type: none"> Conversion of ISO 50001 of Taiwan Plant. Installation of renewable energy to cut down the carbon emissions. Execute conservation programs to reduce the environmental impacts brought by the operation. 	<ul style="list-style-type: none"> ✓ Completion of conversion of ISO 50001 in Taiwan plant. ✓ In January, 2022, 2,600KW solar power generator was installed in Taiwan plant. ✓ Please refer to “Achievements of Execution of Conservation Programs of this Chapter” for learning more about the conservation programs of five plants in three places.
Water Resource Management	<ul style="list-style-type: none"> Implement the water-saving programs to enhance water- recycling rate efficiency. 	<ul style="list-style-type: none"> 10% of water recycling. 	<ul style="list-style-type: none"> ✓ Awarded A-(leadership) on CDP Water Security Questionnaire. ✓ Recycling water volume from five plants in three places in 2021 was 3,404,606 tons, accounting for 36.7 % of total water consumption.
Hazardous Chemicals Control and Management	<ul style="list-style-type: none"> All Product comply with law and regulation and customers’ requirements. Fulfill circular economy to adopt reused materials to mitigate the environmental impacts. 	<ul style="list-style-type: none"> Fulfill circular economy to adopt reused materials to mitigate the environmental impacts. 	<ul style="list-style-type: none"> ✓ Develop ocean-recovered polyester, recycled fishing net, and recycled oyster-thread polyester fabric. ° ✓ Develop biomass polyester and polyamine fabric.

I. Operation Overview of Development of Sustainable Environment

FTC is a midstream Company of the textile industry whose main businesses are weaving and dyeing finishing. The proportion of the various energy costs consumed in the production process accounts for 4~6% of the total revenue. The Company has promoted the ISO 14001 Environmental Management System for ongoing improvement and the avoidance of potential environmental impacts. For the purpose of sustainability, reduction of environmental impacts derived from production, and out of the thought of befriending the environment, we especially notice key environmental issues, such as energy, water, pollution, and waste, etc., and adopt the following measures:

- Keep effective operation of the Energy Management Committee, set up energy-saving targets, stipulate policies and inspect implementation performance.
- Set benchmarks for water, electricity, and steam consumption and pollution discharge, and conduct mutual comparison and verification.
- Set benchmarks of energy consumption for equipment procurement/replacement decisions through evaluation of benefits and feasibility.
- Implement and promote the reuse of recyclable resources such as water, steam, and thermal energy to improve benefits of energy and facilitate circular economy.
- Implement and promote pollutant and waste management to reduce pollutant discharge and endeavor to keep clean.
- Procure qualified raw materials, chemical dyes, and auxiliaries to establish safe and eco-friendly green processes.

II. Energy and Water Conservation and Pollutant Management Measures

Based on “Green Design and Clean Production” concepts, FTC has been not only promoting various resource conservation projects in water, steam, electricity, and fuel consumption energy-saving and carbon reduction technology, but also participating in external technology exchanges. Furthermore, it actively plans visits to various guiding projects every year to enhance communication with other industries and stimulate transposition thinking, which inspires employees to propose and promote feasible projects through brainstorming.

Established in 2007, the energy-saving promotion team was expanded and reorganized as the “Energy Management Committee” in 2015 to integrate the human, materials, and energy resources, propose energy-saving targets, and develop and promote various viable plans to increase efficiency of energy usage, reduce energy consumption, greenhouse gas emissions, and waste discharge. The number of improvement projects is 71 in Taiwan Plant; the total accumulated number from 2007 is 831, amounting to NT\$ 455 million ; the self-estimated accumulated volume of reduced CO2 emissions is 155,770 tons. For better performance of environment protection, green policies such as decrease in procurement, restriction on employment, reduction of discharges, etc., are gradually promoted. In view of the vision of good neighborliness and co-sustainability with communities, FTC has designated the HR section, the Industrial Safety & Hygiene office, Administration Department, and the Energy & Civil Construction Division as the windows for handling environment-related complaints of stakeholders according to procedures of complaints.

i. Emission

1. Measures for Reducing Emissions

1) Organization Greenhouse Gas Inventory and Voluntary Reduction Promotion Project

In accordance with the specifications stipulated in the ISO and the GHG Protocol of the World Business Council for Sustainable Development, the Company has developed the Formosa Taffeta Systematic Greenhouse Gas Inventory Program, reduction projects, and relevant management and audit systems. With inventory results as the basis for those voluntary projects and PDCA Circulation Management, effective greenhouse gas emission management has been in progress to allow the production processes to drift towards low carbon emissions. Meanwhile, the Company and its up- and downstream contractors can spur each other to the limitation of global warming to well below 2°C and realization of corporate social responsibility for energy conservation and emissions reduction by letting those contractors understand the carbon dioxide emissions during the lifecycle of products.

2) Management of Ozone Depleting Substances (ODS)

The management of ozone depleting substances is implemented in accordance with the Air Pollution Management Regulations of the Company, “Regulations Governing Restricted Chemical Substances listed in the Montreal Protocol”, and “Regulations Governing Hydrochlorofluorocarbon Consumption” of the EPA. In response to the current demands of legal regulations and social responsibilities, the Company will gradually replace machine models/equipment, generating Chlorofluorocarbons (CFC), Hydrochlorofluorocarbons (HCFC), etc., for zero ODS emissions.

3) Environmental Monitoring and Inspection

Operation of all relevant production processes is based on air pollution operation permits obtained in respect to legal obligation; the expiry and application for such permits are handled via the computer system. Regarding stationary pollution sources (two chimneys for steam power cogeneration processes), a constant monitoring system is connected in real-time to the Yunlin Environmental Protection Bureau and under the full supervision of the authorities; regular inspections are conducted on all emission chimneys, and the inspection results will be declared to the EPB.

4) Energy conversion and carbon abatement

Faced with extreme weather, earth warming, and serious air pollution in Taiwan, the government has been advocating energy conversion to green energy, while banning the use of raw coal. Long-An plant (Vietnam) has established the solar panel, whose solar power generation in 2021 was 1,450,327 KWH · accounting for 3.47% of its plant.

2. SO_x, NO_x, VOCs, PM Emissions of five plant in three places between 2020 and 2021

Unit :Tons

Plant	Year	SO _x	NO _x	VOCs	PM
Taiwan Plant	2021	45.52	85.07	356.42	13.58
	2020	85.26	96.29	536.87	19.61
Zhong-Shan Plant (China)	2021	-	12.942	239.015	0.388
	2020	-	9.703	154.012	0.291
Chang-Shu Plant (China)	2021	-	1.495	7.528	0.045
	2020	-	1.713	10.701	0.051
Long-an Plant (Vietnam)	2021	65.92	26.64	559.56	1.854
	2020	4.711	6.790	367.463	1.607
Dong-nai Plant (Vietnam)	2021	0.229	7.456	11.545	0.228
	2020	0.100	6.024	10.970	0.183

- ❖ Information of Taiwan Plant is from the data declared to EPA of Executive Yuan by Formosa Taffeta Co., Ltd. (Taiwan Plant). Due to absence of requirements for declaration and charges by host governments, voluntary inventories and disclosure of information on emissions of sulfur oxide (SO_x), nitrogen oxide (NO_x), volatile organic compound (VOCs), and particulate matter (PM) of the four overseas Plants have been made under the assistance of the industrial safety and hygiene office of Taiwan Plant since 2019.

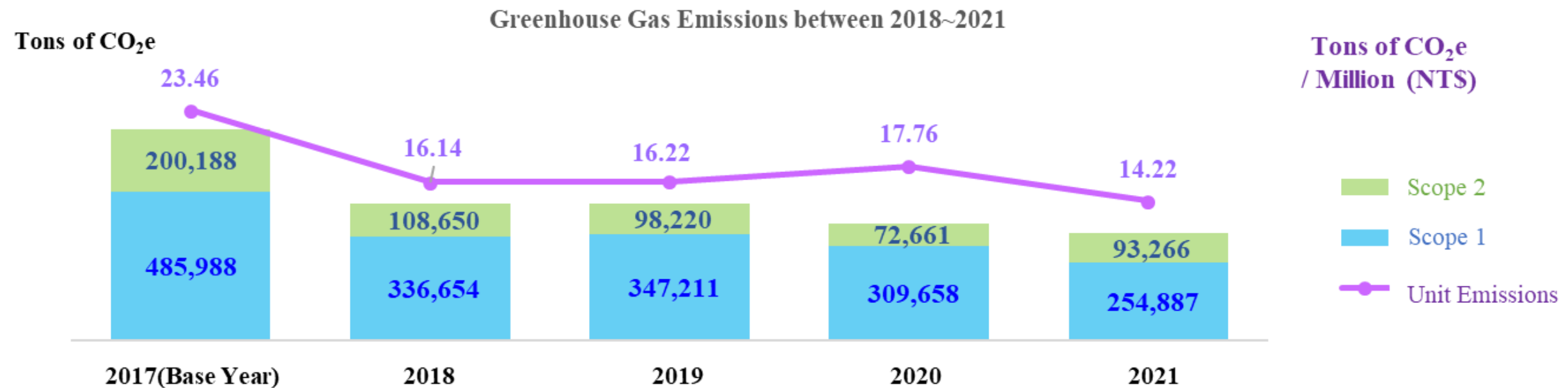
- **Explanation of the emissions of Sox, Nox, VOCs, and PM of five plants in three places between 2020 and 2021:**

- 1) Since 2019, Taiwan Plant has proactively carried out the energy transformation to replace several oil burners with nature gas. In 2021, the emission of SOx was significantly reduced. The modification of equipment will continue carrying out.
- 2) The analysis of air pollutants for four overseas plants:
 - Zhong-Shan Plant : SOx pollutant was not generated since both setting machines and gas fired boilers use natural gas. VOCs emissions is mainly due to three water-proof coating machine.
 - Chang-Shu Plant : There is no SOx pollutant, since steam used in process is provided by the administration of industrial zone, while the fuel in use is natural gas for setting machines.
 - Long-An Plant : Examination of smoke channel of gas fired boilers is made annually for calculation of SOx and Nox emissions. VOC emissions, calculated by Mass Balance Method, is mainly due to water-proof coating process.
 - Dong-Nai Plant : Steam used in process is supplied by Formosa Industries Corp. (FIC) in the industrial park, while tire cord plant and dyeing and fishing plant employ natural gas and liquefied petroleum gas (LPG), respectively, for heating in process, with VOCs being discharged by one water-proof coating machine.

3. Greenhouse Gas Emission

- 1) Three main sources of greenhouse gases of Taiwan Plant are as follows:
 - i. Emissions from Stationary Sources: Emissions generated from usage of cogeneration, hot coal oil boiler, emergency generator, diesel oil engine generator, steam boiler, etc., and from the preparation of meals in cafeteria.
 - ii. Emissions from Mobile Sources: Emissions generated from the energy usage of vehicles, such as autos, trucks, and forklifts during transportation.
 - iii. Emissions from Fugitive Sources: Emissions generated from the operation of facilities, such as internal freezers, air conditioners, refrigerators, Very High Voltage Generator Circuit Breaker (GCB), carbon dioxide fire extinguishers, septic tanks, etc.

• Greenhouse Gas Emission of Taiwan Plant



❖ Emissions per unit =
$$\frac{\text{Total Annual greenhouse gas Emissions (Tons of CO}_2\text{e)}}{\text{Annual Sales Revenue of the Taiwan Plant (NT\$ Million)}}$$

- ❖ Source: Information declared to EPA by Formosa Taffeta Co., Ltd. (Taiwan Plant).
- ❖ The base year of Taiwan Plant is set in year 2007 when the Company started to conduct the greenhouse gas emissions inventory and had enough data of greenhouse gas emissions for reference.
- ❖ Global-warming Potential (GWP) refer to the IPCC Fourth Assessment Report, 2007.
- ❖ In line with ISO 14064-1:2006, Taiwan plant annually conducts the greenhouse gas emissions inventory. Gases included in the inventory cover CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃.
- ❖ Under the operational control approach, Scope 1/Scope 2 Emissions respectively account for 73%/27% of the total GHG emissions of the Taiwan Plant for 2021; the main emission source of Scope 2 is procured electricity. The amount of coal usage was significantly reduced due to closure of a cogenrator in 2021. Taiwan Plant began to install machines heated directly by natural gas, removing several fuel-oil boilers, as a result of which SO_x emission began to drop sharply in 2021. The program will continue in 2022.
- ❖ Inventory of scope 1 and 2 of greenhouse-gas emission by gas stations between 2018 and 2019 have been outsourced to a third party. Inventory of greenhouse gas emissions of gas stations from 2020 to 2021 was not conducted due to its stable sources of greenhouse gas emissions and the amount of greenhouse gas emissions has low proportion accounting for the Douliu plant.
- ❖ The verification of GHG emissions of four overseas plants for Year 2021 is scheduled to be completed by the third party at the end of September. The data will be disclosed on 2022 Sustainability Report.

2) Data of Scope 3 Emissions in Taiwan Plant between 2018 and 2020

Data of Scope 3 Emissions in Taiwan Plant between 2018 and 2020

Unit: Tons of CO₂e

Category		2018		2019		2020	
		Amount	Portion (%)	Amount	Portion (%)	Amount	Portion (%)
Category 1	Purchased Goods and Services-Purchased Goods	670,292	83.1	625,825	84.46	390,703	19.69
Category 2	Capital goods	-	-	-	-	13,349	0.67
Category 3	fuel- and energy-related activities	103,789	12.87	80,416	10.85	62,954	3.17
Category 4	upstream transportation and distribution	17,019	2.11	18,614	2.51	7,017	0.35
Category 5	Waste Generated in Operations	1,137	0.14	-	-	567	0.03
Category 6	Business Travel-Air Travel	417	0.05	-	-	62	0.00
Category 7	Employee commuting-Automobile travel	821	0.10	-	-	832	0.04
Category 9	downstream transportation and distribution	13,196	1.63	16,153	2.18	323,238	16.29
Category 10	Processing of sold products	-	-	-	-	46,982	2.37
Category 11	Use of sold products	-	-	-	-	1,134,090	57.15
Category 12	End of life treatment of sold product	-	-	-	-	4,480	0.23
Total		806,670	100	741,008	100	1,984,274	100

❖ The inventory of Scope 3 for Year 2021 of Taiwan Plant is still verified. The relevant data will be disclosed in 2022 Sustainability Report.

ii. Water Resources

1. Management of Water Resource

1) Water Conservation Measures

Due to the growth of the global population and industrialization, water resources are becoming increasingly relatively limited. Compared with other countries, Taiwan is more likely to face water shortages issues during winter and spring in that rainwater of rainy seasons cannot be stored as a result of its geographical factors. The Company annually analyzes the water stress risks of each plant through Water Risk Atlas of WRI Aqueduct. Since the water withdrawal of Taiwan plant is groundwater, the Groundwater Table Decline (the period of study 1990~2014) is employed to analyze the water stress of Taiwan plants; overseas plants are evaluated based on the Water Depletion. According to the data, the five plants in three places are not located in the water-stressed place. However, water shortage is a severe problem, to avoid lapsing into water shortage situations and increasing water costs, water conservation has become a critical theme in sustainability.

The following are three main water conservation themes of five plants in 3 places:

- Reduce: using novel technology and equipment for production and dyeing with lowest water ratio to significantly reduce water consumption.
- Recycle: recycling and reusing condensed steam, cooling water, and low polluted water of processes by means of energy-saving machinery for consumption reduction both of fresh water and wastewater.
- Reuse: reusing recycled wastewater and steam for less consumption of fresh water.

2) Measures for Reducing Effluents

In line with the government's environmental protection regulations, FTC has stipulated management criteria for the prevention and control of wastewater pollution. The Company has also promoted policies for the reduction of wastewater discharge in the plants, enforced the management of wastewater discharge, and stipulated criteria for effluent discharge to ensure the conformity of the quality of the wastewater discharged to the national criteria and to mitigate impacts of pollution on ecological environment.

The wastewater treatment methods of five plants in three places are as follows:

- Taiwan Plant: the pure oxygen aeration and biodegradability method in biochemistry as the primary treatment method to dispose wastewater to meet the national criteria.
- Zhong-Shan Plant (China) and Long-an Plant (Vietnam): the Anaerobic and Aerobic decomposition methods in biochemistry as primary treatment methods to dispose effluents to meet national criteria that are directly discharged to the river because of being outside the industrial zone

- Chang-Shu Plant (China)): establishment of wastewater treatment facilities because of being inside the industrial zone to dispose wastewater to meet criteria for indirect discharge before commissioning with a fee the central wastewater treatment plant of the industrial zone for further processing
- Dong-nai Plant (Vietnam): Located in industrial zone, the factory discharges its waste water, after proper treatment, to the zone's discharge channel, before flowing to river.

With the installation of wastewater reclaim system such as Ultrafiltration membrane of wastewater recovery device in 2021, the recycled water from these devices was 3,404,606 tons, accounting for 36.7 % of total water consumption.

Regarding collection, transportation, and treatment facilities of wastewater of five plants in three places, the Company has stipulated several operation and monitoring specifications for wastewater management and control over the quality and volume of wastewater. Wastewater management includes:

- Collect, transport and pretreat wastewater generated from processes
- Collect, transport and pretreat domestic wastewater
- Collect, transport and pretreat other wastewater
- Monitor the quality and volume of each flow of treated wastewater
- Procure low energy, low pollution level, and advanced production equipment with high performance and green energy and materials.
- Research and develop green/eco-friendly products

(ii) Input and Output of Water Resources

Total Water Withdrawal of the Five Plants from 2019 to 2021

Unit : megaliters

Type		Year	Plant				
			Taiwan	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Groundwater		2021	6,137	-	-	-	-
		2020	5,672	-	-	-	-
		2019	5,788	-	-	75	-
Surface water (river water)		2021	-	1,760	332	-	-
		2020	-	1,390	296	-	-
		2019	-	1,810	476	-	-
third-party water	Tap Water	2021	-	25	39	1,432	106
		2020	-	28	22	1,482	90
		2019	-	22	37	1,983	106
	Industrial Water	2021	-	-	-	-	644
		2020	-	-	-	-	824
		2019	-	-	-	-	1,021
		Total water withdrawal		2021	6,137	1,785	371
2020	5,672			1,418	318	1,482	914
2019	5,788			1,832	513	2,058	1,127

Note 1: The water drawn from each source category in the table above belongs to fresh water with a total dissolved solids (TDS) content of 1,000 mg/L or less.

● Wastewater Discharge of the Five Plants from 2019 to 2021

Unit : megaliters

Type	Year	Plant				
		Taiwan	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Groundwater	2021	5,190	1,428	-	1,214	671
	2020	4,596	983	-	1,355	885
	2019	4,826	1,676	-	1,829	1,082
third-party water	2021	-	-	389	-	-
	2020	-	-	327	-	-
	2019	-	-	520	-	-
Water Discharge Volume	2021	5,190	1,428	389	1,214	671
	2020	4,596	983	327	1,355	885
	2019	4,826	1,676	520	1,829	1,082

Note: The drainage at each discharge end of the above table is fresh water with a total dissolved solids (TDS) content equal to or less than 1,000 mg/L.

- ❖ Taiwan Plant: Wastewater discharge decreased, due to drop in water consumption and increase in reclaimed water. The final destination for the discharged wastewater is Dapu River. A third party is commissioned to conduct inspections on the quality of the discharged wastewater. Such statistics as water temperature, pH value, ADMI value, suspended solids, chemical oxygen demand, biochemical oxygen demand, and anionic surfactants in the inspection report are lower than the officially allowed standards.
- ❖ Zhong-Shan Plant(China) : Wastewater discharge increased due to the increase in water withdrawal and increase in reclaimed water. Wastewater from processes is discharged into Xijiang River after inner bio-treatment to the extent in conformity with local discharge standards.
- ❖ Chang-Shu Plant (China) : Wastewater discharge decreased due to the decrease in water withdrawal and increase in reclaimed water. Daily-life and process-generated wastewater is channeled to wastewater treatment in factory premises for treatment into a level meeting the standard for discharge to the wastewater treatment plant in the industrial zone for further treatment.

- ❖ Long-an Plant (Vietnam) : Wastewater discharge decreased due to the increase in reclaimed water from RO recycling system and the drop of capacity resulting from the pandemic. With the attainment of wastewater discharge standards for the industry (QCVN40:2011) and for textile plants (QCVN13:2015MT), treated wastewater was discharged into Wangudong River.
- ❖ Dong-nai Plant (Vietnam) : Wastewater discharge decreased as the result of the drop in water withdrawal and increase in water recycling rate. The factory discharges its waste water, after proper treatment, to the zone's discharge channel, before flowing to song Thi Vai.

● **Table of 2021 Water Quality Control of Discharge of Five Plants in Three Places**

Item Plant	pH Value			COD (mg/L)			SS (mg/L)		
	Statutory Requirements	Internal Control Value	Average Value	Statutory Requirements	Internal Control Value	Average Value	Statutory Requirements	Internal Control Value	Average Value
Taiwan	6~9	6~9	6.95	160	60	33.4	30	20	16.9
Zhong-Shan	6~9	6.5~8.5	7.86	60	54	50	50	45	20
Chang-Shu	6~9	7~7.5	7.2	<200	<100	61	<100	<50	21.75
Long-an	6~9	6~9	7.2	<75	<75	40~60	50	50	<10
Dong-nai	5.5~9	6~8	7.2	121.5	90	55	81	30	10

3. Water Recycling Statistics of the Five Plants in Three Places between 2019 and 2021

Type \ Plant	Taiwan Plant			Zhong-Shan Plant (China)			Chang-Shu Plant (China)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Amount of Supplied Raw Water (T/day)	10,732.0	9,483.0	10,037.0	1,021.2	483.4	803.1	1,381.0	917.0	1,176.0
Amount of Condensed Steam (T/day)	737.2	651.4	602.2	115.4	140.1	118.7	208.0	166.0	193.0
Amount of Reclaimed Water (T/day)	9,528.0	8,987.0	7,541.0	738.4	1,042.4	909.7	1,581.0	1,319.0	965.0
Total Consumed Water (T/day)	15,133.0	14,261.0	17,000.5	1,759.6	1,528.9	1,712.8	3,170.0	2,402.0	2,141.0
Water Reclamation Rate (%)	63.0	63.0	44.4	42.0	68.2	53.1	49.9	54.9	45.1
Amount of Wastewater Discharged (T/day)	3,974.9	3,507.0	5,584.8	592.6	153.8	376.5	692.2	413.5	645.9

❖ Water reclamation rate (%) = amount of reclaimed water /amount of total consumed water

❖ Amount of Wastewater Discharged (T/day)= Amount of Supplied Raw Water -(Amount of Supplied Raw Water x Water Reclamation Rate (%))

Water Recycling Statistics of the Five Plants in Three Places between 2019 and 2021 (Continued)

Type \ Plant	Long-an Plant (Vietnam)			Dong-nai Plant (Vietnam)		
	2019	2020	2021	2019	2020	2021
Amount of Supplied Raw Water (T/day)	5,879.3	4,439.6	3,922.6	2,837.0	2,290.1	1,788.3
Amount of Condensed Steam (T/day)	110.0	317.4	341.2	301.1	252.3	246.8
Amount of Reclaimed Water (T/day)	3,765.0	4,259.0	4,587.0	2,242.2	1,917.5	2,053.9
Total Consumed Water (T/day)	9,754.3	9,015.9	8,850.8	5,380.3	4,459.9	4,107.1
Water Reclamation Rate (%)	38.6	47.2	51.8	41.7	43.0	50.0
Amount of Wastewater Discharged (T/day)	3,610.0	2,342.4	1,889.6	1,654.7	1,350.4	894.0

❖ Water reclamation rate (%) = amount of reclaimed water /amount of total consumed water

❖ Amount of Wastewater Discharged (T/day)= Amount of Supplied Raw Water -(Amount of Supplied Raw Water x Water Reclamation Rate (%))

iii. Energy

1. Energy Conservation, Discharge/Emission Reduction, and Circular Economy

Climate change arising from global warming has threatened the survival of both animal species and mankind. In order to effectively control CO₂ emissions and alleviate the impacts of global warming, FTC's Taiwan Plant decided to implement the ISO 150001 Energy Management System in 2015 to reduce both direct and indirect energy consumption and waste, precisely grasp energy conversion demands, improve the energy utilization efficiency, and enhance the re-utilization rate of energy. The specific measures are shown as follows:

1) Oil Conservation

- Installing waste heat recovery devices and oxygen control equipment onto exhaust chimneys of boilers and of production machinery
- Installing condensed steam/hot water recycling devices for production equipment
- Replacing fuel with natural gas as the source of thermal energy for boilers and setting machinery

2) Air Conservation

- Designing well air circulation pipelines, installing gauges to measure on-site leakages, and regularly inspecting the air pipelines to avoid leakages
- Managing compressors loads, splitting high and low pressures for use, and inhibiting the “false needs” of air compression for better operation efficiency of compressors and energy conversion efficiency

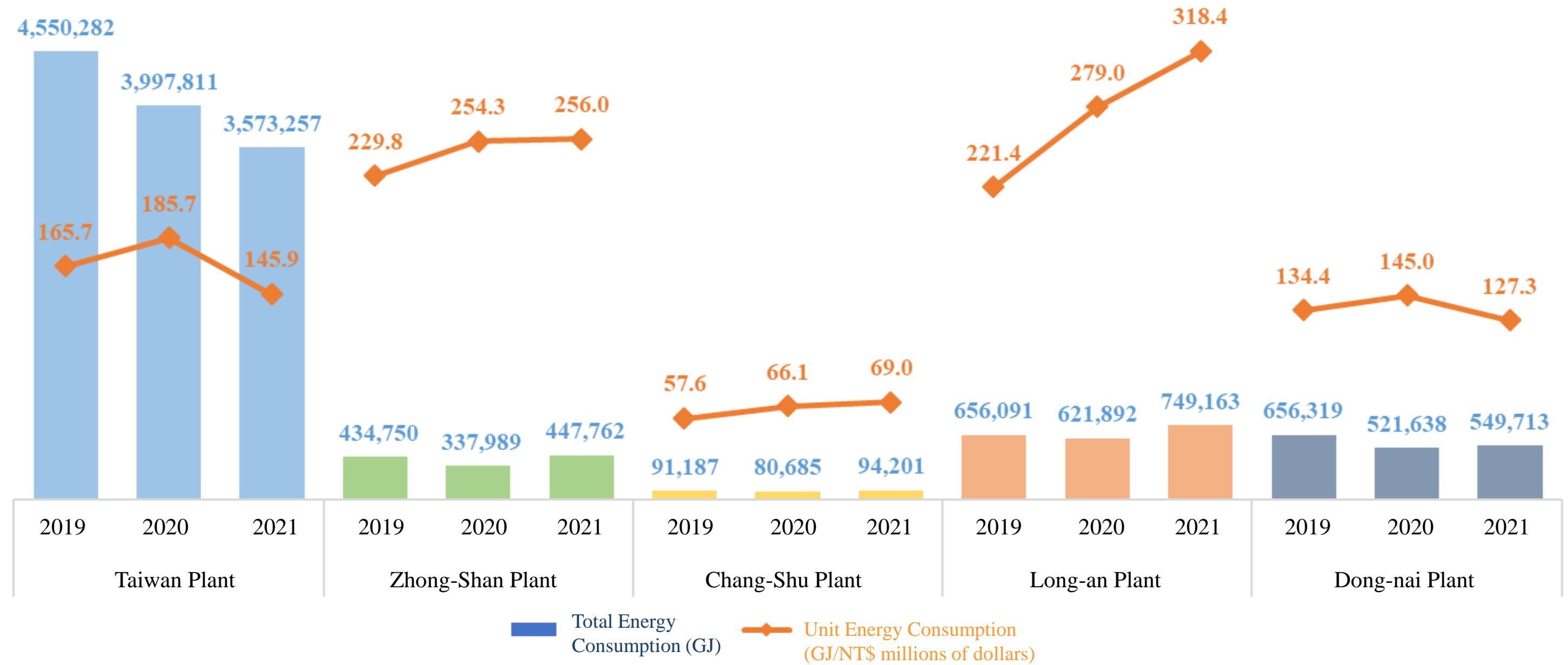
3) Gas Conservation

- Recycling waste heat and condensed steam, using steam power cogenerations, and improving combustion efficiency of generation boilers.
- Improving efficiency of boilers for consumption reduction of all kinds of fuel.

4) Electricity Conservation

- Applying special materials and designs to the wind turbines of air conditioners and fan blades of cooling towers for less power consumption.
- Reducing electricity consumption by shortening the second-round circulation routes of all kinds of cooling water.
- Installing power saving devices in various motors.
- Using energy-saving lighting.
- Using high efficiency and energy-saving air compressors and chiller, cooling tower, etc.

- Energy Consumption of the Five Plants in three places between 2019 and 2021



2. Input and Output of Energy

1) Consumed Energy Items of five Plants in three Places between 2019 and 2021

Item \ Plant	Taiwan			Zhong-Shan (China)			Chang-Shu (China)		
	2019	2020	2021	2019	2020	2021	2019	2020	2021
Coal	3,206,190	2,840,292	2,207,088	-	-	-	-	-	-
Fuel oil	572,024	457,366	430,693	-	-	-	-	-	-
Diesel	1,512	2,110	610	1,213	1,257	1,534	-	-	-
Natural gas	107,159	184,136	266,027	298,376	236,017	319,192	45,048	44,108	53,742
Purchased electricity	663,396	513,907	668,839	135,161	100,715	127,035	45,938	36,426	40,276
Purchased steam	-	-	-	-	-	-	201	151	183
Total Consumption	4,550,282	3,997,811	3,573,257	434,750	337,989	447,762	91,187	80,685	94,201

• Explanation of energy consumption:

- Taiwan Plant: Closure of #2 cogeneration plant to lower the coal usage in July, 2021; in addition, replacing low-pressure fuel boiler and coal boiler with NG fuel, which increased the amount of natural gas but reduced the amount of light oil cracking in the second plant of Douliu plant.
- Zhong-Shan Plant: Increase in energy consumption resulted from the increase of orders.
- Chang-Shu Plant: Increase in energy consumption resulted from the increase of orders and the adjustment of product portfolio.

Consumed Energy Items of five Plants in three Places between 2019 and 2021 (Continued)

Item	Year	Long-an (Vietnam)			Dong-nai (Vietnam)		
		2019	2020	2021	2019	2020	2021
Coal		344,296	468,111	533,948	-	-	-
Fuel oil		135,741	14,468	69,717	-	-	-
Diesel		-	-	-	-	-	-
Natural gas		40	80	91	17,899	18,361	22,994
Purchased electricity		176,014	139,232	145,407	382,342	303,350	314,161
Purchased steam		-	-	-	256,079	199,927	212,558
Total Consumption		656,091	621,892	749,163	656,320	521,638	549,713

- **Explanation of energy consumption:**

- Long-an Plant: Increase in energy consumption resulted from the local policy to limit the amount of production.
- Dong-nai Plant: Increase in energy consumption resulted from the increase of orders.

3. Achievements of Execution of Conservation Programs

Completed conservation Projects in 2021

Plant	Total Projects	Effectiveness of Completed Conservation Projects						Invested Amount (Thousands of NTD)
		Conserved Steam (MT/HR)	Conserved Water (MT/Day)	Conserved Electricity (KW)	Conserved Fuel (KG/HR)	Reduced Emissions of CO ₂ (Tons/Year)	Accumulated Amount (Thousands of NTD/Year)	
Taiwan	71	0.630	193.93	707.24	2.89	7,121.0	22,825.57	148,985.0
Zhong-Shan Plant	25	0.619	19.00	81.31	0.58	2,609.6	920.88	3,166.7
Chang-Shu Plant	16	0.830	94.82	50.53	0.00	3,026.3	685.95	421.3
Long-an Plant	49	2.245	141.99	103.84	6.01	8,115.2	1,846.04	9,275.8
Dong-nai Plant	28	1.489	708.60	27.22	12.43	5,319.3	2,562.47	55,042.5
Total	189	5.813	1,158.34	970.14	21.91	26,191.4	2,840.91	216,891.3

❖ Cells with "zero" in the table above indicate no improvement programs in 2021.

iv. Waste

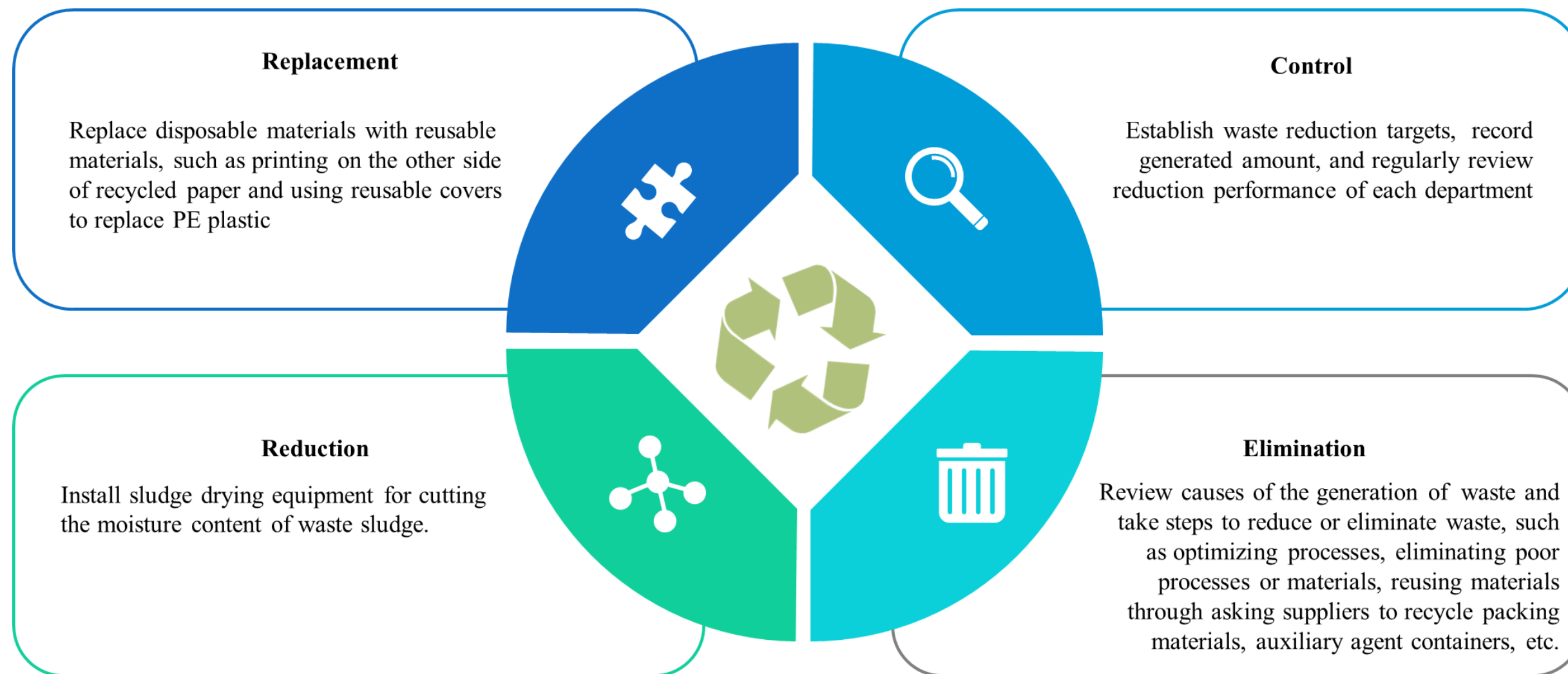
1. The clearance and disposal of waste

- 1) The clearance and disposal of waste in Taiwan plant is in accordance with the Waste Disposal Act. Operation begins only after the review and approval of an industrial waste disposal plan submitted to Environmental Protection Department, followed by the monthly online report on Environmental Protection Administration, Executive Yuan. The Company follows the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance:
 - i. Quarterly routine check and audit.
 - ii. Making out the check and audit record in writing which shall be properly retained for five years.
 - iii. Tracking the defect improvement status, and including it in the main points of the self-check and audit.
- 2) When procurement department is signing a written contract for entrusting waste clearance, two conditions must be specified in the contract:
 - i. The entrusted enterprise stated in the contract is should be cooperation with entrusting enterprise's check of the waste clearance status.
 - ii. The entrusted enterprise stated in the contract should submit a written document for the record of proper clearance.

2. Measures for Reducing Waste

The waste management in Taiwan Plant is conducted according to Waste Disposal Act and related information is registered and declared on the website of Yunlin EPB; waste treatment in overseas Plants in China and Vietnam is performed in line with government requirements. Moreover, the Company further stipulates “Rules Governing Waste Management;” related information of performance of waste management is data gathered from daily operations of the corresponding departments.

- **The Company’s Waste Management Procedures**



3. Waste Generation and Treatment Methods

Waste Generation and Treatment Methods of five plants in three countries in 2021

Unit: tons

Plant		Taiwan	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
Handling Method						
non-hazardous waste	Reusing	18,298.06	-	190.91	163.6	3,759.8
	Recycling	-	3,907.51	-	4,768.4	-
	Recovery	-	-	-	-	-
	Incineration (with energy recovery)	-	111.75	-	-	-
	Incineration (without energy recovery)	1,939.95	-	1,915.18	-	-
	Landfill	-	-	-	-	4,875.2
	Thermal treatment(except incineration)	4.10	-	-	-	-
	Physical treatment methods	82.01	-	-	-	-
	Landfill after incineration	-	-	-	118.6	-
	Subtotal	20,324.12	4,019.26	2,106.09	5,050.6	8,455.0
hazardous waste	Reusing	2,531.94	-	0.75	-	-
	Recycling	-	-	0.232	170.9	203.9
	Incineration (without energy recovery)	-	102.02	16.719	-	540.8
	Solidification	-	-	-	-	3
	Separation	-	-	-	-	3.99
	Treatment of cement cellar	-	-	23.58	-	-
	Landfill after incineration	-	-	-	5,280.8	-
	Subtotal	2,531.94	102.02	41.281	5,451.7	751.69
Total		22,856.06	4,121.28	2,147.371	10,502.3	9,386.69

III. Violations and Environmental Protection Expenditures

Fine of five plants in three places due to violation of environment act or other regulations in 2021:

Plant	Category	Law enforcement agency	Fine	Cause
Taiwan Plant	Environmental Protection	Environmental Protection Bureau, Yunlin County	NT\$ 360,000	Failure to operate according to registered items of discharge permit.
			NT\$ 6,000	Error in online reporting of data, imbalance between quality and quantity.
Chang-Shu Plant	Environmental Protection	Suzhou Ecological Environment Bureau	RMB ¥ 100,000	Placement of waste-oil mixture in factory premises, in violation of regulation.

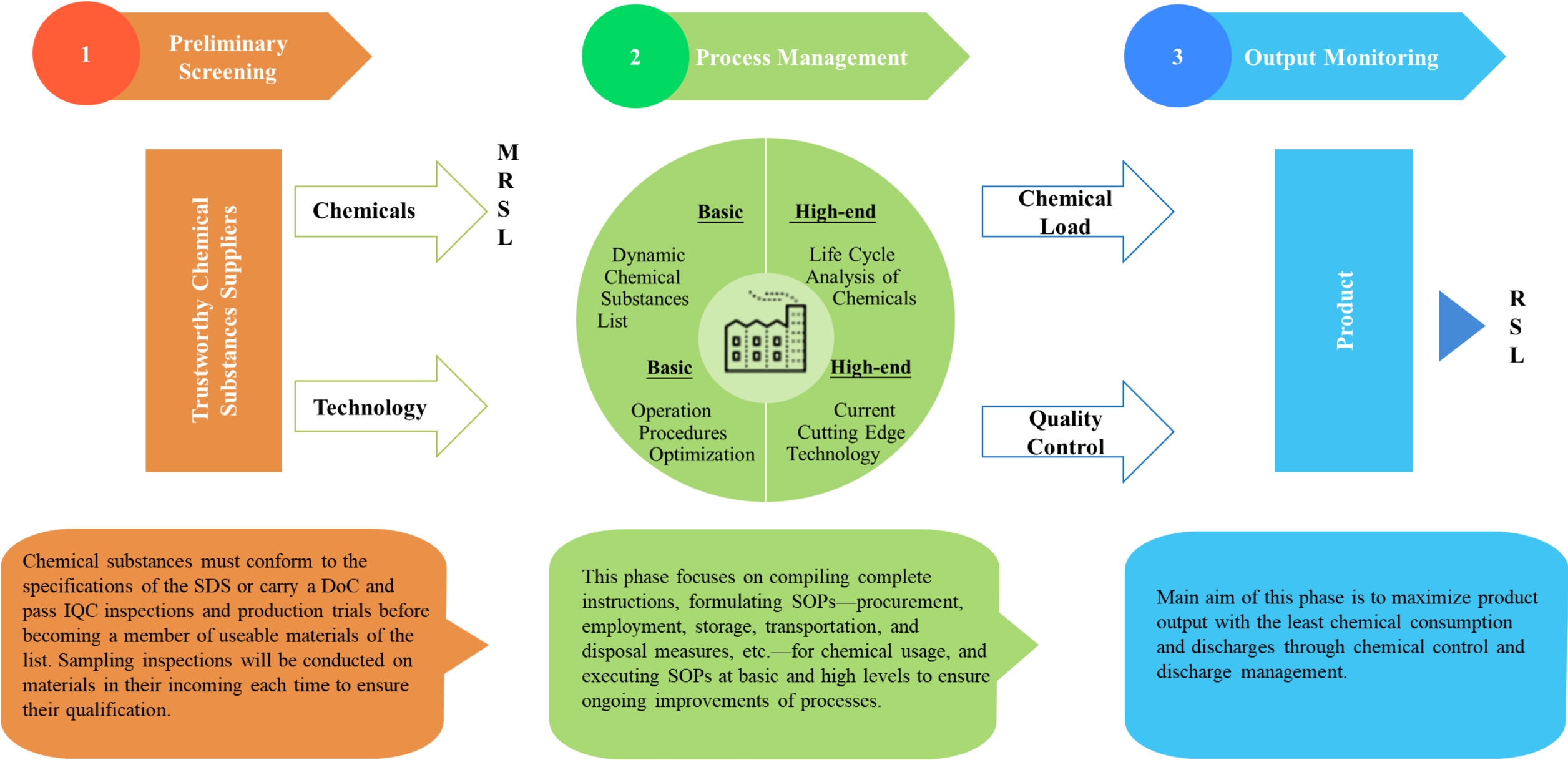
IV. Cultivation of Green Sustainability

To fulfill the social responsibilities of environmental protection and consumer safety and implement sustainable policies, stringent tests and experiments are conducted on the chemicals applied to fabrics to evaluate and ensure that the quality and composition of these chemicals comply with the requirements of the clients and regulations. Semi-finished goods and finished products will also be annually sent to third-party laboratories for inspections to ensure that used materials and products are safe for use. The chemical management measure includes three phases and two themes shown below:

➤ **Two themes:**

1. In the aspect of chemical control, missions are to maintain the Dynamical Chemical Substances List at the basic level and to incorporate Life Cycle Analysis of Chemicals into criteria for employment at the high-end level that includes analysis of the final environmental chemical substances load.
2. From the perspective of processes and technology, Operation Procedures Optimization at the basic level and the utilization of Current Cutting Edge Technology at the high-end level are tasks for process management and optimization.

➤ Three phases:



MRSL – Manufacturing Restricted Substances List

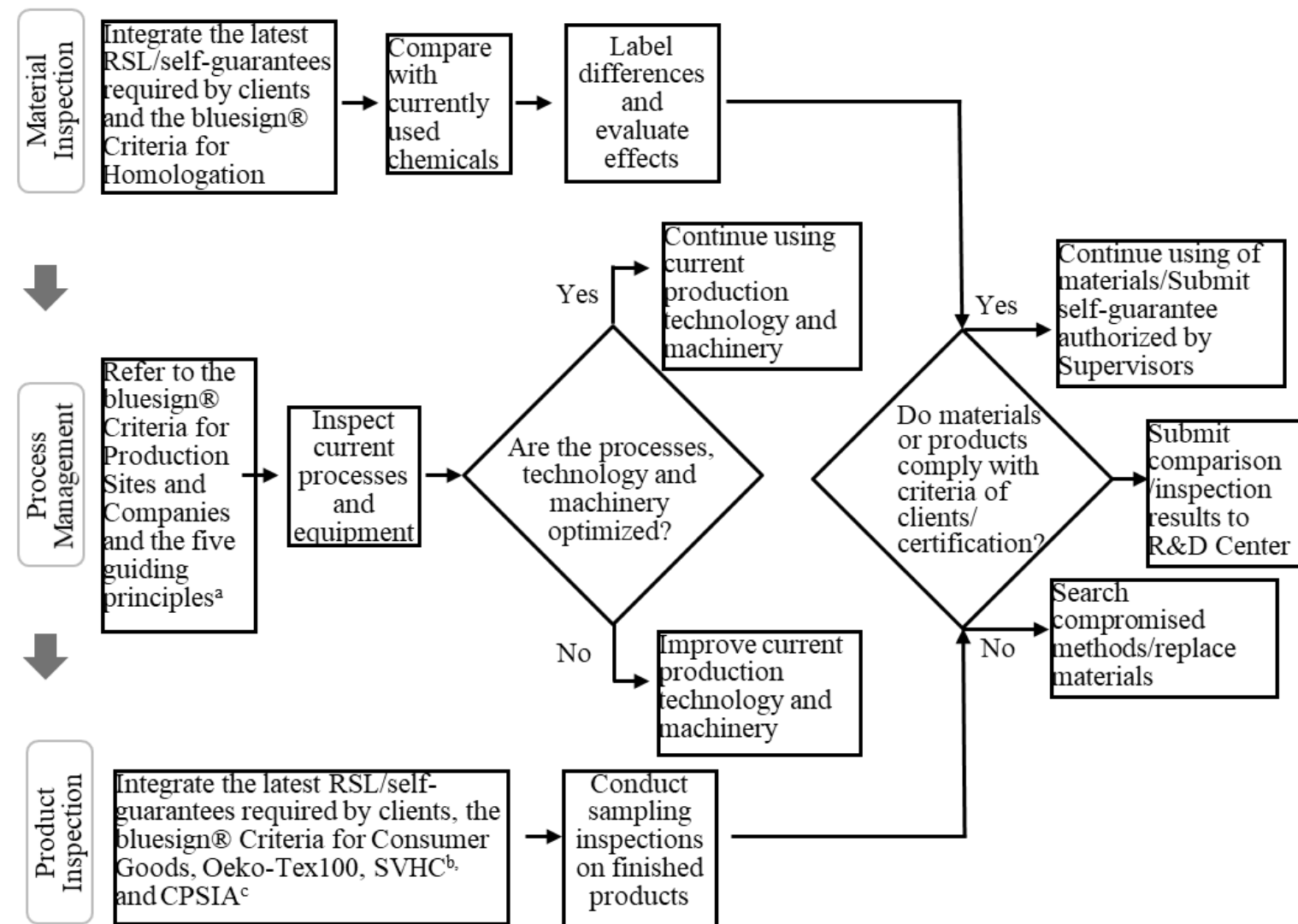
RSL – Restricted Substances List

The above chemical management framework can further enhance user product safety and the quality of green materials of the textile supply chain and fulfill the objective of ZDHC.

● **ZDHC Short-, Mid-, and Long-term Plans**

Short-Term Plan	Mid-Term Plan	Long-Term Plan
<p>1) Check the stock of Chemicals</p> <p>2) Establish a ZDHC database, including such information as SDS (Safety Data Sheet)/TDS (Technical Data Sheets)/detailed profiles of suppliers/Chemical Oxygen Demand COD)/consumption, volume etc. of the GHS (Globally Harmonized System.</p> <p>3) Have the 20 prohibited chemicals of ZDHC-MRSL2.0 listed as items requiring control.</p> <p>4) Have Chapter 2 Candidate list of ZDHC-MRSL2.0 listed as items requiring control and set up the solutions.</p> <p>5) Screen and select the incoming chemicals in line with ZDHC.</p> <p>6) Increase gradually utilization ratio of eco-friendly water repellent agents.</p> <p>7) Establish SOPs for Chemicals Management.</p>	<p>1) Decrease adopted categories and the consumption of chemicals and increase reuse</p> <p>2) Compare toxicity of chemicals in procurement and request comparison reports with ZDHC level 3 or bluesign as priority, followed by ZDHC Report from suppliers</p> <p>3) Calculate the COD (Chemical Oxygen Demand) of the discharged, establish targets, and reduce the COD content</p> <p>4) Establish production lines in eco-friendly processes</p>	<p>1) Equip all fabric with product traceability to track detailed information of every batch of chemicals</p> <p>2) Manufacture all products in compliance with eco-friendly and non-poisonous discharge criteria of ZDHC; taking water repellent agents for example, to gradually replace long-chained fluoropolymer agents with short-chained ones and eventually with fluorine-free ones :</p> <p>➤ Decrease gradually the use of long-chained C8 in conjunction with the PFOA/PFOS draft regulation proposed by the United States EPA.</p> <p>➤ Increase gradually the use of fluorine-free, as of the end of 2021, the use of fluorine-free accounts for 60% of the amount of water repellent agents.</p> <p>3) In collaboration with customers in the value chain to widely use the sustainable chemicals to promote the innovative and best practices for protecting consumers, labor and the environment with the aim of sustainable business.</p>

● Implementation Measures for the Three Phases



Notes:

a. Five Guiding Principles of bluesign® :

- (a) Resource productivity: the ecological and economical willingness to manufacture products of defined quality and added value with a minimum required resources and the lowest environmental impact possible
- (b) Consumer safety: offer of ecologically high-quality textiles to consumers with the holistic approach of the bluesign® system and a clear conscience
- (c) Wastewater discharge: elimination of hazardous chemical substances to reduce water pollution and promotion of the use of advanced wastewater treatment systems
- (d) Air emissions: active involvement of weather protection, including the use of low emission components, optimization of energy consumption, and strict monitoring of emission limits of whole production processes
- (e) Occupational health and safety: a commitment to cooperate along the entire production and supply chain—and throughout the product lifecycle—with the aim of passing on up- and downstream environmentally relevant and health-related data and ensuring responsible handling of various chemical products

b. SVHC: substances of very high concern, announced by the European Chemicals Agency (ECHA); 223 items (the date of the announcement 2022.1.17) of FTC's products in such inventory at present

c. CPSIA: consumer product safety improvement act, a United States law signed on August 14, 2008 by President George W. Bush that requires manufacturers and importers to submit documentation of testing by recognized third-parties.

i. Using Green Materials

To provide guidance on safety management for the use, storage, and transportation of hazardous chemicals, and on assurance of the safety of the operating personnel and equipment, the Company develops management document and stipulates Standard Operation Procedures according to relevant legal regulations of occupational safety, fire control, and transportation. The aforesaid actions allow of reduction of hazards of chemicals through strengthening safety management, control operations, safety and health facility establishment, emergency management, and supervision inspections.

1. Procedure Manuals for Chemical Management Stipulated by Formosa Taffeta

Chemical Management Item	Management Regulations Stipulated by FTC
Management of Hazardous Chemical Labeling and General Knowledge	Regulations Governing Hazardous Chemical Labeling and General Knowledge
Management of Dangerous Objects	Regulations Governing Public Hazardous Objects
Management of Chemical Operations	Regulations Governing Hazardous Chemical Operations
Personnel Management Training	Regulations Governing Personnel Training
Hazardous Chemical Operating Environment	Regulations on Monitoring of the Operating Environment

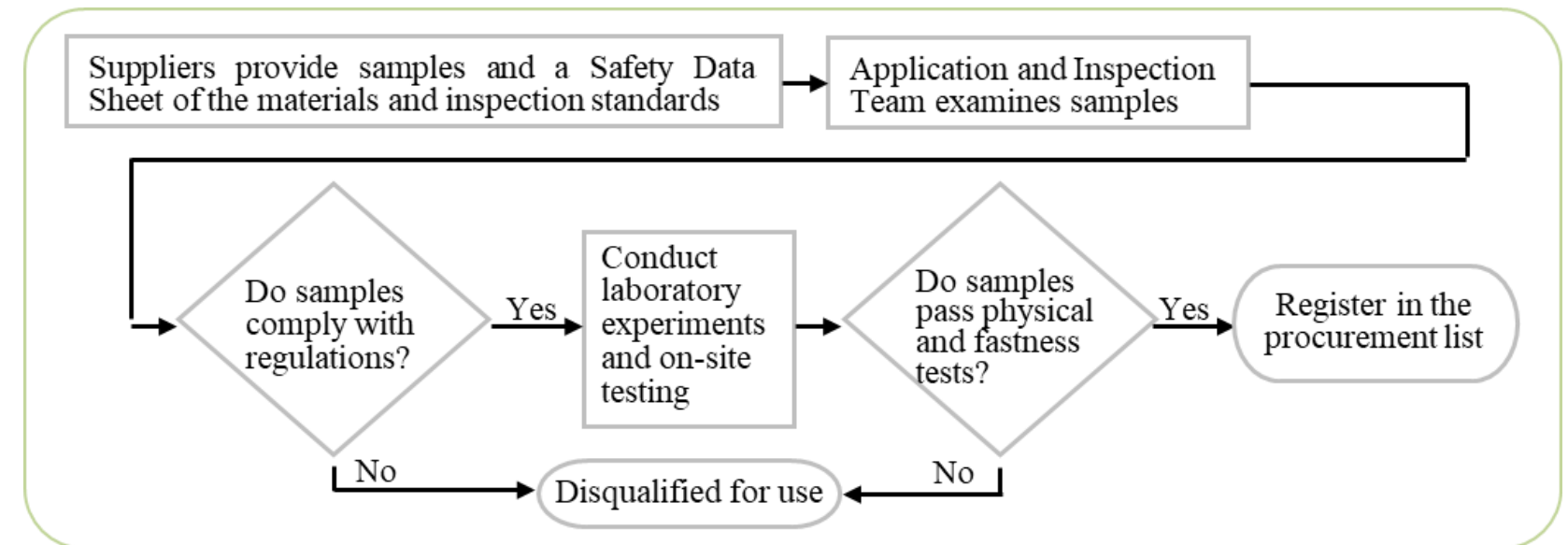
2. Risk Ranking Management of Hazardous Chemicals

In conjunction with the provisions of the “Occupational Safety and Health Act” and the increase in demands of chemical management by the stakeholders, the Industrial Safety & Hygiene Office stipulated regulations on risk ranking management for hazardous chemicals, which provide the bases for assessing the degrees of risks the chemicals pose and risk ranking management procedures based on hazards to health, distribution, quantity of use and other conditions. Each Plant will establish the “Hazardous Chemicals Assessment and Risk Ranking Table”, schedules for the implementation of risk ranking management in accordance with their specific needs, and file assessment methods, risk ranking management measures, and implementation logs for future reference to facilitate the institutionalization and traceability of the implementation of such management.

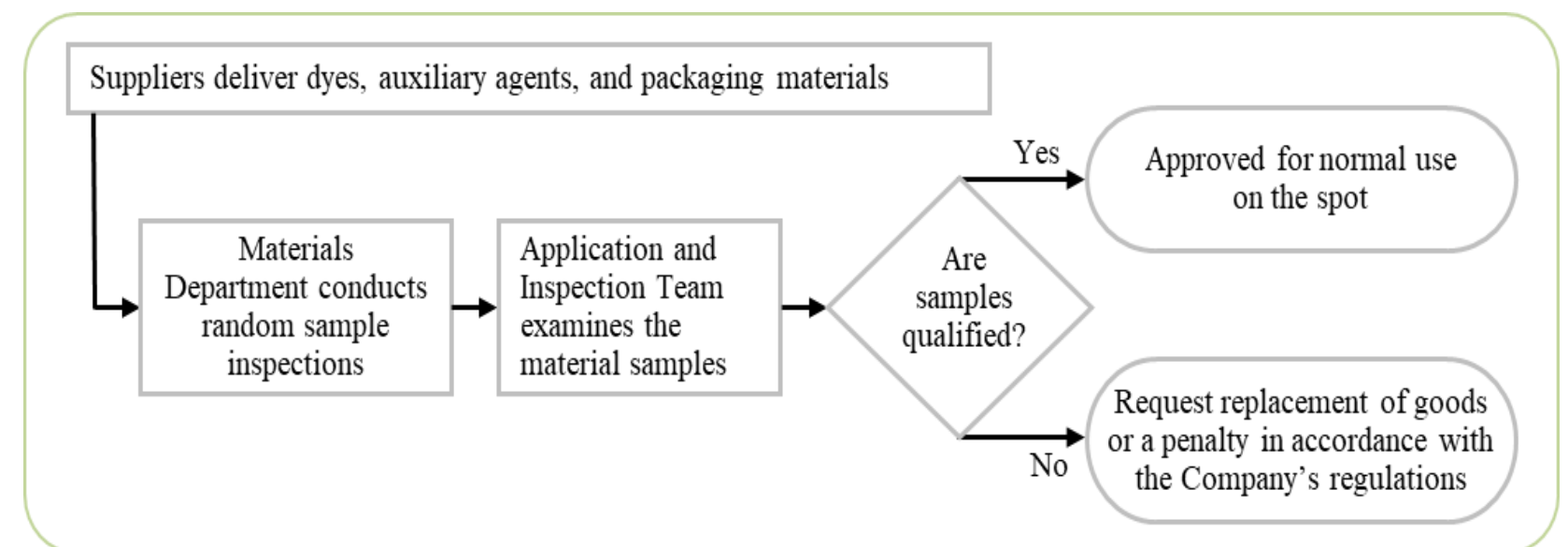
3. Hazardous Chemicals Inventory Management

The Application and Inspection Team of the R&D Center specializes in the stipulation of standards for the composition/quality of dyes, auxiliary agents, and packaging materials, as well as the conduction of incoming quality control, through which quality conformity of the incoming can be guaranteed through source control. With stringent reviews, inspections, and tests on currently used materials, all products comply with clients' requirements. Suppliers without environmental protection certificates will be required to present guarantee letters to prove that their products meet criteria of Oeko-Tex® 100 Standards and the SVHC inventory management of the EU REACH. Without such letters, their supplied materials will not be registered in the procurement list; without subsequent improvements or further corrective measures, that supplier will be excluded from the collaboration list.

Establish Chemical Inventory Management



Feed Material Inspection



4. Transportation and Storage Management of Chemicals

In addition to establishing clear warning signs and labels for storage in order to increase the awareness of onsite personnel regarding potential hazards and self-protection, the Company has also installed anti-overflow embankments of suitable height or leakage prevention devices with similar functions in the vicinity of the transportation facilities, storage tanks, and pumps to prevent hazards related to chemical spills and pollution. Inspections of the transportation facilities and storage tanks will be irregularly conducted by the Standards Team and Industrial Safety & Hygiene Office of the President Office. If any leakage or abnormality is discovered, a basic quarantine will be established on the premises, and the responsible personnel will be requested to conduct detection at the site of the reported abnormality and reinforce protection measures in order to ensure prompt response to the crisis and effective control of hazards and damages. If necessary, punishment or fine will be imposed on the personnel in malpractice cases.

5. General Knowledge of Hazards

In order to ensure that the onsite personnel have full understanding of the different types of hazardous chemicals and that chemical usage conforms to the “Regulations for the Management of Hazardous Chemical Labeling and General Knowledge”, the Company has stipulated the General Knowledge of Hazards Plan to standardize the professional knowledge of relevant operating personnel so that they can fully recognize the properties of the hazardous chemicals, emergency response measures, and preventive measures within the scope of their duties and consequently prevent the incidence of disasters or reduce the degree of damage.

The planning and promotion of the General Knowledge of Hazards is conducted by the Industrial Safety Office. In reality, the promotion of the plan requires the supervision and promotion of relevant departments, plants, and plant directors, as well as the cooperation of relevant departments, plants, and Industrial Safety & Hygiene Officers in the implementation of the following items:

- 1) Compilation and organization of the “Hazardous Chemical Inventory.”
- 2) Preparation of the floor layout of the plant for the storage location of hazardous chemicals.
- 3) Preparation of the labeling for hazardous chemicals.
- 4) Examination of the “Safety Data Sheet” of the hazardous chemicals and review of the accuracy of the contents in the Safety Data Sheet and timely updates as required by the actual conditions. Such reviews should be conducted at least once every three years.
- 5) Supervision of personnel training for the “General Knowledge of the Manufacturing, Handling, and Usage of Hazardous Chemicals.”
- 6) Stipulation of the Accident Prevention and Emergency Response Measures Table.
- 7) Assisting the Industrial Safety & Hygiene Office in the General Knowledge of Hazards promotion campaign.
- 8) Other necessary measures to ensure that employees are fully aware of the information regarding the hazardous chemicals.

6. Personnel Training and Emergency Response Drills

The Company shall organize regular training for the general knowledge of hazards and require that all personnel involved in the handling or exposed to the operation site of hazardous chemicals should receive training, and training information should be kept complete for inspection and reference. The hazardous chemical operating departments will conduct emergency response drills in accordance with their duty shifts once per year through simulating various potential disasters that may arise from hazardous chemicals, training personnel to understand and be familiar with the emergency response handling procedures, techniques, and use of firefighting equipment, and record any mistakes and improvements in the drills.

(ii) Green Production Processes

Adhering to the philosophy of sustainable development, the Company has made extensive use of recycled/reusable and biomass materials, improved its production processes, installed energy conservation devices, and enhanced energy/resource exploitation efficiency in the hopes of reducing carbon emissions and environmental impacts. To achieve this objective, the Company has already implemented the following measures, whose weight among production processes will be annually adjusted depending on market demand and circumstances in the future.

- Develop recycled polyamide and polyester fabrics. In 2021, the proportion of recycled fabrics to were 43.5% for polyamide and 55.2% for polyester respectively; the proportions of total amount accounted for 43.6%. (GRS Reg. No.: IDFL20-309536)
- Introduce short-chain C6 fluorine water repellent and fluorine-free water repellent to shun PFOA and PFOS. These repellents have a combined share of 80~95% in 2019, and hit 100% in 2020. Long-chain Fluorochemical Water Repellents is no longer used, and the usage of Fluorine-free Ones was increased to 60%.
- Based on the spirit of ESG, sustainable development, and protection of consumers' health, the Company has comprehensively used BPS-free environmentally color-fixing agent.
- Promote the first-time success rate/lower rework level by upgrading equipment, improving processes, and enhancing productivity.
- Establish product series in paper transfer.
- Develop biomass polyamide and polyester fabrics and solution dyed fabric
- Use and promote organically planted cotton yarn and fabrics (GOTS and OE Reg. No.: CU809578).
- Use Halogen-free and Antimony-free flame retardants for all fireproof processing.
- Introduce dyeing & finishing chemicals extracted from morally planted plants that generate no negative impacts on food crops to reduce the consumption of petrochemical feedstock.

- Recover waste heat and reclaim wastewater to actively convert waste at the front end into resources at the back end.
- Replace traditional solvent-based adhesives with water-based Acrylic and Polyurethane adhesives.
- Develop and introduce water-free water repellent processes; progress towards entirely water-free processes.
- Request suppliers of dyes and auxiliaries used in processes in all production lines to provide guarantee letters for conformance to the EU REACH specifications, Oeko-Tex® Standard 100, and ZDHC/MRSL requirements, and commission accredited third-party certification bodies to carry out irregular sampling inspections.
- Develop ocean-recovered polyester, recovered fishing net, and recovered oyster-thread polyester fabric.
- Introduce and implement the ZDHC project.
- Research and introduce water-free dyeing and finishing processes and technology, for example, the introduction of the dyeing process in supercritical CO₂ fluid and the research on atmospheric pressure plasma finishing.

Comparison Table of the progress of Long-chain Fluorochemical Water Repellents and Short-chain Fluorine-free Ones_ Over Past Three Years

Unit : %	C8 (Long-chain)	C6 (Short-chain)	FC free
2021	0	40	60
2020	0	43	57
2019	3	57	40

The use of long-chain Fluorochemical Water Repellents has discontinued in 2020.

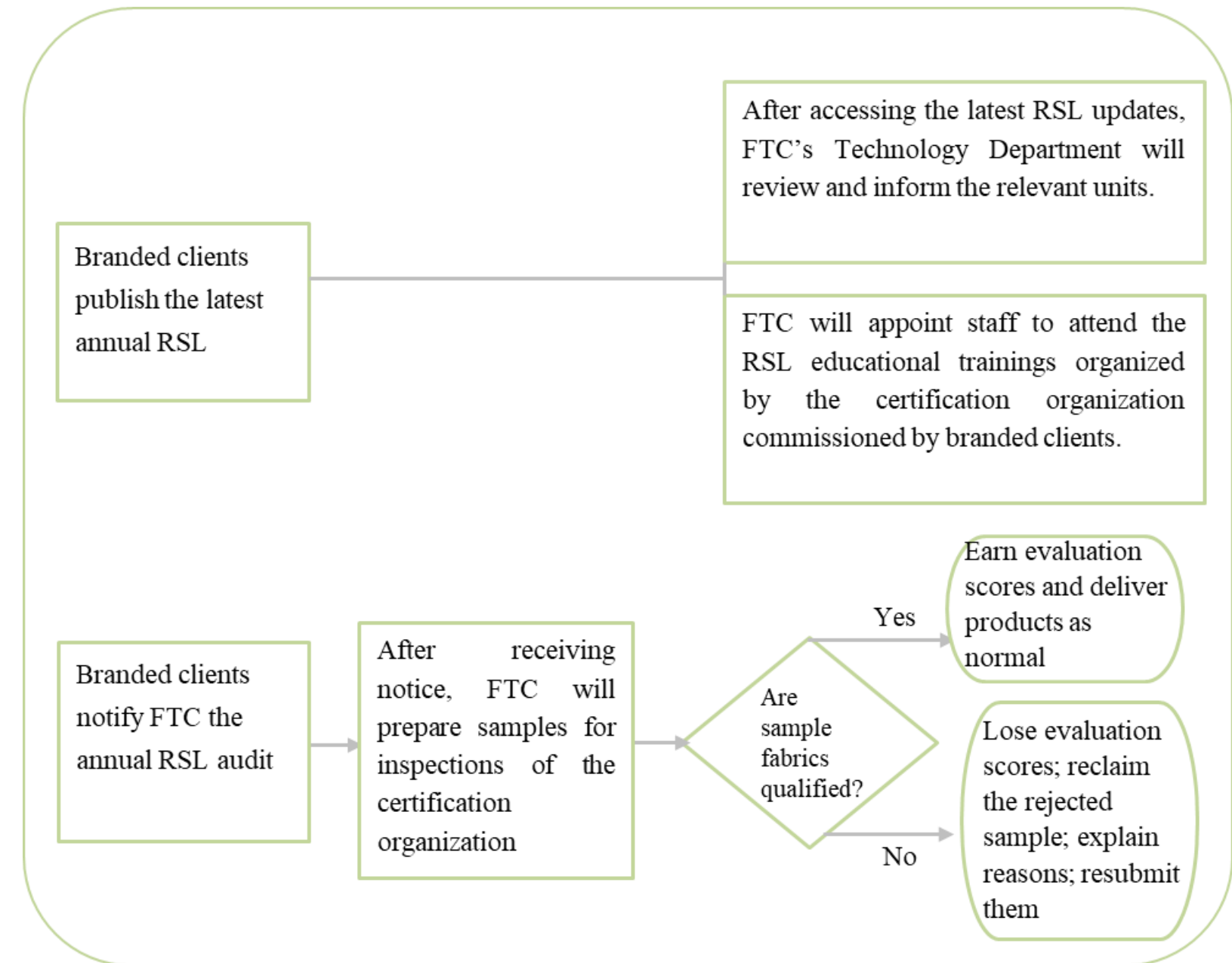
(iii) Green Products

(i) Finished Product Inspection – RSL Review of Each Brand :

To fulfill the commitment to sustainable social responsibility of environmental protection and consumer safety, the Company follows Restricted Substances Lists (RSL) of respective branded clients, such as NIKE, adidas, PUMA, Vf, etc., every year, and demands downstream firms' attendance at relevant illustration conferences, so as to acquaint them with updates in RSLs and the latest international control mechanisms.

In order to ensure compliance with branded clients' RSL specifications, FTC has implemented the self-management process shown on the right picture.

All fabrics of five plants in three countries meet international quality standards, those of local governments, and branded clients' control criteria on hazardous substances. Products need annually inspected not only by accredited third-party certification bodies but also by branded clients; as of 2021, all samples passed branded clients' sampling inspections. Oeko-Tex® Standard 100 Is another certification for the assurance of the product quality. Furthermore, materials (including new dyes and auxiliaries) in conformity with bluesign® criteria are given the priority for use. The formulation of "regulations governing chemicals (510-20-M003)" and "standards for the development of new auxiliaries for the R&D section (808-40-A001)" attests the Company's high regard for products regarding customers' health and safety. In the future, we strive to maintain clients' health and safety and the environmental sustainability, and seek more rigorous monitoring and control processes, which is also the practices of circular economy.



V. Eco-friendly Production Processes and Product Certification

Based on the mission of environmental protection and the objective of sustainability, FTC has respected life and committed to the maintenance of the ecological environment, local charities and giving back to society . In addition, for validity of all above certificates, the renewals and related certifications are commissioned to third parties before their expiry. Five plants in three countries all (100%) obtained ISO 14001, ISO 45001, and bluesign® Standard Certificate. The certificates obtained by Plants are summarized in the following table:

Certificates of Five Plants in Three Countries

Certification Items	Certified Plants				
	Taiwan	Chang- shu	Zhong-shan	Dong-nai	Long-an
Certificates of Eco Products & Production Processes: Oeko-Tex® Standard 100 Certification	✓	✓	✓		✓
GOTS Organic Cotton Certification	✓				
OCS Organic Cotton Certification	✓				
GRS Polyester Recycle Standards	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1:2006)	✓				
Occupational Health and Safety Administration System Certification (ISO 45001:2018)	✓	✓	✓	✓	✓
Taiwan Occupational Safety and Health Management System (TOHMAS Certification)	✓				
Environmental Management System (ISO 14001:2015)	✓	✓	✓	✓	✓
Quality Management System (ISO 9001:2015)	✓	✓	✓	✓	✓
bluesign® Standard Certificate	✓	✓	✓	✓	✓
Product Carbon Footprint Certification PAS2050, 2011	✓				
Energy Management System(ISO 50001:2018)	✓				
International Automotive Task Force 16949 (IATF 16949) certification, 2016	✓				

The self-supervision in the acquisition of certificates has demonstrated FTC’s execution and determination to environment protection, client satisfaction, sustainability, mitigation of the impact of global climate change, promotion of green supply chain, a pioneer in the textile industry. This implies that exertions and effectiveness of energy conservation and emission reduction will have been co-created by clients and users while they choose FTC’s products.

Social Prosperity

● Material Topics and Key Responses in this Chapter

	Targets in 2022	Targets in 2021	Achievement Status in 2021
Labor-Management Relations	<ul style="list-style-type: none"> Comply with the domestic and international Acts to establish harmonious labor-management relations 	<ul style="list-style-type: none"> Comply with the domestic and international Acts to establish harmonious labor-management relations 	✓No violations occurred in 2021.
Occupational Safety and Health	<ul style="list-style-type: none"> Occupational Disease Rate : 0 No major occupational safety incidents happened. Frequency Rate of Taiwan Plant(excluding gas stations) <2. 	<ul style="list-style-type: none"> Occupational Disease Rate : 0 No major occupational safety incidents happened. Frequency Rate of Taiwan Plant(excluding gas stations) <2. 	<ul style="list-style-type: none"> ✓No Occupational Disease occurred. ✓No major occupational safety incidents happened in 2021. ✓Frequency Rate of Taiwan Plant(excluding gas stations) was 1.17.
Employee Development	<ul style="list-style-type: none"> To implement training programs to improve employees' abilities and working efficiency. 	<ul style="list-style-type: none"> To implement training programs to improve employees' abilities and working efficiency. 	1,895 training courses were offered to the employees. 20.1 training hour were implemented on per employee in 2020.
Social Engagement	<ul style="list-style-type: none"> To participate in the community development and charities to create a harmony society. 	<ul style="list-style-type: none"> To participate in the community development and charities to create a harmony society. 	Please refer to of “Sustainable Social Care” of this Chapter for the performance in 2021.

Creating Healthy and Safe Workspace with Enablement of Self-growth

Knowing how to make everyone work at ease and give full play to their expertise has always been an objective of Formosa Taffeta. In order to attract outstanding talents, the Company offers stable and competitive salaries in accordance with Company regulations, as well as complete training programs and career development planning that allow employees to upgrade their professional capacities. Together with the comprehensive welfare benefits and the creation of a safe and healthy work environment, the physical and mental health of the employees can help achieve the best utilization of human resources. Furthermore, multiple communication channels have been established to solicit employee suggestions and safeguard employee rights, thus establishing a firm foundation for the sustainable development of the Company.

i. Human Rights Protection

FTC has always ensured strict compliance with both domestic and international labor and human rights regulations and has always treated all employees equally, and the related information is disclosed on <http://www.ftc.com.tw> and FTC's annual report that includes the following:

- Declaration of “Human-rights Policy” (<http://www.ftc.com.tw/newftc/regulations.php>): support and in conformity to all labor laws/regulations, creation of a working environment with equal appointment and without discrimination and harassment, eradication of forced labor and employment of child labor, respect for privacy and employees' freedom for association, maintenance of smooth communications channels between labor and management, and implementation of complaint system.
- “Work Regulations:” regulating and protecting all employees' working conditions and rights.
- Open recruitment information and impartial selection: The Company provides open, fair, and just employment opportunities to all job seekers in compliance with provisions of the “Employment Service Act.”
- “Regulations Governing Grievance for Inner and Outer Stakeholders”: The Company has established various reporting channels, including suggestion boxes, reporting forms, a direct line (05-5577015), and e-mail (t1000@ftc.com.tw), etc. for employees to report a complaint at any time when they feel that their rights are being infringed or they are subject to inappropriate treatment. Three types of reporting channels—the level-by-level report, the next-level report, and the inter-departmental report—are provided. Complaint materials are handled by designated staffers in a confidential manner and complainants are well protected against any revenge afterwards. There was no complaint on employees' interests and human rights in 2021. Suggestions on daily-life affairs were handled and responded by the administrative department immediately (http://www.ftc.com.tw/doc/ftc_e1.pdf). To protect the privacy of complainants, the suggestion boxes were installed in the place where the company can not spy on.
- Status for the operation of “Reward and Penalty Committee:” discussion and determination of major reward or penalty cases by representatives of high level managerial staff of each unit and the committee members.

- “Regulations for Sexual Harassment Prevention:” the establishment of “Sexual Harassment Appeal and Review Committee“ and reporting channels, such as a direct line, fax, e-mail, etc., and the advocacy of sexual harassment prevention to keep employees from physical and emotional abuse.
- “Regulations governing personal data:” proper custody and use of employees' personal data without breach.
- “Specifications for employee rights protection”: in compliance with the regulations pursuant to the prohibition of forced labor, such as the Labor Standards Act and the Occupational Safety and Health Act; in 2021, no incurred violations.
- Status for the operation of trade union: establishment of the trade union in 1976, regular conduction of committee and supervisor meetings and member meetings, and negotiation with the Company on labor issues to protect employees’ rights and promotion of a harmonious labor/management relations.
- Information on labor-management consultation: holding three labor-management meetings in 2021 to maintain and enhance the labor/management relations.

1. Employment

The recruitment operation of Formosa Taffeta has always abided by the principles of fairness, justness, and openness. Employee candidates are determined based on the performance of each batch of interviewees, in complete compliance with the Labor Standards Act. The Company’s policies forbid the employment of child laborers; at the same time, based on equal employment rights, consideration for employment is based on personal professional capabilities and experiences, instead of such factors as age, ethnicity, sexual orientation, religion, political standing, birthplace, marriage, appearance, or disability. After individuals are hired, their promotion, assessment, training, and reward/punishment system are regulated by clear regulations to ensure equal treatment for all employees. No incidents of human rights violations or discrimination among the hired employees and of employed child laborers were reported in 2021.

Age Group of New Formal Employees of Five Plants in Three Countries in 2021

(Unit: headcount/%)

Plant Age Group	Taiwan Plant			Taiwan FGS			Zhong-Shan Plant in China			Chang-Shu Plant in China			Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Under 29	34	69	103	5	3	8	23	24	47	9	15	24	49	69	118	94	116	210
30 to 39	6	18	24	0	0	0	22	29	51	8	11	19	26	31	57	23	39	62
40 to 49	0	8	8	1	0	1	17	23	40	2	3	5	4	6	10	6	1	7
50 to 59	0	0	0	0	1	1	4	4	8	0	1	1	1	2	3	0	0	0
Over 60	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal	40	95	135	6	4	10	66	80	146	19	30	49	80	108	188	123	156	279
Total employees	802	1,697	2,499	261	281	542	273	290	563	108	172	280	479	613	1,092	451	523	974
Proportion of New Employees (Annual accumulated) (%)	5.0%	5.6%	5.4%	2.3%	1.4%	1.8%	24.2%	27.6%	25.9%	17.6%	17.4%	17.5%	16.7%	17.6%	17.2%	27.3%	29.8%	28.6%

Note:

- Definition of new employees: New formal employees who report to the job after completing the necessary procedure (excluding contract workers and foreign laborers)
- Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population * 100%

Ratio and Age Group of New Formal Employees in the Five Plants in Three Countries in 2021

Unit: headcount/%

Age Group \ Plant	Taiwan Plant			Taiwan FGS			Zhong-Shan Plant in China			Chang-Shu Plant in China			Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
	Number of Formal Employees	New Employees of the age group	Ratio	Number of Formal Employees	New Employees of the age group	Ratio	Number of Formal Employees	New Employees of the age group	Ratio	Number of Formal Employees	New Employees of the age group	Ratio	Number of Formal Employees	New Employees of the age group	Ratio	Number of Formal Employees	New Employees of the age group	Ratio
Under 29	248	103	41.5	144	8	5.6	75	47	62.7	45	24	53.3	377	118	31.3	563	210	37.3
30 to 39	432	24	5.6	200	0	0.0	231	51	22.1	171	19	11.1	399	57	14.3	355	62	17.5
40 to 49	835	8	1.0	124	1	0.8	205	40	19.5	44	5	11.4	238	10	4.2	48	7	14.6
50 to 59	829	0	0.0	66	1	1.5	48	8	16.7	20	1	5.0	76	3	3.9	8	0	0.0
Over 60	155	0	0.0	8	0	0.0	4	0	0.0	0	0	0.0	2	0	0.0	0	0	0.0
Subtotal	2,499	135	5.4	542	10	1.8	563	146	25.9	280	49	17.5	1,092	188	17.2	974	279	28.6

Note:

- Definition of new employees: New formal employees who report to the job after completing the necessary procedure (excluding contract workers and foreign laborers)
- Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population * 100%

2. Workforce Structure

- Ratio of Male Employees to Female Employees, and Average Years of Service

Ratio of Male to Female Employees, and Average Years of Service of the Five Plants in three Countries between 2020~2021

Year	Plant		Taiwan Plant	Taiwan FPS	Zhong Shan Plant in China	Chang Shu Plant in China	Long-an Plant in Vietnam	Dong-nai Plant in Vietnam
2021	Formal Employees	Average Years of Service (years)	19	10.5	9	8.5	9.3	5.2
		Male (headcount)	1,697	281	290	172	613	523
		Female (headcount)	802	261	273	108	479	451
		Male : Female	2.1:1	1.1:1	1.1:1	1.6:1	1.3:1	1.2:1
	Informal Employees	Male (headcount)	322	348	0	0	0	0
		Female (headcount)	435	203	0	0	0	0
	Total		3,256	1,093	563	280	1092	974
2020	Formal Employees	Average Years of Service (years)	19.1	9.5	8.8	7.8	8.7	4.4
		Male (headcount)	1,755	302	268	171	621	575
		Female (headcount)	798	285	266	111	480	515
		Male : Female	2.2:1	1.1:1	1.0:1	1.5:1	1.3:1	1.1:1
	Informal Employees	Male (headcount)	344	371	0	0	0	0
		Female (headcount)	473	183	0	0	0	0
	Total		3,370	1,141	534	282	1,101	1,090

Note :

- Statistics of male to female employment ratio, and average years of service are based on formal employees, excluding informal employees.
- In 2021, the percentage of formal employees in Taiwan Plants is 76.8%, while informal employees (such as consultants, contract workers, migrant workers, and part-time student workers) account for 23.2%. In the past five years, the percentage of formal employees has been maintained above 76% on average, amongst which the ratio of male to female employees has been 2.1:1, with average age by 46.0 years old, and average years of service by 19.0 years.
- The Petroleum Business Division in Taiwan runs gas stations. Some employees are part-time students. In 2021, formal employees account for 49.6% of the workforce, and informal employees account for 50.4%.
- The total number of employees of five plants in three countries is 5,950 in 2021. Taiwanese employees accounted for 51.1% of the Company's total workforce, followed by Chinese with 14.2% and Vietnamese with 34.7%. The Company has tailored its operations to local circumstances in terms of races, national situations, laws/regulations, and cultures.

● Ratio of Female to Male in different positions in 2021 Unit: headcount/%

TYPE	Group	Plant	Taiwan Plant				Taiwan FPS				Zhong-shan Plant in China			
		Gender	Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position	Managerial staff (and above)		0	21	21	0.8%	0	1	1	0.2%	0	〈 3 〉	〈 3 〉	0%
	1 st and 2 nd level supervisors		16	317	333	13.3%	1	16	17	3.1%	19	46	65	11.5%
	Base-level supervisors		99	558	657	26.3%	42	75	117	21.6%	85	94	179	31.8%
	Base-level employees		687	801	1,488	59.5%	218	189	407	75.1%	169	150	319	56.7%
	Subtotal		802	1,697	2,499	100%	261	281	542	100%	273	290	563	100%

TYPE	Plant	Chang-shu Plant in China				Long-an Plant in Vietnam				Dong-nai Plant in Vietnam			
	Gender	Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position	Group												
	Managerial staff (and above)	0	〈 1 〉	〈 1 〉	0%	0	〈 2 〉	〈 2 〉	0%	0	〈 1 〉	〈 1 〉	0%
	1 st and 2 nd level supervisors	18	22	40	14.3%	28	20	48	4.4%	18	15	33	3.4%
	Base-level supervisors	48	64	112	40%	56	91	147	13.5%	55	78	133	13.7%
	Base-level employees	42	86	128	45.7%	395	502	897	82.1%	378	430	808	83%
	Subtotal	108	172	280	100%	479	613	1,092	100%	451	523	974	100%

Note :

- ❖ Definition of positions: managerial staffers (senior supervisors) refers to positions of managers and above; 1st level management supervisors refer to plant director-level; 2nd level management supervisors refer to section chief-level
- ❖ Managerial staffers (senior supervisors) of the Zhong-shan plant and the Chang-shu plant in China and the Long-an plant and the Dong-nai plant in Vietnam are dispatched from Taiwan, so the number of dispatched managerial staffers is calculated in the total number of workforce of the Taiwan Plant; such number is excluded from calculation and displayed as 〈 headcount(s) 〉, representing the number of those staffers who are not the native.
- ❖ With an operation in labor- and capital-intensive industry, the Company still has no female managers.

Ratio of Female to Male at different ages in 2021 Unit: headcount/%

TYPE	Group \ Gender	Plant	Taiwan Plant				Taiwan FPS				Zhong-shan Plant in China			
			Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Age	Under 29		74	174	248	9.9%	59	85	144	26.6%	35	40	75	13.3%
	30 to 39		140	292	432	17.3%	103	97	200	36.9%	125	106	231	41%
	40 to 49		344	491	835	33.4%	66	58	124	22.9%	95	110	205	36.4%
	50 to 59		227	602	829	33.2%	32	34	66	12.2%	14	34	48	8.5%
	Over 60		17	138	155	6.2%	1	7	8	1.5%	4	0	4	0.7%
Subtotal			802	1,697	2,499	100%	261	281	542	100%	273	290	563	100%

TYPE	Group \ Gender	Plant	Chang-shu Plant in China				Long-an Plant in Vietnam				Dong-nai Plant in Vietnam			
			Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Age	Under 29		16	29	45	16.1%	150	227	377	34.5%	258	305	563	57.8%
	30 to 39		75	96	171	61.1%	178	221	399	36.5%	158	197	355	36.4%
	40 to 49		17	27	44	15.7%	111	127	238	21.8%	31	17	48	4.9%
	50 to 59		0	20	20	7.1%	39	37	76	7%	4	4	8	0.8%
	Over 60		0	0	0	0%	1	1	2	0.2%	0	0	0	0%
Subtotal			108	172	280	100%	479	613	1,092	100%	451	523	974	100%

II. Employees' Rights and Benefits

1. Employee Remuneration

To provide employees stable and reasonable living protection, FTC has stipulated the “Regulations for Personnel’s Wage” for the salary structure according to positions, ranks, and monthly appraisal results; salary/bonus hikes will be irregularly done in line with operation performances, changes in business circumstances and consumer price index, etc.

Data of Average and Median Compensation of Full-time Employees of Non-Executive Positions in Taiwan

Year	Average Salary (thousands of NTD)	Median Salary (thousands of NTD)	Number of full-time employees
2021	567	507	3,065
2020	555	487	3,208

- Full-time employees on the table excludes upper executives, employees of subsidiary from within and outside border , foreign workers.

2. Employee Performance Appraisals

Except workers whose service year is less than 3 months, appraisals of employees’ performance are conducted on monthly, quarterly and annual bases according to the “Regulations for Performance Appraisals of Employees”; the results are served as the basis for pay hike and issuance of year-end bonus, and reference for the cultivation of management trainee, promotion and job reassignment.

Unit chiefs below the rank of factory manager and department chief must pass English-language test with certain score for promotion, in line with internalization trend and sustainability goal.

3. Job Security

In response to rapidly changing business environments and constant technological innovations, the Company has continued to streamline its business operations. However, based on the priority of protecting employees’ labor rights, it has insisted on overcoming difficulties together with its employees, even in difficult times or circumstances. By establishing a human resource integration mechanism, it has managed to use employee transfers as a replacement for severance. In the past few years, no incidents of severance or dismissal disputes have been reported. When transferring employees to different departments or positions, the department supervisor will first communicate with the employee and then conduct the transfer in accordance with relevant regulations.

Minimum notice periods regarding substantial operational changes :

According to Labor Standards Act, the minimum periods of advance notices on termination of a labor contract are governed as follows:

- Where a worker has worked continuously for more than three months but less than one year, the notice shall be given ten days in advance.
- Where a worker has worked continuously for more than one year but less than three years, the notice shall be given twenty days in advance.
- Where a worker has worked continuously for more than three years, the notice shall be given thirty days in advance.

4. Maintaining Employee Resignation at Appropriate and Reasonable Levels

Age-group Analysis of Formal Employee Resignation in 2021 Unit: headcount, %

Group	Taiwan Plant (excluding Oil Product Business Division)						Oil Product Business Division of Taiwan Plant						Zhong-Shan Plant in China					
	Female		Male		Total		Female		Male		Total		Female		Male		Total	
	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate
Under 29	9	33.3	46	48.4	55	45.0	26	54.2	17	48.6	43	51.8	16	32.0	19	42.2	35	36.8
30 to 39	12	44.4	37	38.9	49	40.2	16	33.3	13	37.1	29	34.9	18	36.0	16	35.6	34	35.8
40 to 49	6	22.2	6	6.3	12	9.8	5	10.4	5	14.3	10	12.1	10	20.0	7	15.6	17	17.9
50 to 59	0	0.0	3	3.2	3	2.5	1	2.1	0	0.0	1	1.2	6	12.0	2	4.4	8	8.4
Over 60	0	0.0	3	3.2	3	2.5	0	0.0	0	0.0	0	0.0	0	0.0	1	2.2	1	1.1
Sub-total	27	100	95	100	122	100	48	100	35	100	83	100	50	100	45	42.2	95	100
Total number of employees	802		1,697		2,499		261		281		542		273		290		563	
Turnover rate (annual accumulated)	3.4%		5.6%		4.9%		18.4%		12.5%		15.3%		18.3%		15.5%		16.9%	

- Statistics resignation rates are based on formal employees, excluding informal employees
- Formula for employee resignation: total number of employee resignations for the year ÷ formal employee population as of Year-end (December) × 100% (excluding retirement, severance, death, and dismissal)

Age-group Analysis of Formal Employee Resignation in 2021(Continued)

Unit: headcount, %

Group	Chang-Shu Plant in China						Long-an Plant in Vietnam						Dong-nai Plant in Vietnam					
	Female		Male		Total		Female		Male		Total		Female		Male		Total	
	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate	Number of resignations	Rate
Under 29	12	57.1	16	55.2	28	56.0	51	58.0	65	59.1	116	58.6	156	72.2	177	71.4	333	71.8
30 to 39	8	38.1	9	31.0	17	34.0	28	31.8	30	27.3	58	29.3	50	23.1	64	25.8	114	24.6
40 to 49	1	4.8	4	13.8	5	10.0	4	4.5	13	11.8	17	8.6	6	2.8	7	2.8	13	2.8
50 to 59	0	0.0	0	0.0	0	0.0	5	5.7	2	1.8	7	3.5	4	1.9	0	0.0	4	0.8
Over 60	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Sub-total	21	100	29	100	50	100	88	100	110	100	198	100	216	100	248	100	464	100
Total number of employees	108		172		280		479		613		1,092		451		523		974	
Turnover rate (annual accumulated)	19.4%		16.9%		17.9%		18.4%		17.9%		18.1%		47.9%		47.4%		47.6%	

● Statistics resignation rates are based on formal employees, excluding informal employees

● Formula for employee resignation: total number of employee resignations for the year ÷ formal employee population as of Year-end (December) × 100% (excluding retirement, severance, death, and dismissal)

Age-group Analysis of Formal Employee Resignation in 2021

Unit: headcount, %

Age Group \ Plant	Taiwan Plant (excluding Oil Product Business Division)			Oil Product Business Division of Taiwan Plant			Zhong-Shan Plant in China			Chang-Shu Plant in China			Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio
Under 29	248	55	22.2	144	43	29.9	75	35	46.7	45	28	62.2	377	116	30.8	563	333	59.1
30 to 39	432	49	11.3	200	29	14.5	231	34	14.7	171	17	9.9	399	58	14.5	355	114	32.1
40 to 49	835	12	1.4	124	10	8.1	205	17	8.3	44	5	11.4	238	17	7.1	48	13	27.1
50 to 59	829	3	0.4	66	1	1.5	48	8	16.7	20	0	0.0	76	7	9.2	8	4	50.0
Over 60	155	3	1.9	8	0	0.0	4	1	25.0	0	0	0.0	2	0	0.0	0	0	0.0
Total	2,499	122	4.9	542	83	15.3	563	95	16.9	280	50	17.9	1092	198	18.1	974	464	47.6

- Statistics resignation rates are based on formal employees, excluding informal employees
- Formula for employee resignation: total number of employee resignations for the year ÷ formal employee population as of Year-end (December) × 100% (excluding retirement, severance, death, and dismissal)
- As part of the labor- and capital-intensive industry featuring higher turnover, the turnover rate of the Taiwan Plant reached 4.9 % in 2021, a relatively low and stable level.
- Reasons for high turnover in 2021 in oversea plants:
 - China Plants (Zhong-Shan, Chang-Shu): manpower shortage in the coastal provinces of China has caused a high labor mobility rate.
 - Vietnamese Plants (Long-an, Dong-nai): surged foreign investment in Vietnam resulted in increased demand for manpower, thereby causing a high labor mobility rate.

5. Employee Welfare Benefits

FTC has provided employees various fringe benefits in the fields of accommodations, leisure, and literary and exercise facilities, so that employees can contribute their abilities in a safe and stable environment. In line with laws/regulations, corporate culture, public opinions, international trend, and universal value, the company has taken good care of employees in the aspects of eating, clothing, lodging, transportation, child care, and recreation to enhance the sense of well-being among employees. Meanwhile, committees for employees' welfare have been established at the five plants in three place, in charge of conducting travel, providing "welfare money" for two festivals a year, offering birthday gift money and travel subsidy, organizing exercise and entertainment activities, and subsidizing employee clubs, on top of scholarship for employees' offspring, and setting up kindergarten for employees' offspring.

- **Employee Welfare Measures Implemented in Accordance with Relevant Regulations:**

- 1) Established the Employee Welfare Committee
- 2) Regular Employee Health Inspections (Once every five years for employees under the age of 40, once every three years for employees between 40~65 years old, once every year for employees above 65 years old)
- 3) Half pay for sick leave of six months or less for outpatient and inpatient sick leave every year (According to the law, half pay only has to be given for sick leave within 30 days, but sick leave exceeding 30 days would not be entitled to pay.)
- 4) In reference to the Labor Standards Act, employee deaths in the line of duty are entitled to bereavement pay of five months of average monthly salary and compensation pay of 40 months of average monthly salary. Employee deaths not attributable to work duties are also eligible to receive consolation payment of six months of average monthly salary.
- 5) Employees suffering from death, disabilities, injuries, or diseases as a result of occupational accidents are entitled to compensation in accordance with the law.
- 6) Work jumpsuits and protective leather footwear. (937 pairs of protective leather footwear were provided.)
- 7) Health education and information, lectures and on-site medical consultation by professional doctors couple times per month
- 8) Parental leave (In 2021, a total of 6 employees, 2 males and 4 females submitted such application)
- 9) Employee retirement system, offering protection for employees' retired life
- 10) Labor insurance and health insurance

- **Employee Welfare Measures Better than Regulations :**

- 1) Established the mutual aid committee
- 2) When employees and their families seek medical services at Chang Gung Memorial Hospital, they are entitled to discounts for the medical expenses unsubsidized by the health insurance policy, as well as discounts for health inspections.
- 3) Outstanding employees are nominated each year and awarded with prizes and rewards.
- 4) Employee travel allowance
- 5) Staff fitness equipment, parking lot
- 6) Employees are provided with opportunities of comprehensive training, as well as continuing education
- 7) Meal subsidy for employees on weekdays and gift money as a substitute for year-end dining party
- 8) Birthday cash gifts, well-fare money for Dragon Boat Festival/Moon Festival, scholarship for employees and offspring; Labor Day gifts given via the trade union
- 9) Established recreational buildings, canteens, hostels, single dormitories, and family dormitories
- 10) Discounts at contracted clinics and merchants, convenience stores established in the Taiwan Plant in March 2019.

III. Respecting Employees' Suggestions and Creating a Harmonious Labor Relationship

Given the positive correlation between employee performance and corporate performance, the Company has been pursuing a harmonious labor-management relationship, having high regard for employees' opinions and right of expression, for which it has maintained smooth plural communications channels to facilitate proposal of innovative ideas by employees.

With most employees being labor-union members, labor-management meeting has been taken place regularly, for offering suggestions to the Company. Related unit chiefs are present at the regular meetings of labor-union directors and supervisors, for exchanges of opinions. For labor-management issues, the Company would listen to the opinions of the trade union first, followed by meeting and consultation between ranking managers and union representatives, for attaining a consensus to assure an win-win arrangement between labor and management. Employees have often expressed opinions on employee welfare directly or via the committee for employees' welfare. Physical mailboxes have been installed at spots frequented by employees and designated persons would retrieve proposals dropped into the box regularly for perusal and discussion before giving answers to the employees of the proposals. In 2021, the Company created a group for new employees through app so that they can seek timely advices and solutions for questions and difficulties they met at workplace .

The company has been long pushing "system for job improvement proposal by employees" (IE proposal), encouraging employees to put forth job-related innovative ideas or improvement suggestions, especially on manufacturing process as basis for discussion, thereby facilitating identification of problems and discovery of innovative or improvement solutions. Award money will be available to those who present proposals evaluated to be feasible and beneficial and the proposals will be forwarded to units in charge for mapping out concrete measures for implementation, in line with the company's management concept of "probe of root cause of problems, relentless quest for perfection." To have a firm grip on the implementation of IE proposals, revision was made on "measures encouraging job-related improvement proposals" in 2018, according to which awards will be available only to those proposals which have resulted in actual benefits, so as to enhance the quality of proposals and prevent random proposals. To retain interest of employees in presenting proposals, standards for issuance of award money have been loosened, though, abolishing condition of 60 points in the evaluation results for the proposals.

Statistics of Work Improvement Proposals in the Past Five Years

(Unit: New Taiwan Dollars)

Year		2017	2018	2019	2020	2021
Number of Proposals		3,218	3,550	3,311	3,192	2,705
Reward Amount		347,300	316,800	294,100	280,200	287,200
Achievement Rewards	Number of Improvements	3	1	6	2	1
	Rewards	18,431	4,330	20,686	11,912	4,107
	Annual Benefits	3,054,856	401,760	7,818,756	3,563,828	346,992

IV. Training and Education

● Training System

A sound training system has been established and stipulated “Training Management Regulation.” The Company records the training status of employees through e-learning training management system.

Training Classification	New Employee Orientation	Basic Training of Work Duties	On-job Professional Training	Management Staff Reserve Training	Project Training
Target Group	New employees	New employees and staff mobilization management staff under the position of Foremen / Team Chiefs	Plant Directors, Directors, and the employees below them	Foremen / Team Chiefs / Section Managers / Plant Directors, and Directors / Managers	All business-related employees
Implementation Timing	Before new employees are assigned to their work positions	Within three months of starting work	When work conditions or the department needs to stipulate a training plan	Conducted in accordance with the management needs of the Company.	Irregularly conducted in accordance with operation strategies

● Performance of the Company’s Training Status

The Company adheres to the principle of sustainable inheritance including culture, experience, and technology and encourages the employees to keep acquiring knowledge and new skills. The status of training courses in 2021 held by the Company is indicated below:

1) Improvement in English skills :

FTC has regulated that unit chiefs below the rank of unit manager and department chief must pass TOEIC English-language test with score over a certain level before being recommended for promotion, in line with internalization trend and sustainability goal. The actual training hours of English class was 3,474.

Item	Training Hours	Attendances	Planned Training Hours	Actual Training Hours	Attendance Rate
TOEIC TEST (Certificate Class)	60	23	1,380	1,296	93.9%
TOEIC TEST (Basic Class)	60	38	2,280	2,178	95.5%

2) Implementation of Inner/External Educational Training of the Company in 2021

Category	Total courses	Total attendances		Total training hours		Average training hours per attendance	
		M	F	M	F	M	F
Management	559	4,583	2,626	15,311	8,652	3.34	3.29
EHS	563	11,847	5,861	32,506	17,859	2.74	3.05
CEP	213	2,753	1,032	9,823	3,958	3.57	3.84
QC	58	463	560	4,503	1,656	9.73	2.96
Techniques	341	2,191	886	5,334	2,091	2.43	2.36
IT	6	52	16	188	23	3.62	1.44
Other	72	773	556	2,012	1,073	2.60	1.93
Special Expertise	30	163	59	388	116	2.38	1.97
External Training	143	326	124	5,132	1,009	15.74	8.14
Total	1,985	23,151	11,720	75,197	36,437	3.25	3.11
		Total employees of five Plants in Three Countries (as of 2021/12/31)		Total training hours		Average training hours per attendance	
		M	4,246	75,197		17.71	
		F	3,012	36,437		12.10	
		Total	7,258	111,634		15.38	

V. Occupational Health and Safety

Since June 2009, the Taiwan Plant has obtained the OHSAS 18001/TOSHMS certificate and passed that certification annually after that; by 2013, and the other four overseas plants in Zhong-Shan, Chang-Shu, Long-an, and Dong-nai passed certification of the OHSAS-18001/TOSHMS or/and ISO-14001 one after another. In line with the international trend in occupational safety and hygiene, the company has been dedicated to promotion of employee health and safety, including holding of ISO 45001 training course starting November 2019, certification of ISO 45001:2018 for occupational safety management system in June 2020, subjection of all the employees and contractors, numbering 4,256 and 1,273, respectively, of the five factory premises at three sites (excluding gas-station workers) to internal/external auditing for occupational safety and hygiene management system. Given widespread distribution of its gas stations in Taiwan, each with limited number of employees and small-scale independent operation, the oil product business division has gas-station chief handle safety and health affairs, as well as related education and training, adopting precautionary measures to prevent harm to station workers, either physically or spiritually, and assurance their abidance with safety and hygiene work rules of gas stations.

1) Environment, Health, and Safety Policies

In order to ensure effective health and safety management, the Company has stipulated the following safety, health, and environment policies:

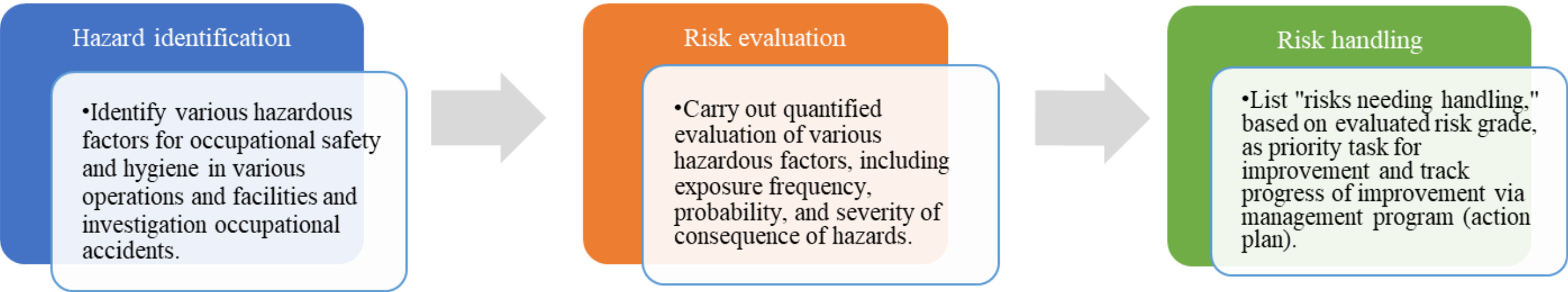
- Ensure compliance with relevant safety, health, and environment regulations and other reasonable demands of stakeholders.
- Make good use of the Safety, Health, and Environment Administration System to strengthen pollution prevention and reduce hazardous impacts.
- Promote hazard identification, risk evaluation, and risk control to prevent damage and health hazards.
- Promote energy conservation and reduction to reduce the impacts of environmental damage and hazards to health and safety.
- Strengthen neighboring relationships, establish good communication channels, enforce routine inspections, ensure reviews, and seek continuous improvements.

2) Occupational Safety and Health Management Plans

In accordance with the “Occupational Safety and Health Act”, both the parent plant and the 2nd plant of FTC have established the Occupational Safety and Health Committee, both of which are headed by the vice chairman, while the labor representatives assisting in the supervision and proposal of relevant plans account for 40% (the main plant) and 44.4% (the 2nd plant), respectively. For many years, we have adhered to our management philosophy of “Balancing Environmental Safety and Health with Economic Development” and established Occupational Safety and Health Management Plans that comply with relevant regulations and held the meeting every three month. Through the effective operation of the Occupational Safety and Health Committee and risk evaluation, the Company has incorporated hazard identification and risk management strategies for implementation. Through constant inspection and issue identification, prompt corrective measures can be taken to ensure continuous improvements and increase Safety and Health Management performance. For overseas plants, the meeting is held every month with the participation of each department director and supervisor to review the promotion of safety and hygiene affairs.

3) Hazard Identification, Risk Evaluation, and Stipulating Control Measures

In order to identify potential hazard factors in the environment, as well as the potential impacts of such hazards to the operations, facilities, products, and services, the Company (Taiwan Plants) has conducted evaluations to identify and classify potential risks and has stipulated response control mechanisms/measures for the various types of risks. In order to ensure that risk management can be improved with time and appropriately adjusted, the Company will not only conduct full-scale risk evaluations before the annual internal audit, but will also conduct irregular inspections on the changes in production processes, activities, equipment, raw materials, and operating environments to evaluate whether any new risks should be included in the hazard factor list and then shall stipulate corresponding measures.



The company executed improvement program on handling of industrial-safety risk, including improvement of 19 items, such as JD burning incident, prevention of PF and FS cutting incident, prevention of PF and FS winding incident, prevention of burning incident of heat exchanger of dyeing machine, installation of optical stop device for impregnating machine, installation of safety cover for lapping machine, and installation of safety protection device for embossing machine, as a result of which there was no any injury incident in 2021.

Statistics of Hazard Identification, Risk Evaluation, and Control Measures of Five Plants in Three Places in 2021

Plant	Number of identified/ evaluated hazards	Number of Unacceptable (High) Risk Cases After Evaluation	Number of Improvements with Specific Targets	Number of Amended/Stipulated Management Documents
Taiwan	5,150	19	19	16
Zhong- Shan	136	5	5	4
Chang- Shu	360	4	4	1
Long An	110	22	22	30
Dong Nai	580	17	17	10

4) Hazard identification and risk evaluation and management for contracting operations

- Regular implementation of education and training for contractors' construction personnel, overseers, and safety supervisors;
- Entrance control over contractors' construction personnel and equipment;
- Toolbox talks & safety meetings;
- Control over hazardous operations, including exploitation of open flames, elevated operation, excavation, provisional power consumption, working in confined space, and use of hazardous substances, and over operating environment;
- Notification of the work environment, potential hazardous elements, and required safety and health Regulations to the contractors and their construction personnel
- Meetings convened by a consultative organization for joint operations
- Control over application for permits for job safety;
- Inspections of workplace and guidance/assistance in improvement in deficiencies in safety
- Periodic evaluation of contractors' safety and health performances

FTC's Procedural Documents of Safety & Health Management for Contractors

Category	Management procedures
Safety and health management for contractors	Regulations governing environment, health, and safety for contractors
Hazard analysis of contracted operations	Regulations governing job safety analysis
Notification of requirements of safety & health for contracted operations	Regulations governing environment, health, and safety for contractors
Entrance control over contractors	Regulations governing factory access
Control over contracted operations	Regulations governing job-safety permit
Accident reporting and handling	Regulations governing accident handling
Violations/fine handling and tracking	Regulations governing environment, health, and safety for contractors, Regulations governing inspections of environment, health, and safety
Performance evaluation of contractors	Regulations governing evaluation of contractors

5) Management of Operating Environment

Hazardous factors should first be identified before work environment monitoring. Depending on the actual conditions of the work environment and the evaluation of the exposure of the employees, after conducting sample strategic planning, specialized third-party monitoring companies will be commissioned to conduct regular monitoring of the work environment to understand the actual work environment and protect the safety and health of the operation personnel. Analysis of the monitored results shows that, due to the characteristics of the industry, the work environment is subject to excessive noise hazards. The Company has already procured appropriate and effective soundproof protective gear (earmuffs and earplugs) and will continue to conduct training and inspection to enforce the wearing of protective gear by the workers, as well as request all departments to strengthen the isolation of the noise sources to prevent noise hazards. Furthermore, in monitoring carbon dioxide, dust particles, organic solvents, and specific Chemical in the work environment, the monitored results of 2021 show that the detected levels of the monitored items are lower than the detectable limits, about 1/2 of PEL (permissible exposure level). The Company will continue to enhance equipment automation and preventive equipment to improve the operating environment and ensure that workers are educated in the correct operation methods, gearing of protective equipment, and management methods to protect the health and safety of operation personnel.

Summary of Monitored Items of Workplace in the Five Plants in Three Countries in 2021

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Doulou Plant (Taiwan)	Indoor central air-conditioned operating site	CO ₂	Once/half year	38	Lower than 1/5 tolerance for standard value
	Noisy operating site	Noise (dB)	Once/half year	76	First half of 2021: 83.1(dB)~98.2(dB) Second half of 2021: 68.4(dB)~96.7(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4th Category Dust, 4th Category Respirable Dust	Once/half year	20	Lower than 1/10 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once/half year	121	Lower than detectable limit-1/5 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once/half year	8	Lower than detectable limit-1/2 tolerance for standard value
Zhong-Shan Plant (China)	Noisy operating site	Noise (dB)	Once / year	37	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (°C)	Once / year	8	Lower than tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once / year	26	Lower than tolerance for standard value
	Dusty operating site	4 th Category Dust, 4 th Category Respirable Dust	Once / year	9	Lower than 1/4 tolerance for standard value

Summary of Monitored Items of Workplace in the Five Plants in Three Countries in 2021 (Continued)

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Chang-Shu Plant (China)	Operating site for organic solvent	Organic Solvents	Once / year	3	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for specific chemical	Specific Chemical	Once / year	6	Lower than detectable limit-1/5 tolerance for standard value
	Dusty operating site	4 th Category Dust, 4 th Category Respirable Dust	Once / year	2	Lower than 1/10 tolerance for standard value
	Noisy operating site	Noise (dB)	Once / year	10	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (°C)	Once / year	8	Standard 31°C, measured temperature in summer 28.1°C
Long-an Plant(Vietnam)	Noisy operating site	Noise (dB)	Once / year	44	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4 th Category Dust, 4 th Category Respirable Dust	Once / year	44	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once / year	8	Lower than the lowest detectable limit ~ 1/3 of PEL
Dong-nai Plant (Vietnam)	Noisy operating site	Noise (dB)	Once / year	42	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Operating site for organic solvent	Organic Solvents	Once / year	5	Lower than the lowest detectable limit ~ 1/3 of PEL
	Hazardous Gases	CO ₂ 、SO ₂ 、NH ₃	Once / year	5	Lower than the lowest detectable limit ~ 1/3 of PEL

6) Health Management and Health Promotion

i. Labor Health Protection Measures

In line with the "Occupational Safety and Health Act," factory dispensary and the safety and hygiene office jointly pushed program for protecting physical and mental health of laborers in 2021. The program for protecting health of maternal laborers is to safeguard the physical and mental health of female laborers in pregnancy, after child birth, or in breast feeding. Lectures on the health of such female laborers were held in 2021, which were attended by 6 person. Contents of the lectures included principles for diet during pregnancy, fundamental knowledge and noticeable points for life and health maintenance during pregnancy, pregnancy-induced diabetes, preparation for child birth, labor symptoms, breast feeding, post-child birth diet, post-child birth exercise, methods for alleviating maternity blue, and consumption of non-staple food. Health status of the attendees were recorded and put in file for follow-up tracking.



Club Activity

Summary of Health Promotion Activities Organized in Taiwan Plant in 2021

Event Date	Event	Number of Participants
2021/05/12	Prevention for Workplace violence	41
2021/01/04-12/30	Assessment for Prevention of Physical hazard of high risk employees	15
2021/01/04-12/30	Guidance for employee health	450
2021/01/04-12/30	Prevention for cardiovascular diseases	113
2021/01/04-12/30	Protection for Maternal Employees Health	6
Irregular	Subsidies for various employee clubs in holding outdoor activities	19 clubs, including mountaineering clubs outing club, bike club, and dancing club



Disease Prevention-Fast screening

ii. General Health (Physique) Examination

Before reporting for work, new employees must proceed to designated certified hospitals or medical institutions for general health examination and complete the “Employee Health Examination Booklet”. Present employees should regularly undergo general health examinations according to the following:

Implementation Summary of General Health Examination Conducted in the Five Plants in Three Places in 2021

Plant	Age Groups of Employees	Physical Examination Period	Number of Examined Employees
Taiwan Plant	Under 40 years old	Once every 5 years	684 employees in 2020
	Between 40 and 65 years old	Once every 3 years	1,784 employees in 2019
	Above 65 years old	Once every year	4 employees in 2021
Zhong-Shan Plant in China	New and existing operators	Once every 2 years	231 employees in 2021
Chang-Shu Plant in China	New and existing operators	Once every year	75 employees in 2020
Long-an Plant in Vietnam	Workers in common environment	Once every year	1095 employees in 2021
Dong-nai Plant in Vietnam	Workers in common environment	Once every year	904 employees in 2021

In line with Occupational Safety and Health Act, the Company conducts physical examinations and health examinations for employees periodically. In 2021, the Company performed the physical examinations for employees aged 65 or above, and those detected with abnormal would be tracked the health status and offered the health consultation. The Company also integrates the internal and external resources to arrange the healthy programs and lectures such as prevention of cardiovascular disease to better improve the employees’ health.

iii. Special Health (Physique) Inspection

For new employees working in especially hazardous operations, they should undergo a Special Health (Physique) Inspection at designated certified hospitals for inspection items stipulated by the regulations of the special hazard workplace within one week of reporting for work. The results of the inspection will be used for comparison with the “Diseases Deemed Unfit for Operation” as the basis for dispatching work. For current employees working in especially hazardous workplaces, the Company will implement the Special Health (Physique) Inspection annually in accordance with regulations.

Statistics of Special Health Examination Results in Taiwan Plant in 2021 Unit: headcount

Special Health Examination Items	Grade 1	Grade 2	Grade 4	Number of Examined Personnel
Noise (Hearing)	564	260	7	831
Dust	31	15	0	46
Dimethylformamide	53	55	0	108
Diisocyanate	6	1	0	7
Hyperthyroidism	24	8	0	32
Nickel and its compounds	5	4	0	9
Subtotal	683	343	7	1,033

- Graded special physical examination at Taiwan plant: The task is carried out, according to “Rule on Labor Health Protection,” which mandates hearing ability examination for graded-4 employees and clinical treatment and medication for graded-2 employees with certain health issue.

Statistics of Special Health Examination Results in China Plants in 2021 Unit: headcount

Plant	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Zhong-Shan Plant	Noise (Hearing)	81	0	81
	Dust	0	0	0
	Chemicals + Dust	3	0	3
	Noise + Chemicals + Dust	0	0	0
	Noise + Chemicals	135	0	135
	Noise + Dust	11	0	11
	Chemicals	1	0	1
	Subtotal	231	0	231
Chang-Shu Plant	Dust	11	0	11
	Toluene, Dimethylformamide	16	0	16
	Subtotal	27	0	27

- Graded physical examination at Chinese plants: Arrange physical examination for employees with potential hazard for occupational disease and transfer those found to prohibitive occupational diseases to other positions.

Statistics of Special Health Examination Results in Vietnam Plants in 2021 Unit: headcount

Plant	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Long-an Plant (Vietnam)	Noise (Hearing)	174	0	174
	Dust	10	0	10
	Subtotal	184	0	184
Dong-nai Plant (Vietnam)	Noise (Hearing)	311	0	311
	Subtotal	311	0	311

- Physical examination at Vietnamese plants: Arrange hearing ability examination in factory premises and follow-up check at qualified hospitals for those found to have hearing impairment in the initial examination.

Staffing of Physicians and Nurses Offering Labor Health Services and On-site Health Service Frequency in Taiwan Plant

Plant	Number of Laborers	Nurse Staffing	Physician On-site Service Frequency
Parent Plant	2,652	2 Full-time Nurses	6 Visits / Month
2 nd Plant	480	1 Full-time Nurse	1 Visit / Month

❖ The number of laborers on the table is in accordance with the number reported to Occupational Safety And Health Administration, Ministry of Labor.



Health Education for health of maternal employees



On-site health service ergonomic hazards prevention project



On-site health education abnormal workload prevention project

7) Emergency Response and Rescue

i. Emergency Response

To strengthen the management of emergency response operations and provide a guidance for each unit, the “Regulations Governing Emergency Response Measures” were stipulated, calling for setup of emergency response organizations and task force, formulation of emergency response plans, compilation of rescue norms, and management of emergency response drills, in the hope of cultivating capability for rapid crisis management, for deterrent to deterioration of disasters, and for loss control via regular drill, education, and training.

The plan for prevention of Severe Pneumonia with Novel Pathogens and emergency measures is stipulated by the safety and hygiene office to prevent the outbreak of COVID-19 and safeguard employees’ health. Furthermore, the department updates the policy from time to time based on the announcements from the Centers for Disease Control (CDC) and provides latest information to employees.

ii. Medical Care

Given increasing threat of cardiovascular diseases on the health of Taiwanese people, in addition to arrangement for emergent medical care and rescue, AED (automate external defibrillators) have been installed in the security rooms of the parent plant and the second plant in Taiwan, which will notify medical personnel and employees of safety and hygiene office and summon ambulance upon receiving report on occurrence of emergent cases by various units. AEDs will be checked, maintained, and managed by dispensary and education and training on CPR and use of AED were held from July 8th to 10th, 2019.

iii In Response to Covid-19

The company adopted the following measures to safeguard employees' health and uphold factory operation amid raging Covid-19 pandemic:

● Launch of workplace and workforce segregation

The company kicked off workplace and workforce program, under which key unit chief work at difference offices with separate air conditioning systems and substitution of audio/visual communications for face-to-face ones.

● Layered management for contacts

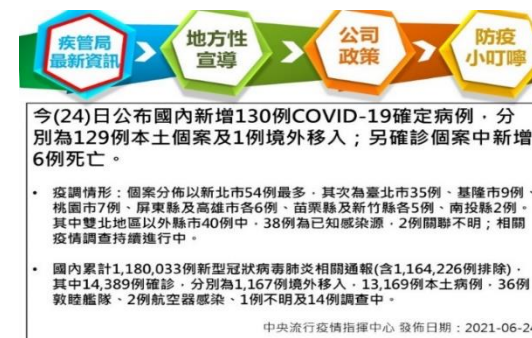
To protect employees, contractors, and their families, the company carried out layered management for the infected, with designated staffers responsible for reporting the status daily and the safety and hygiene office in charge of making summarized report for submission to management.

● Production of anti-pandemic daily bulletin

The daily bulletin contains the sections of "latest CDC (Centers for Disease Control) information," "company policy," "anti-pandemic tips," updating employees on central and municipal governments' latest policy, results of pandemic survey, tracks of the infected, with its contents being posted on bulletin board and Line groups.



workplace and workforce segregation



Production of anti-pandemic daily bulletin



Production of anti-pandemic daily bulletin

● **Purchase of "infrared thermal imaging camera" and "leg-type forehead thermometers"**

Via emergent purchase, the company has installed infrared thermal imaging cameras at the entrance of office building and carried out admission control, according to which visitors have to obtain the agreement of unit chiefs, take temperature, and leave contact information before entering the building with escort of company employees, in order to minimize virus invasion. Leg-type forehead thermometers have installed near security room, capable of taking temperature of incoming persons efficiently without contact, which reduces infection risk.

● **Fast screening for foreign laborers**

The company arranged fast screening for all the foreign laborers, including 430 laborers at the main plant and 56 at the second plant, in June, under the assistance of Chang Gung Memorial Hospital, with all the results being negative.

● **Fast screening for all the employees**

Assisted by Chang Gung Memorial Hospital, the company arranged fast screening for all the over employees at Taiwan factory premises on 24 and 25 June, 2021.



leg-type forehead thermometers



infrared thermal imaging camera



Fast screening for employees

iv Medical Care

Summary of Emergency Response Drills in the Five Plants in Three Places in 2021

Plant	Times of Simulated Emergency Response Drills	Drill Cycle	Drill Duration	Number of Participants
Taiwan Plant	46 Times	Twice / Year	4HR/Drill	3376
Zhong-Shan Plant (China)	17 Times	Twice / Year	4HR/Drill	560
Chang-Shu Plant (China)	4 Times	Twice / Year	4HR/Drill	300
Long-an Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	954
Dong-nai Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	621
Equipment Used in the Response Drills	Wireless radio, broadcast equipment, fire engines, firefighting turrets, fire extinguishers, portable smoke removal fans, emergency generators, torchlights, fire suits, respirators, stretchers, first-aid kits, ambulances, etc.			

8) Occupational Disaster Statistics and Prevention

Regarding potential occupational disasters, the Company will plan and organize activities, such as health education, health guidance, General/Special Health (Physique) Inspections, Physician Onsite services, Emergency Rescue, and other health promotion activities every year. The occupational disaster statistics of the Formosa Taffeta Plants in the past three years are summarized below. In 2021, no occupational disease for employees and suppliers occurred.

● Occupational Disaster Statistics (excluding traffic accidents) of five plants in three places and gas stations over past three years

Occupational Injury and Fatality Statistics between 2019-2021 (Taiwan) Unit: headcount/case/day/%

Item \ Year	Parent Plant									FPS								
	2019			2020			2021			2019			2020			2021		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of fatalities as a result of work-related injury	0	0	0	0	0	0	0	0	0	1	0	1	1	0	1	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0	0	0	0	0	0	0	0.45	0	0.45	0.46	0	0.46	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of recordable work-related injuries	6	6	12	7	2	9	3	4	7	3	1	4	8	3	11	3	0	3
Rate of recordable work-related injuries	0.85	0.85	1.71	1.07	0.31	1.38	0.50	0.67	1.17	1.37	0.45	1.82	3.65	1.37	5.02	1.39	0	1.39
Working hours	7,025,841			6,554,682			5,987,769			2,198,787			2,190,849			2,162,967		

❖ Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /working hours) × 10⁶

❖ Rate of high-consequence work-related injuries (excluding fatalities)=Number of high consequence work related injuries (excluding fatalities)/ working hours × 10⁶

❖ Rate of recordable work-related injuries = Number of recordable work-related injuries/ Number of hours worked × 10⁶

Occupational Injury and Fatality Statistics between 2019-2021 (China, Vietnam)

Unit: headcount/case/day/%

Item \ Year	Plants in China									Plants in Vietnam								
	2019			2020			2021			2019			2020			2021		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of fatalities as a result of work-related injury	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0	0	0	0	0	0	0	0	0	0	0.22	0	0.22	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of recordable work-related injuries	1	0	1	3	1	4	2	0	2	3	2	5	2	2	4	2	0	2
Rate of recordable work-related injuries	0.38	0	0.38	1.38	0.46	1.84	0.83	0	0.83	0.64	0.43	1.07	0.67	0.45	1.12	0.51	0	0.51
Working hours	2,654,780			2,176,645.7			2,414,955			4,665,424			4,479,877			3,889,827		

❖ Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /working hours) × 10⁶❖ Rate of high-consequence work-related injuries (excluding fatalities)=Number of high consequence work related injuries (excluding fatalities)/ working hours × 10⁶❖ Rate of recordable work-related injuries = Number of recordable work-related injuries/ Number of hours worked × 10⁶

Contractors must be in accordance with the regulation procedure for enforcement safety stipulated by the Company. In 2021, there was no accident nor injury occurred in five plants of three countries.

In prevention and management of occupational disasters, the Company has established a mechanism on notification, investigation, analysis, and statistics of occupational disasters and accidents, requiring related units and managerial office to write investigative report within 14 days after occurrence of accidents, which would be reviewed by safety and hygiene office for compilation into reference cases and submitted to monthly meeting of unit chiefs for the knowledge of attendees. To encourage discovery of abnormalities for improvement, employees will be awarded for discovering potential hazards (including false alarms) in their works and offering IE improvement suggestions, according to "measures governing encouragement of proposals for work improvement." Colleagues and contractors can suspend operations and report to supervisors for assistance in handling or suggesting solutions through employee appealing channels if they encounter hazardous factors in the work environment, and will not be subject to punishment.

According to the statics of occupational injuries from five plants in three countries in 2021, there were eight cases resulted from unsafe act and six cases resulted from unsafe facilities/ work environment. Occupational injuries are expected to eliminate through the occupational and safety training, conformity of Stand Operation Procedure, and supervision.

9) Personnel Training

Due to the need of related certificates for some operations, the safety and hygiene office has formulated "annual education and training courses and schedule for safety and hygiene" and required related units to put forth training plan for safety, hygiene, and environmental protection for next year by Nov. every year, according to the Company's "measures governing education and training" and actual needs. The plans will be keyed into the Company's computerized management system for education and training (TN1), as guidance for the implementation and control of various units' annual education and training on safety/hygiene/environmental protection/fire fighting. FPS and overseas plants perform training in accordance with regulations, however, due to the incompleteness of installing computer system, the data is scheduled to be disclosed in 2022 Sustainability Report,

Summary of EHS Training Implemented in Taiwan Plant in 2021

Type	Main Training Course	Target Groups (Hours)	Training Hours / Participants
Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	966 hours/ 6,339 participants
	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
Environmental Protection	Operation personnel environmental protection training	All employees	593 hours/ 6,241 participants
	Chemical substance (including wastewater) leakage and handling training	Public works department, chemical substance operation departments	
	Air pollution, water pollution, waste and toxic operations training	All environmental protection operation departments	
Fire-fighting	Firefighting education and training (including the use of protective equipment)	All employees	559 hours/ 4,486 participants

(II) Sustainable Social Care

i. Philosophies and Social Responsibility Policies

1. Friendly communal relationship

Guided by the founder’s teachings, of “Be industrious, honesty and upright,” the Company strives to realize the management philosophy, “Harmony, innovation, service, and contribution,” which includes honestly paying taxes, valuing environmental safety, and showing concern for employees, etc., and to fulfill its corporate social responsibility and give back to the community/ society by maintaining a good public image and corporate reputation.

Due to the permanent land connection between FTC and its neighboring communities, FTC has been endeavoring to maintain a good relationship with neighboring residents, stepping up communications with them and offering various assistances, including the maintenance of the community environment, sponsorship of charities, etc. Further, it has tried its best to expand the scope of its humanity concerns and responsibility that aims for the establishment of a harmonious community and co-prosperity between it and its neighboring community through prolonged and close attention of it, its relevant clubs and voluntary employees.

2. In compliance with laws & Morality

In line with laws and regulations, FTC has enacted Ethical Code Conduct, Best Principles for Corporate Governance, Working rules. Furthermore, employees shall avoid any treat such as banquet or gift from the work related stakeholders.

ii. Social Charity Measures

Through related activities organized by the Company and its 19 clubs organized by its employees, such as adopting roads of three villages for cleanup and bare land for afforestation, and participating in the community development and charities, the Company has cared for the local community and maintained friendly relationship and good interaction with them. Over the years, the Company has continued to offer social care and assistance to vulnerable groups, donate to impoverished families and other vulnerable groups, be committed to education and charities.

1. Education:

The Company has operated Formosa Taffeta Kindergarten since 1980, which brings convenience, emotional security and benefits—subsidized tuition by a 50% discount—to parents. Besides employees’ children, children living in the neighborhood also benefit from this measures; 60 children attended the kindergarten in 2021.

2. Enterprise road adoption:

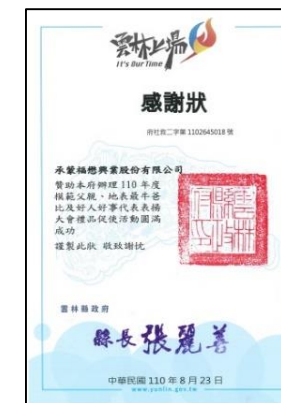
Since 2005, FTC has adopted 9.5 km of the road in the surrounding vicinity for cleanup activities every Friday to establish good neighboring ties with the community and ensure the cleanliness of the community by reducing the amount of dust and the spread of particulates; which annually took 8,112 hours (three hours per week of two employees from each of the 26 units.) According to the “Disposal Directions on Review of Air Pollutant Emission Increase offset for Development Activities by the EPA, Executive Yuan,” promulgated on July 28th 2009, the amount of the annual reduced particulate and dust is 13.634 tons.

3. Adoption of bare lands for afforestation:

The Company annually adopts 0.6544 hectares of bare lands since September, 2010 to give back to society through afforestation, beautification of the community environment, reduction of dust on the bare lands, and maximization of benefits of the afforestation.

4. Giving back to local communities – participation in social charities

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	8
2	Consultation for the neighborhood volunteer civil defense force	4
3	Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities	7
4	Activities organized by community vulnerable group foundations	8
5	Donations to charities and events of neighboring schools and organizations	8
6	Sponsoring other environmental protection activities and events in neighboring communities	1
Total number of sponsoring events and donations made in 2021		36
Investment in Community Relations in 2021 was NT\$ 594,400 .		



Donation to Father's Day series events held by Yunlin County Government



Donation to Mother's Day series events held by Yunlin County Government



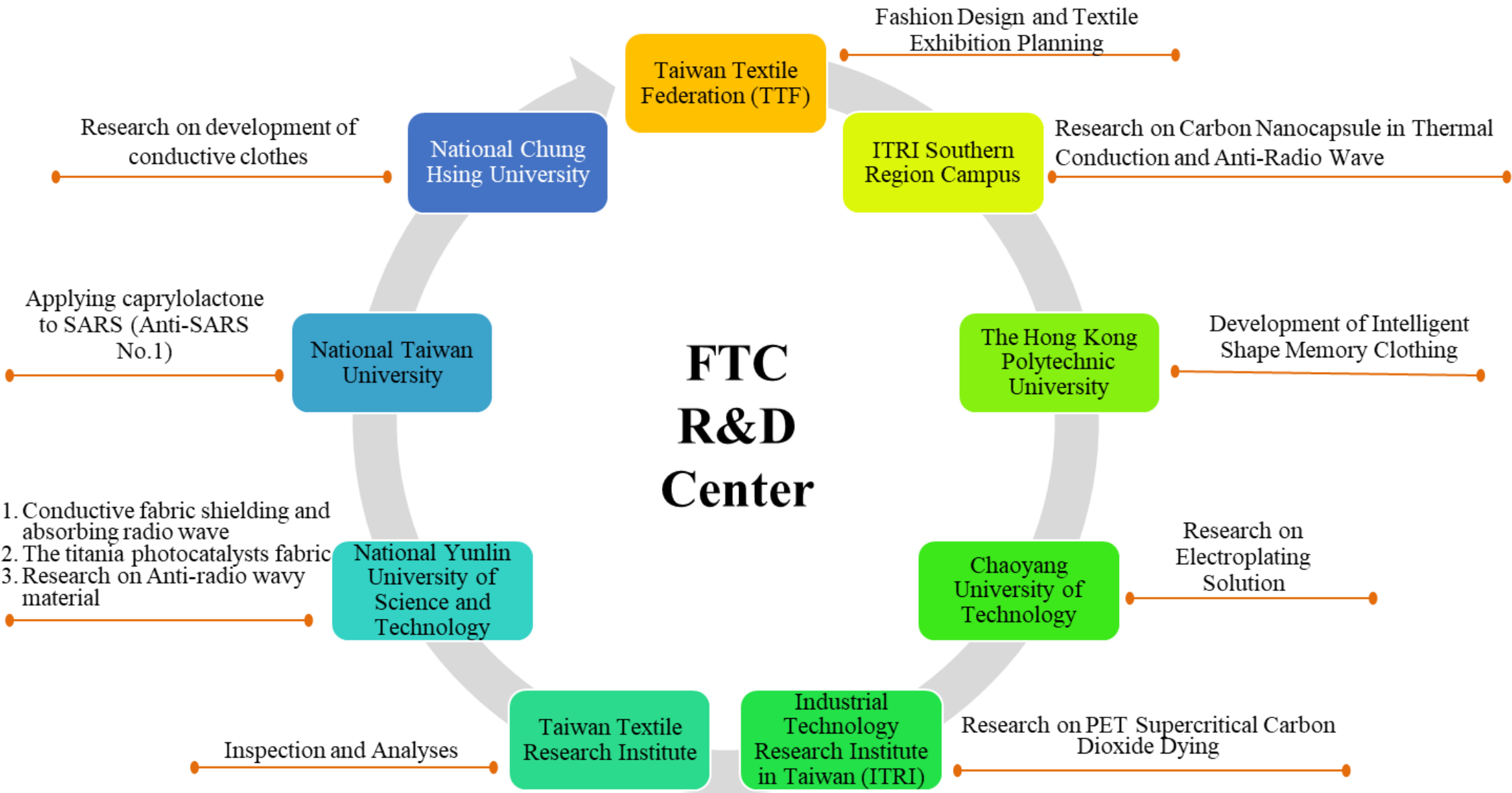
Assumption of responsibility for environmental protection and sweeping of roads in Yunlin County



Donation Clothes to the Charitable organization

iii. External Industry, Academic, and Research Cooperation Projects in Previous Years:

We engage in joint planning with some academic institutions and industrial associations to enhance our levels of techniques, production capacity, and management, strengthen our innovation capability, develop high value-added products with market potential (or state-of-the-art products), and promote the growth of strategic businesses. The following is the status of cooperation.



Cooperative Partners	Project	Number of Participants	Period
Department of Applied Chemistry, Chaoyang University of Technology	Development and application of replacing silver catalyst with tin palladium catalyst.	25	2021~2022
	Replacing Silver Activator with Sn-Pd Colloidal dispersion in Chemical Plating Copper solution and developing a new reducing agent in place of Formaldehyde	30	2020~2021
	Monitoring method of electroless plating process and development of Conductive Adhesives	25	2019~2020
	Composition analyses and formula development of stability reagents and chelating agents of electroless nickel plating solution	25	2014~2017
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on high functionality fabric coating technology and optimum production processes	25	2014~2015
	Research on water-repellent functionality of fabric by atmospheric pressure plasma and coating technology after fluorine-free water-repellent processing	30	2015~2017
Department and Graduate School of Visual Communication Design, National Yunlin University of Science and Technology	Application design of woven fabrics	20	2014~2016
National Chung Hsing University	Development of conducting textiles (II)	35	2020~2021
Taiwan Textile Federation	Planning of garment design and textile exhibition	55	2014~2016
Taiwan Textile Research Institute	Testing and development of functional fabrics and protective fabrics	50	2014~2021
	Development of Photocatalyst system and testing for the protection and durability of Photocatalyst clothing	60	2020~2021
Over the recent five years, FTC has contributed nearly NT\$ 30 million to collaboration among Industry-Government-Academy. Not only does it help the academy to apply research and development to the industry but also assist the Company to produce new products.			

iv. Participation in External Associations

On top of effort for upgrading technology and competitiveness, the Company has also joined several industrial associations and taken part in major domestic and overseas seminars to keep up with the latest global development , promote interactions between FTC and association members and create cooperative opportunities.

Participating Associations			Qualification
<ul style="list-style-type: none">●Chinese Association for Industrial Technology Advancement●Society for the Advancement of material and Process Engineering●Textile Information Partnership	<ul style="list-style-type: none">●Taiwan Technical Textiles Association●Textile NET in Taiwan●Cradle to Cradle Platform	<ul style="list-style-type: none">●Taiwan Silk & Filament Weaving Industrial Web●Taiwan Smart Textile Association	Member

V. Due to the Covid outbreak, the Company displayed the new products through online SHOWROOM.

1) Formosa Taffeta Co., Ltd.’s online SHOWROOM



2) TITAS Virtual 2021



Appendix

Appendix I. GRI Index

GRI Standard	Disclosure		Page	Note
Universal Standards				
GRI 102:2016 General Disclosures	Organizational profile	102-1 Name of the organization	15	
		102-2 Activities, brands, products, and services	18-19	
		102-3 Location of headquarters	15	
		102-4 Location of operations	15-16	
		102-5 Ownership and legal form	15-16	
		102-6 Markets served	19	
		102-7 Scale of the organization	15-16 ; 18 ; 20 ; 93	
		102-8 Information on employees and other workers	93	
		102-9 Supply chain	33-42	
		102-10 Significant changes to the organization and its supply chain	33-42	
		102-11 Precautionary Principle or approach	25-32	
		102-12 External initiatives	-	TCFD Supporter
		102-13 Membership of associations	124	
	Strategy	102-14 Statement from senior decision-maker	3-4	
	Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	1-2 ; 23-25	
	Governance	102-18 Governance structure	17 ; 21-22	
	Stakeholder engagement	102-40 List of stakeholder groups	7-8	
		102-41 Collective bargaining agreements	-	None
		102-42 Identifying and selecting stakeholders	7-8	
		102-43 Approach to stakeholder engagement	7-8	

GRI Standard	Disclosure		Page	Note
Universal Standards				
GRI 102:2016 General Disclosures	Reporting practice	102-44 Key topics and concerns raised	9-10	
		102-45 Entities included in the consolidated financial statements	6	
		102-46 Defining report content and topic Boundaries	6	
		102-47 List of material topics	11-12	
		102-48 Restatements of information	Appendix II	
		102-49 Changes in reporting	-	No significant change
		102-50 Reporting period	6	
		102-51 Date of most recent report	6	
		102-52 Reporting cycle	6	
		102-53 Contact point for questions regarding the report	6	
		102-54 Claims of reporting in accordance with the GRI Standards	6	
		102-55 GRI content index	Appendix I	
		102-56 External assurance	Appendix III	
		GRI 103:2016	Management Approach	103-1 Explanation of the material topic and its Boundary
Topic-specific Standards				
Economic Performance				
GRI 103 : 2016 Management Approach	103-2 The management approach and its components		20	
	103-3 Evaluation of the management approach		20	
GRI 201 : 2016 Economic Performance	201-1 Direct economic value generated and distributed		20	
	201-3 Defined benefit plan obligations and other retirement plans		Please refer to Labor- management relationship of 2021 Annual Report	

GRI Standard	Disclosure	Page	Note
Topic-specific Standards			
Anti Corruption			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	23-25	
	103-3 Evaluation of the management approach	23-25	
GRI 205 : 2016 Anti-Corruption	205-3 Confirmed incidents of corruption and actions taken	-	No corruption incidents happened in 2021
Energy			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	56,69-72	
	103-3 Evaluation of the management approach	56,69-72	
GRI 302 : 2016 Energy	302-1 Energy consumption within the organization	69-72	
	302-3 Energy intensity	69-72	
WATER AND EFFLUENTS			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	62-68	
	103-3 Evaluation of the management approach	62-68	
GRI 303:2018 WATER AND EFFLUENTS	303-1 Interactions with water as a shared resource	62-68	
	303-2 Management of water discharge-related impacts	62-68	
	303-3 Water withdrawal	62-68	
	303-4 Water discharge	62-68	

GRI Standard	Disclosure	Page	Note
Topic-specific Standards			
Emissions			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	56-61	
	103-3 Evaluation of the management approach	56-61	
GRI 305 : 2016 Emissions	305-1 Direct (Scope 1) GHG emissions	59-61	
	305-2 Energy indirect (Scope 2) GHG emissions	59-61	
	305-4 GHG emissions intensity	59-61	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	58-59	
Environmental-Compliance			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	56	
	103-3 Evaluation of the management approach	56	
GRI 307 : 2016 Environmental- Compliance	307-1 Non-compliance with environmental laws and regulations	76	
Employment			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	89-101	
	103-3 Evaluation of the management approach	89-101	
GRI 401: 2016 Employment	401-1 New employee hires and employee turnover	91-92 ; 97-98	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	99-100	

GRI Standard	Disclosure	Page	Note
Topic-specific Standards			
Occupational Health and Safety			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	104-119	
	103-3 Evaluation of the management approach	104-119	
GRI 403 : 2018 Occupational Health and Safety	403-1 Occupational health and safety management system	109	
	403-2 Hazard identification, risk assessment, and incident investigation	104-108	
	403-3 Occupational health services	109-112	
	403-4 Worker participation, consultation, and communication on occupational health and safety	104	
	403-5 Worker training on occupational health and safety	119	
	403-6 Promotion of worker health	109-116	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	104-116	
	403-9 Work-related injuries	116-119	
	403-10 Work-related ill health	116-119	
Customer Health and Safety			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	76-86	
	103-3 Evaluation of the management approach	76-86	
GRI 416: 2016 Customer Health and Safety	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	No incident of non-compliance concerning the health and safety impacts of products and services in 2021

GRI Standard	Disclosure	Page	Note
Topic-specific Standards			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	43-46	
	103-3 Evaluation of the management approach	43-46	
GRI 418: 2016 Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No breach of customer privacy or loss of customer data in 2021.
Socioeconomic Compliance			
GRI 103 : 2016 Management Approach	103-2 The management approach and its components	76-86	
	103-3 Evaluation of the management approach	76-86	
GRI 419: 2016 Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	-	No incident of noncompliance with laws and regulations in the social and economic area in 2021.

Appendix II. Sustainability Report Corrigendum

Page

41

Proportion of Yarn Made from Reclaimed Materials Procurement

Unit : tons/%

Year	The amount of Yarn Made from Reclaimed Materials Procurement (A)	The amount of raw material (B)	Proportion of Procurement (A/B)
2020	2,811	41,036	6.85
2019	2,342	45,745	5.12

117

Occupational Injury and Fatality Statistics between 2018-2020 (Taiwan) Unit: headcount/case/day/%

Item	Year	Parent Plant									FPS								
		2018			2019			2020			2018			2019			2020		
		M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of fatalities as a result of work-related injury		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of fatalities as a result of work-related injury		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of high-consequence work-related injuries (excluding fatalities)		1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)		0.14	0	0.14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of recordable work-related injuries		10	1	11	6	6	12	3	2	5	0	2	2	3	1	4	0	3	3
Rate of recordable work-related injuries		1.40	0.14	1.54	0.85	0.85	1.71	0.46	0.31	0.76	0	0.92	0.92	1.37	0.45	1.82	0	1.37	1.37
Occupational Disease Rate		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Working hours		7,123,857			7,025,841			6,554,682			2,183,800			2,198,787			2,190,849		

After Correction

Proportion of Yarn Made from Reclaimed Materials Procurement Unit : tons/%

Year	The amount of Yarn Made from Reclaimed Materials Procurement (A)	The amount of raw material (B)	Proportion of Procurement (A/B)
2021	5,159	12,786	40.3%
2020	2,811	9,093	30.9%

Occupational Injury and Fatality Statistics between 2019-2021 (Taiwan) Unit: headcount/case/day/%

Item	Year	Parent Plant									FPS								
		2019			2020			2021			2019			2020			2021		
		M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of fatalities as a result of work-related injury		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	1
Rate of fatalities as a result of work-related injury		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.45	0	0.45	0.46
Number of high-consequence work-related injuries (excluding fatalities)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rate of high-consequence work-related injuries (excluding fatalities)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of recordable work-related injuries		6	6	12	7	2	9	3	4	7	3	1	4	8	3	11	3	0	3
Rate of recordable work-related injuries		0.85	0.85	1.71	1.07	0.31	1.38	0.50	0.67	1.17	1.37	0.45	1.82	3.65	1.37	5.02	1.39	0	1.39
Working hours		7,025,841			6,554,682			5,987,769			2,198,787			2,190,849			2,162,967		

Appendix III. Assurance Statement



SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD'S SUSTAINABILITY REPORT FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION
SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by FORMOSA TAFFETA CO., LTD. (hereinafter referred to as FTC) to conduct an independent assurance of the Sustainability Report for 2021 (hereinafter referred to as the SR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification 2022/03/10~2022/05/11. SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing all FTC's Stakeholders.

RESPONSIBILITIES
The information in the FTC's SR Report of 2021 and its presentation are the responsibility of the directors or governing body (as applicable) and management of FTC. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all FTC's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for report quality, and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options and Level of Assurance	
A.	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)
B.	AA1000ASv3 Type 1 Moderate Level (AA1000AP Evaluation only)

SCOPE OF ASSURANCE AND REPORTING CRITERIA
The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

Reporting Criteria Options
1. GRI Standards (Core)
2. AA1000 Accountability Principles (2018)

- AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

ASSURANCE METHODOLOGY
The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, Sustainability committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION
Financial data drawn directly from independently audited financial accounts and Task Force on Climate-related Financial Disclosures (TCFD) related disclosures has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from FTC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

FINDINGS AND CONCLUSIONS

VERIFICATION/ ASSURANCE OPINION
On the basis of the methodology described and the verification work performed, we are satisfied that the specified performance information included in the scope of assurance is accurate, reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria.

We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting.

AA1000 ACCOUNTABILITY PRINCIPLES (2018) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity
FTC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FTC may proactively consider having more direct two-ways involvement of stakeholders during future engagement.

Materiality
FTC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

Responsiveness
The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. FTC should respond to its material sustainability topics, related impacts and stakeholders in a comprehensive, timely, accessible and balanced manner, especially while disclosing of sustainability performances raised from gasoline station division.

Impact
FTC has demonstrated a process on identifying impacts that fairly encompass a range of environmental, social and governance topics from wide range of sources, such as activities, policies, programs, decisions and products and services, as well as any related performance. Impacts related to material topics were in place at target setting with qualitative and quantitative measurements and evaluation.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FTC's SR Report of 2021, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. FTC has established the sustainability committee to promote its sustainability performances and to respond to stakeholders' expectations and concerns, which has fully demonstrated their efforts towards sustainable development. For future reporting, when assessing impacts, FTC should consider economic, environmental, human rights, and other societal challenges at local, regional, and global levels related to sectors and the geographic location of its activities and business relationships.

Signed:
For and on behalf of SGS Taiwan Ltd.

David Huang
Senior Director
Taipei, Taiwan
31 May, 2022
WWW.SGS.COM



Appendix IV. SASB Index

SASB Theme	SASB indicator		Indicator Type	Page
NA	CG-AA-000.A	Number of Tier 1 suppliers and suppliers beyond Tier 1	Quantitative	35~36
Environmental Impacts in the Supply Chain	CG-AA-430a.1.	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements	Quantitative	35~36
	CG-AA-430a.2.	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	39~42
Labor Conditions in the Supply Chain	CG-AA-430b.1.	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	39~42
	CG-AA-430b.2.	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	Quantitative	39~42
	CG-AA-430b.3.	Description of the greatest labor and environmental, health, and safety risks in the supply chain	Description and analysis	34 ; 39-42
Raw Materials Sourcing	CG-AA-440a.1.	List of priority raw materials; for each priority raw material: environmental and/or social factor(s) most likely to threaten sourcing, discussion on business risks and/or opportunities associated with environmental and/or social factors, and management strategy for addressing business risks and opportunities	Description and analysis	34 ; 39-42 ; 76-86
	CG-AA-440a.2.	Amount of priority raw materials purchased, by material, and amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Quantitative	76-86
Management of Chemicals in Products	CG-AA-250a.1.	Discussion of processes to maintain compliance with restricted substances regulations	Description and analysis	76-86
	CG-AA-250a.2.	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Description and analysis	76-86



2021年永續報告書

2021 Sustainability Report