2020 企業社會責任報告書

Corporate Social Responsibility Report

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Corporate Culture and Governance

(I) Commemorating the Corporate Founders

Founders Wang, Yung-Ching & Yung-Tsai Brothers

Be diligent, simple and practical

Keep advancing till the perfect end

Sustain businesses development

Make contributions to society.

By Wang, Yung-Ching

" Find out factors through detecting each regarding detail ."

" There is neither impossible thing nor simple thing in the world."

(II) 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.

(III) 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.

(IV) 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.

(V) Sustainable Development

- **Sustainable Development Policies**

  To follow what the vice chairman 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 FTC's long- and short-term business development, please refer to of the 2020 annual report\V. Operational Overview\(I) Business Status section\iv. Long- and Short-terms Plans (http://www.ftc.com.tw/newftc/annual_report.php).
  - For achievable work items for execution in long-term business development plan, please refer to the following matrix on sustainable development in the next 10 years.

Matrix on Sustainable Development in the Next 10 Years **Since 2013**

Sustainable Development (Evergreen)

	Economic Aspect	Environmental Aspect	Social Aspect
Vision	● Standardize emerging processes ● Continue to seek certification by ISO, international bodies, and renowned brands ● Overachieve various KPIs	● ISO 14001 certification in environmental management ● ISO14064 verification in organization level GHG inventories ● ISO 50001 certification in energy management	● ISO 45001 certification in occupational health and safety (OHSAS18001) ● Make performances of each certification are superior to government regulations and those of competitors in the same line
Purpose	● Make hazardous products, unfruitful equipment, services, or organizations exit or transform ● Develop strong global market connections ● R&D on and consolidate innovative green processes and products	● Carbon-footprint certification of PAS 2050 ● IATF 16949 certification ● Cut energy consumption / carbon emission by 5% and water consumption by 20% per product unit a year from 2016	● Communicate with stakeholders in a systematic, regular, and friendly manner ● Promote friendly neighborhood relations ● Let management of work environment, well-being and human resource be passed on praise by the media and the community
Mission	● Provide clients complete and sustainable solutions ● Become renowned brands and items of choice for products in their respective industries	● Abide by universal values, the advocacy of international organizations, and the norms of ZDHC (Zero Discharge of Hazardous Chemicals) ● Achieve zero discharge of pollutants by 2020	● Augment linkage with green supply chain and join hands with communities in holding events related to sustainable development ● Become an opinion leader by participating in establishment of industry standards
Quality Policy	● Develop multiple advantageous strategic alliances, achieving simultaneous growth and mutual benefits with clients ● Earn profits constantly	● Conversion to and employment of clean substitute energies ● Seven greens: green building, green energy, green procurement, green processes, green emissions, green products, and green supply chain	● Make users enjoy safe and eco-friendly products
Client Policies	● Develop supply chain for green strategic alliances		
Sustainable Development Policies			

(VI) Former and Current Chairmen

The Late, 1st Chairman, Lai, Shu-Wang
from 1973 to 1998

Chairman, Wong, Wen-Yuan
1998 onwards

(VII) Message from the President

Steadfastness amid pandemic: CSR

In 2020, the raging COVID-19 pandemic dealt a heavy blow to global economy/trade, industry, health, and daily life, triggering significant U.S. dollar devaluation, fueling inflation, infecting tens of millions, and killing millions. In the meantime, climate change and global environmental issues remained unabated, including shrinking green space, accelerated melting of ice sheet, raging forest fire, debilitating snowstorm, and surging packaging wastes, unending environmental abnormalities which, however, failed to shake our firm CSR commitment and determination to stride toward low-carbon sustainable circular economy.

Major corporate events in 2020:

1. In January, 2020, Chang-Shan Plant (China) obtained the ISO: 9001 2015 Certification.
2. To overhaul heating system of machines, the Company installed underground 2,170 meters-long gas pipes which connects to outside gas meter station. The system was inaugurated in Feb. 2020.
3. The company obtained 50% stake in Schoeller Textil AG of Switzerland in March 2020 via subscription to 39.58 million Swiss Franc in cash capital increase, marking a milestone in the company's stride toward high-tech textile industry.
4. The Company was selected as the constituent of TWSE RA Taiwan Employment Creation 99 Index in July.
5. Formosa Petroleum Station subjected its 106 gas stations to organizational greenhouse-gas inventory and third-party verification, collecting CO_2 emission data spanning 380 kilometers from New Taipei City in northern Taiwan to Pingtung County in the south. The emission volume amounted to only 0.58% of that of the company's Taiwan operation in 2019.
6. The Company obtained two Taiwan patents, one for smart clothing and the other sandwich fabric with multi-layered pockets, in April and October 2020, respectively. In October, the company was granted award by Taiwan Outdoor Group (TOG) for its "A+ SMART THERMAL TECHNOLOGY."
7. Thanks to surging demand for tire cord in Q4 induced by spike in self-driving, it offset sluggish sales, plus trade disputes on autos, steel, and aluminum, in earlier period of the year. In addition, the contribution of the Vietnamese plants took over some orders transferred from Taiwan for export to regions with preferential tariffs.
8. The Plant II in Douliu was awarded the honor of companies with excellent performance in greenhouse-gas emission abatement by the Industrial Development Bureau, the Ministry of Economic Affairs, in November.

Vice Chairman Shih-Ming Hsieh
CSR commissioner,
March 2015 ~ September 2018

Director & President Ming-Chang Lee
CSR commissioner,
September 2018 onwards

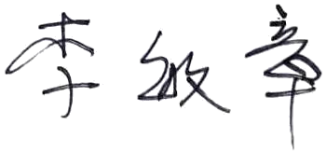
9. According to 2020 consolidated financial statement, the company's consolidated assets reached NT$79,462 million in the year, 16.09% lower the peak level of NT$94,703 million in 2017, due to sale of some idled plots of land, cancellation of FTC America Corp., sale of stake in Schoeller FTC (H. K.) Co., Ltd., cancellation of Xiamen trading subsidiary, cancellation of Formosa Taffeta (Cayman) Co., Ltd., and sale of some stake in Formosa Advanced Technologies, Co., Ltd., which was also excluded from the consolidated financial statement.
10. In line with the objective of environmental sustainability featuring green industry and green output/input, the company has been endeavoring to forge a fully green supply chain, having 42 Taiwanese suppliers with annual transaction over NT$20 million accounting for 75.42% of the company's total transactions (excluding affiliates of Taiwan Formosa Plastics Group and subsidiaries) sign CSR commitment on recycling in 2020. The company inspected the factories of nine suppliers on the three items of bulk filaments, dyeing assistant, and wastes in the second half of 2020.
11. To catch up with the trends of Industry 4.0, AI, and big-data analysis, the Company has spared no effort in cultivating related talent via various vocational education and training programs. 1,898 training programs were implemented to the employees in five plants in three countries. Averagely, 20.1 training hour were implemented on per employee in 2020. The Company expects that those training programs will contribute to the improvement of the performance of plants, such as increased success rate of "optimized dyeing recipe" and materialize the policy of "doing the right thing at first try," making improvement, via the assistance of big-data analysis, in failure cost, work-schedule rotation, and delivery time, which is also conducive to energy conservation, waste abatement, and emission reduction.
12. The company has adopted various anti-epidemic measures in 2020, including shutdown of company restaurants in Taiwan, replaced by delivery of meal boxes, and disinfection of workplace, as a result of which there has been no infection cases among the company's 8,000 employees in Taiwan and abroad, facilitating normal operation.
13. The company has been gradually recovering from the setback in sales from shutdown or sales drop of some branded apparel outlets and postponement or even cancellation of Olympics and other international sports matches. The Company's consolidated revenue declined by 21.5%, from NT$ 36,647.72 million in 2019 to NT$28,783.49 million in 2020, a decrease of NT$ 78,642.3 million. The consolidated pretax profit decreased by 56.17%, from NT$ 5,162.17 million to NT$2,262.56 million, a decrease of NT$ 28,996.1 million. The after-tax profit was NT$2,095.55 million and NT$1.25 earnings per share, in 2020.

14. Five plants in three countries have invested significantly in water-treatment equipment. Following reduction of total water-consumption by 20% in 2018, the company invested NT$118 million in ultra-filtering RO (reserve osmosis) equipment in 2019, capable of recycling 2.4 million tons/year of printing/dyeing waste water for reuse and halving dyeing/printing water-consumption in Taiwan, Long An province, and Dong Nai Province. The system was inaugurated in April 2020. The newly installed ultra-filtering thin-film waste-water recycling equipment collects waste water for use in process, with the recycling amount reaching 2,644,312 tons in 2019, 30.2% more than 2019. The recycling amount increased by 12.56%, from 2,644,312 tons in 2019 to 2,976,441 tons in 2020.
15. It is necessary to adopt precautionary measures to cope with the possible impact and risks of strained power supply in summer and the climate problems of water shortage, plum rain, and typhoon.
16. According to the evaluation on climate-change disclosure by the U.K. CDP, the company's Taiwan operation was granted A- (leadership grade), plus B for water safety, in 2019, followed by A- for climate change and the highest A for water safety in 2020, in addition to climate-related financial disclosure, marking progress toward low-carbon sustainable circular economy.
17. In response to the demands of international renowned branded customers, the company has restricted or banned the use of multiple environment-hazardous chemicals. The company has aimed to attain the ZDHC (zero discharge of hazardous chemicals) goal by the end of 2020, creating an environment-friendly supply chain, covering materials, development, and end products.
18. The company inaugurated the PV power device, the company's first one, in Long An factory premises in Vietnam in Sept. 2019, which generated 1,377 MWH in 2020, 3.4% of its power consumption, followed by installation 2.6 MW PV power device in Taiwan factory premises and 2nd-phase 1.75 MW PV power device in Long An premises in May 2021.

With availability of COVID-19 vaccines, U.S. rejoining of the Paris Climate Agreement and World Health Organization (WHO), gradual lifting of lockdown in Europe and the U.S., Taiwan's relatively good performance in epidemic containment, outlook for coping with the pandemic is promising.

I wish that threatened by raging virus variants, everyone can be safe under the protection of complete anti-epidemic measures. I hope that our operation can align with the concern and advocacy of branded customers and international organizations and stride toward the goal of 17 UN sustainable development indicators. Responding to social expectation squarely, the company adheres to its CSR commitment firmly, one step at a time in fulfilling various indicator and marching toward the goal calling for peace and prosperity of Formosa Taffeta and all the stakeholders worldwide, attaining growth and environmental protection at the same time for the sake of sustainable development.

President & CSR commissioner



(VIII) Business Policy

FTSE4Good
TIP Taiwan ESG Index

TIP
Taiwan Index Plus

「FTSE4Good臺灣指數公司
臺灣永續指數」專屬標章

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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 economic, environmental, and social 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 2020, but a summary of main events before the deadline for compilation in the first half of 2021 are covered so as to acquaint stakeholders with the full and latest status. The reported objects are invested subsidiaries over which FTC has, based on majority of shareholdings, operational control or significant influence, including Taiwan plants and the four oversea ones, Formosa Taffeta (Zhong-Shan) CO., LTD., Formosa Taffeta (Chang-Shu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., Formosa Taffeta Dong-nai CO., LTD., and 106 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 the other 6 subsidiaries, namely Formosa Development (in the Taiwan Plant), Formosa Taffeta (Hong Kong), Public More International Company Ltd., Schoeller Formosa Taffeta (Hong Kong) CO., LTD., (transfer the shareholdings to the original joint venture for operation in March, 2020), Formosa Taffeta (Cayman) (dissolution in November), Xiamen Xiangyu Formosa Taffeta Trading (dissolution in July,2020), from disclosure in this report results from their total workforce of 20; no factories are set up, and their relevant data on Environmental and Social aspects are only the small. In addition, FTC invested 50% shareholding to Schoeller Textil AG in March, 2020 without sending FTC employees to the Swiss Plant. Therefore, it is excluded but stakeholders can still visit its website for further information.

The former Report was called "Green Sustainable Development Report 2012" openly published in August, 2013. The Corporate Social Responsibility Report was initially published in December, 2015 and verified via the third party. The Chinese version of the Report has been published at the end of every June since 2016. The 2019 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 CSR reports for reference.

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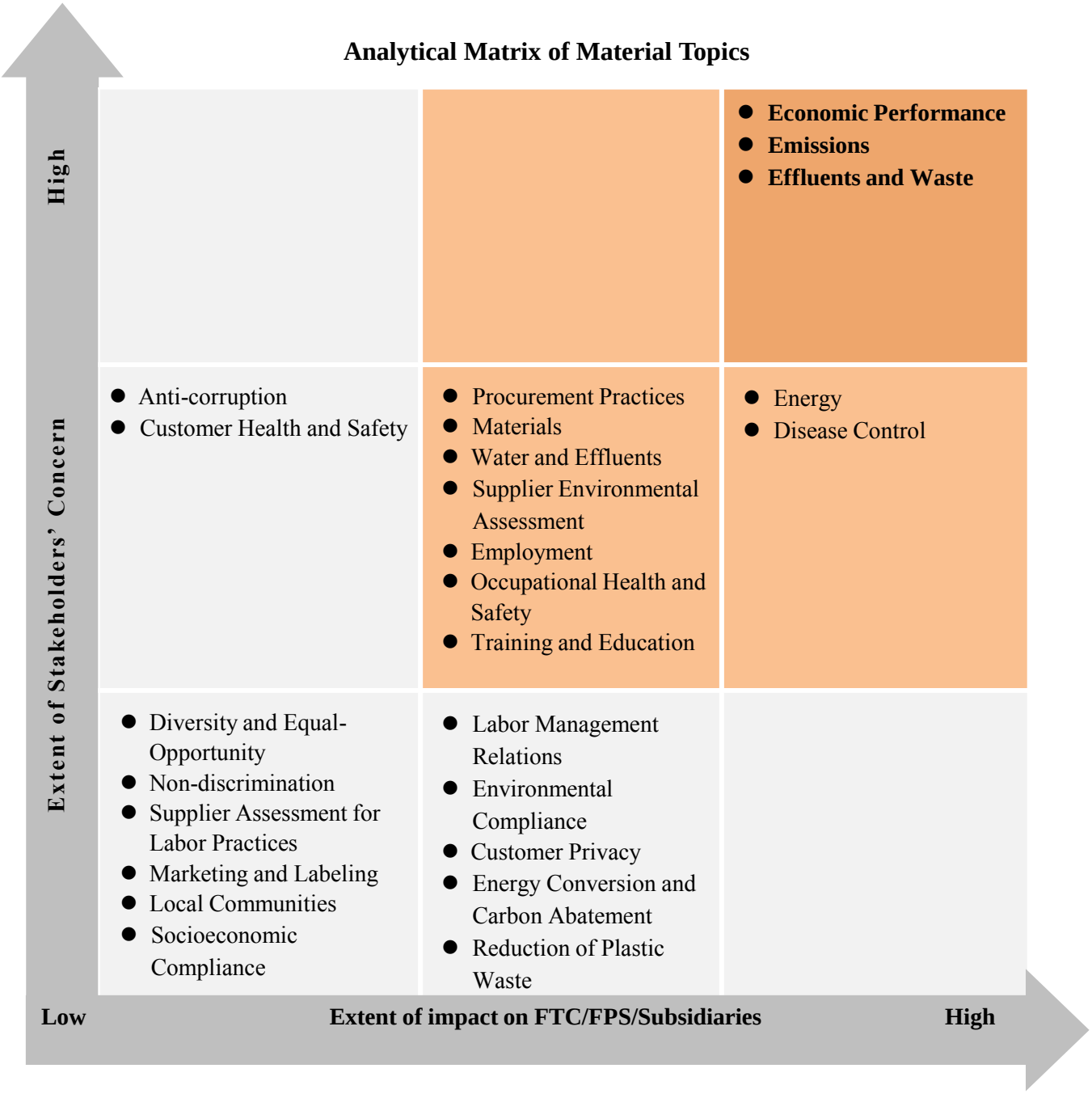
(II) Stakeholders Engagement

Based on the five major principles of the AA1000 SES, potential topics and stakeholders that may generate interactions with the Company's activities, products and services are first discussed and identified. Stakeholders' concerned topics and six groups of stakeholders are determined. Identified stakeholders and concerned topics, and their corresponding communication methods and frequency are as follows:

Stakeholders	The importance of stakeholders to FTC	Concerned Topics	Communication Methods	Frequency
Clients	Creating a sound and healthy supply and demand relationship is an important management theme for sustainable development	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	Phone / e-mail/ Interviews/ Attendance of meeting	Irregularly
Investors	FTC continues to seek long-term benefits for our shareholders and investors based on sustainable development.	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.	Board of Directors Meeting /Shareholders' Meeting Shareholder Service Room / Spokesman Interview / Mails	Every Two Months / Annually Irregularly
Government	FTC abides by the related laws and observe the regulations.	Environmental protection system and certification, exhaust and effluents discharge inspection, waste management and pollution prevention, continuity in issuance of permits to use coal, pension policy, water and energy conservation projects, control over the usage and storage of chemicals, labeling and safety of products, availability of the environment of fair competition.	Interview / Document / Phone	Irregularly
Supply Chain	FTC continues to create a harmony relationship and grow up with suppliers.	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	Phone / E-mail / Interview	Irregularly
Employees	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.	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.	Face-to-face Communication / e-mail/Suggestion Box/Labor Organizations / Regular Union Meetings	Irregularly / Every Two Months
Community and Organization	We strive to create a harmony relationship with the community.	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.	Face-to-face Communication/ Phone	Irregularly

(III) Process of identifying Material Topics

Based on the results of the 2019 materiality analysis and sustainability issues of 2020, twenty five sustainability issues were identified. After identifying these issues, twenty two topic groups of the CSR committee employed the materiality matrix, based on the results from 53 questionnaires conducted in 2019, to assess the extent of impact on the Company and the extent of stakeholders' concern in accordance with GRI Standards and boundaries. Following this, the President held the meeting with 15 CSR committee members filling with their proposals. Due to no significant change on stakeholders, the results of 53 questionnaire surveys of 2019 was proposed to continue. Matrix below shows the results of the meeting. Twelve items, located in the upper right, upper middle, center, and upper center cells of this Nine Halls Diagram are the material topics of 2020.



Internal and External Boundaries of FTC and its subsidiaries (including Formosa Petroleum Stations (FPS))

●Disclosed with materiality○Undisclosed with materiality▲Disclosed without materiality

Material Topic		Boundary								In Response to SDGs
		Internal				External				
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Suppliers	Clients	Community	Government	
		FTC	FPS							
Economic	Economic Performance	●	●	●	●				●	SDGs 8
	Procurement Practices	●		●	●	●				
Environment	Emissions	●		●	●				▲	SDGs 6 SDGs 7 SDGs 11 SDGs 12 SDGs 13
	Effluents and Waste	●		●	●			●		
	Energy	●	▲	●	●					
	Materials	●	●	●	●	●				
	Water	●	●	●	●					
	Supplier Environmental Assessment	●	○	○	○					
Social	Employment	●	●	●	●					SDGs 4 SDGs 8
	Occupational Health and Safety	●	●	●	●	●				
	Training and Education	●	●	●	●					
	Disease Control	●	●	●	●					

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Management Overview

(I) Overview of the Company

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.

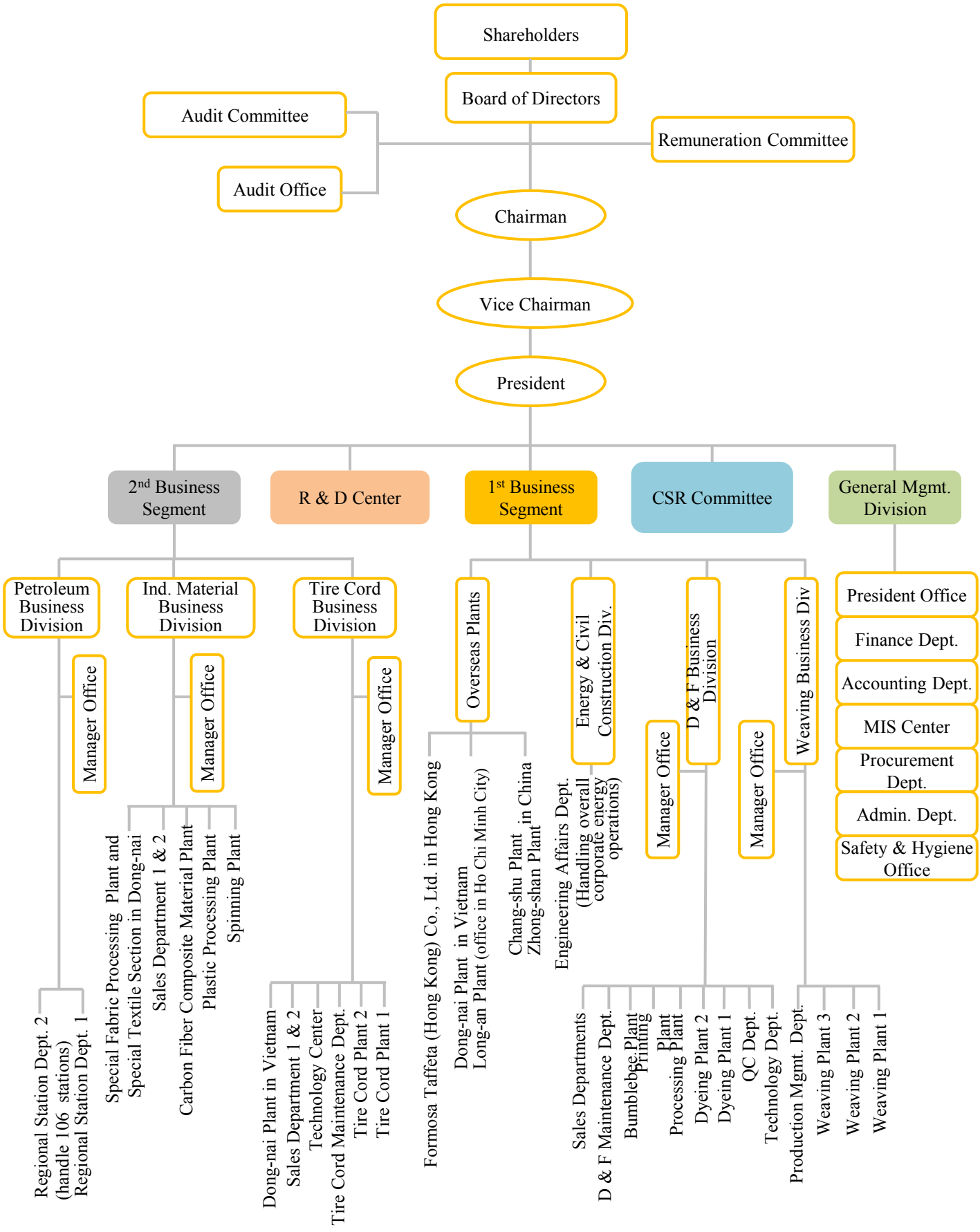
(i) Overview of Subsidiaries **(in thousands of NTD)**

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	— Urban land consolidation — Development, rental and sales of residential/business buildings and industrial plants
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

Note:

1. FTC sold all its interest in Schoeller FTC (Hong Kong) Co., Ltd., (Schoeller Asia Co., Limited) in March, 2020.
2. Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd. was dissolved in July, 2020.
3. Formosa Taffeta (Cayman) Co., Ltd. was dissolved in November, 2020.

(ii) Organizational Structure



ii. Overview of Products

(i) Products and Scope of Their Applications

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

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

Unit: Expressed in thousands of NTD

Year / Quantity/Amount / Main Product	2020				2019			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Polyamine /Polyester Fabric (thousand yard)	31,492	1,014,549	192,055	10,747,695	37,089	1,363,574	249,066	14,085,923
Polyamine /Polyester Tire Cord Fabric (ton)	10,684	1,763,348	36,951	4,363,624	9,339	1,680,217	43,114	5,964,521
PE Bags (ton)	1,032	46,591	3,437	224,579	1,604	82,781	4,053	292,054
Yarn Count (piece)	10,489	268,729	312	11,522	16,488	319,969	993	21,290
Cotton Cloths (thousand yard)	3,721	498,811	1,834	372,406	3,422	636,252	1,384	412,037
Special Textile (thousand yard)	465,628	9,414,248	0	0	466,101	11,744,169	-	-
Oil Products (KL)		19,252		0	-	2,771	-	-
Land Development (-)		-		31,992	-	-	-	35,060
Investment Promotion income (-)		6,146		0	-	7,103	-	-
Commission Income (-)		13,031,674		15,751,818		15,836,836		20,810,885

Note: The table is referred to the 2020 annual report.

3. 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.

III. 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 dropped by 21.5%, from NT$ 36,647.72 million in 2019 to NT$ 28,783.49 million in 2020, a drop of NT$ 7,864.23 million. The consolidated pretax profit declined by 56.2%, from NT$ 5,162.17 million in 2019 to NT$2,262.56 million in 2020, a drop of NT$ 2,899.61 million. Cash-dividend payout reached NT$1.0 per share, an decrease of NT$ 1.5 per share. 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 106 petroleum stations. For more information, please refer to the annual report, downloadable on http://www.ftc.com.tw/newftc/financial.php.

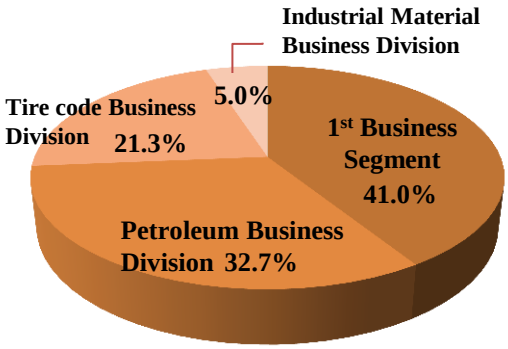
Annual Financial Review
(in millions of NTD)

Items \ Year		2020	2019
Sales Revenue		28,783	36,648
Operating Costs		25,770	32,926
Employee Salaries and Wages	Employee Salary	2,694	4,211
	Other Employee Benefit Cost	554	905
	Subtotal	3,248	5,116
Profit after Income Tax		2,095	5,829
Research and Development Expenses		256	282
EPS Dollar/Share		1.25	3.08
Retained Earnings		8,229	10,836
Profit-Seeking Enterprise Income Tax		167	537
Government Grants		0.2	22.39

Note 1 : Except Research and Development Expenses and Government Grants , other figures of items listed above the table are cited from the Q420 consolidated financial report of the Company.

Note 2: The figures of Research and Development Expenses over past two years are cited from "The State of Technology and Research & Development of V. Business Status of 2019/2020 annual report.

2020 Sales Revenue Constitution
(Consolidated Sales revenue : NT$ 28,783 millions)



The overall rating of 2020 assessed by the Taiwan Ratings

Year	Long-term Rating	Short-term Rating	Rating Outlook
2020	twA	twA-1	Stable

Note: The evaluation result of the credit rating reveals that FTC's financial structure, competitiveness, and sustained profitability are excellent, and it has below–average risks.

(II) Corporate Governance

i. Information of Corporate Governance Principles, Board of Directors, Audit Committee, Internal Control, Remuneration Committee, Managerial Officers and Subsidiaries:

On November 7th 2014, 61 articles of "Corporate Governance Principles" were passed by the Board of Directors and disclosed on the websites designated by the securities regulator and the Company's website. Some articles were amended by the board meeting on June 19, 2020.

In June, 2020, 11 directors and three independent directors were re-elected. As for information of the background, experience, and academic qualifications of directors and members of the Audit Committee, President, Executive Vice Presidents, Senior Vice Presidents, managerial officers of each unit, branches, Remuneration Committee, and Internal Control System Statement, etc., please refer to 2020 annual report on http://www.ftc.com.tw/newftc/annual_report.php.

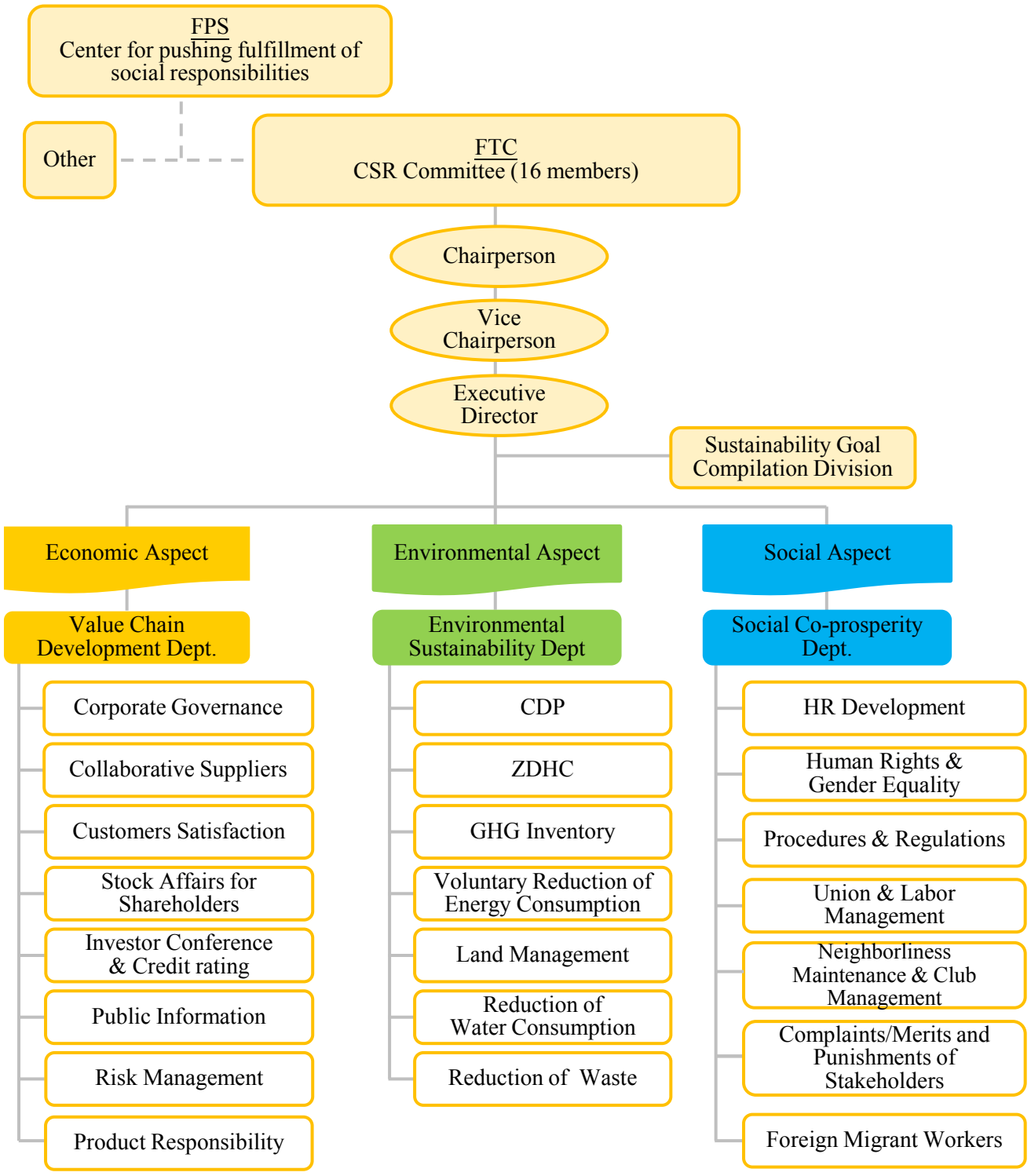
The amended/ new regulations resolved by the board of directors(BoD) or annual general meeting (AGM) in 2020 are listed as the table below:

No.	Amended Regulations	Date of Amendment	Resolved by
1	Rules of Procedure for Board of Directors Meetings of Formosa Taffeta Co., Ltd.	2020/03/13	BoD
2	Audit Committee Charter of Formosa Taffeta Co., Ltd.	2020/03/13	BoD
3	Rules Governing the Scope of Powers of Independent Directors of Formosa Taffeta Co., Ltd.	2020/03/13	BoD
4	Corporate Governance Best Practice Principles of Formosa Taffeta Co., Ltd.	2020/06/19	BoD
5	Corporate Social Responsibility Best Practice Principles of Formosa Taffeta Co., Ltd.	2020/06/19	BoD
6	Rules of Procedure for Shareholders' Meetings of Formosa Taffeta Co., Ltd.	2020/06/19	AGM
7	Remuneration Committee Charter of Formosa Taffeta Co., Ltd.	2020/08/07	BoD
No.	**New Regulations**	**Date of Approval**	**Approved by**
1	"Self-Evaluation or Peer Evaluation of the Board of Directors of Formosa Taffeta Co., Ltd.	2020/08/07	BoD
2	Rules of risk management of Formosa Taffeta Co., Ltd.	2020/12/11	BoD

ii. CSR Committee Organizational Structure and Task Group

"Corporate Social Responsibility Principles" were approved by the Board of the Directors on August 7th 2015, which includes 31 articles that specify aims, policies, and detailed regulations of corporate social responsibility.

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 instead. Its functions encompass three aspects—the economic, environmental, and social—and its tasks are executed by 22 Topic Groups. The related major matters must be reported to the chairperson; the submission of an annual CSR report is a must in the agenda of the Board of Directors prior to the publication of that report.



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

(i) 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 :

1. 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
2. Prohibition on business dealings with parties with an unethical record(s) to ensure the fairness and transparency of commercial activities
3. Prohibition on direct/indirect bribery and fraud, directly/indirectly providing illegal campaign funding, false charitable donations, unreasonable gifts, entertainment, or other unjust enrichment
4. 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.
5. Rules/regulations governing duty of the directors, audit members, managerial officers and personnel and precautions against unethical conduct
6. Requirements of stipulation of regulations on recusal of interest conflict for directors, supervisors and managers.
7. 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
8. Requirements of stipulation of relevant SOPs and regulations to facilitate ethical management
9. Requirements of regular training and outreach and establishment of reporting and punishment mechanisms
10. Requirements of strengthening information disclosure of ethical management implementation

(ii) Anti-Corruption Mechanisms and Risk

Anti-corruption measures and conduct audit are not only implemented but also incorporated into daily operations by FTC and other subsidiaries of Formosa Plastics Group. 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, 2018 the new chief of internal auditors was appointed by the Board of Directors; new supervisors of finance and accounting were appointed in Nov., 2018. In May, 2019 the Board of Directors passed to initial the first chief of corporate governance.
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.

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 2020.

FTC has enacted Ethical Code Conduct, Best Principals for Corporate Governance, Working rules require that employees shall avoid any treat such as banquet or gift from the work related stakeholders. In 2020, the Company invited Liu, Qing-Fu to give lectures regarding anti-corruption, audit and risk management to employees, including the management and the employees from sales, accounting, procurement departments, in Taiwan plant with 462 training hours.

Name of Lecture	No	Training Hours	Number of Participants	Total Training Hours of Participants
Anti-corruption	1	6	37	222
Audit and Risk Management	1	6	40	240

2020 11.10 Audit and Risk Management Lecture

2020 11.10 Audit and Risk Management Lecture

2020.11.11 Anti-corruption Lecture

2020.11.11 Anti-corruption Lecture

iv. Overall Corporate Risk Inspection and Countermeasures

Economic Aspect

(i) 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 2020 accounted for 8.62% 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.

(ii) 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.

(iii) 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.

(iv) 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.

(V) 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 80 tons, or nine months of sales, as of the end of March, 2021, 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.

(VI) Risk of termination of ECFA between Taiwan and mainland China

Without ECFA, fabric industry will be subject to 8% tariff, instead of 0% now, for shipment to mainland China, while there is no difference for long man-made polyamine and polyester filament, which, with 5% tariff, enjoy no preferential treatment under ECFA. Termination of ECFA, however, will not entail supply-disruption or financial risk, as over 90% of polyester yarn/fabric supply and 50% of polyamine yarn/fabric supply for China has come from domestic source and Vietnam in recent five years.

Environment Aspect

(VII) 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.

(VIII) 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 March, 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.

(IX) 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 countries 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

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
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 2020
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	10% of renewable energy of the energy capacity shall be complete by 2021. Carbon credits is NT$1,500 per ton. 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. The Company has been rated A- (leadership) on climate change questionnaire of CDP in 2019 and 2020.

Social Aspects

(X) 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 repute of petroleum stations.
4. Carry out joint uniform improvement, calling for improvement of the other 100-plus stations entirely whenever one of them is penalized.
5. Phone numbers of the personnel from Petroleum Business Div. are not printed on business cards since Jan., 2020. Only handset telephones are available while working.
6. Discussion for applying anti-static clothing technology to uniforms of staff of petroleum stations.

(XI) 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.

(XII) Risk of Disease Control

In order to safeguard the normal operation, the Company has adopted various anti-epidemic measures in 2020, including shutdown of company restaurants in Taiwan, replaced by delivery of meal boxes, and disinfection of workplace, as a result of which there has been no infection cases among the company's 8,000 employees in Taiwan and overseas plants, facilitating normal operation.

(XIII) 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 repute than FTC.

(XIV) Risk of regional politics

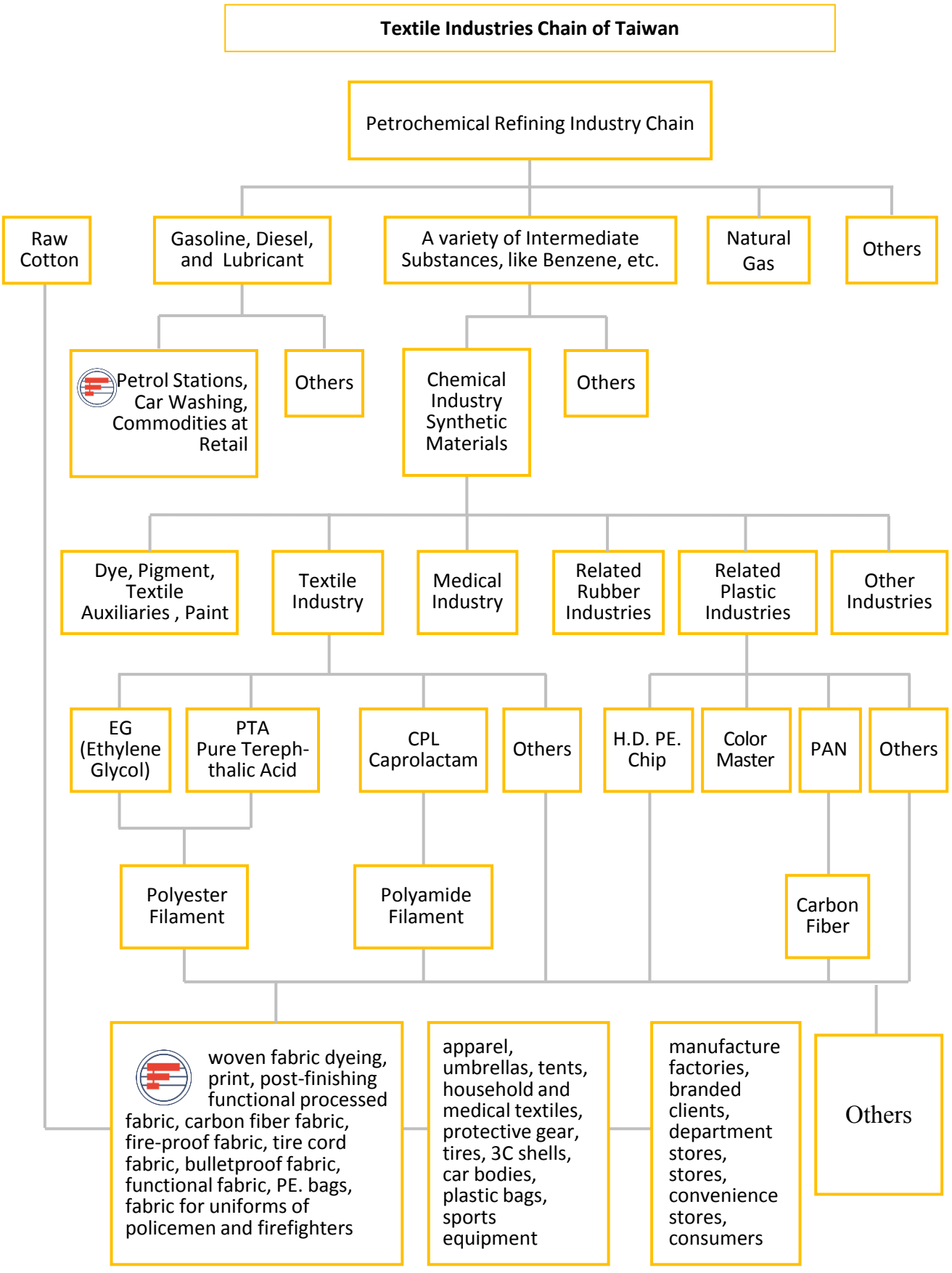
The U.S. started contentious and prolonged talk with major countries with large trade imbalance since March 22, 2018, for which it has adopted a litany of countermeasures, including activation of Section 301, trade investigation with the aim of raising tariffs, technology espionage investigation, relaxation of shareholding cap on foreign investments, and imposition of 25% tariff or import ban on some China-made products. Following outbreak of mutual retaliatory measures in 2019, the U.S. banned export of 5G products to China before easing of the tension following signing of first-stage Sino-U.S. trade agreement in Jan. 2020. Global oil prices, general price level, and supply chain were subject to severe influence of exchange-rate swing in 2020, which continues into 2021, due to 13% devaluation of U.S. dollar induced by infinite quantitative easing. Confronted with the raging pandemic, the company has to consolidated existing supply chain and adopt effective anti-epidemic measures, in order to avoid disruption of supply chain, materials supply, and shipment. Despite raging pandemic, the company managed to stage an extraordinary performance in 2020, thanks to surging demand for tire cord induced by order transfer and popularity of self-driving from Sept., reversing slacked business beset by acute price competition in Q1. The booming business has continued into the first half of 2021, when demand and price both spiked. Although mainstream textiles were exempt from the higher tariffs, their sales were still halved in 2020, due lockdown and stay-at-home in Europe and the U.S. The company will, if necessary, transfer indirect-export orders for the two Chinese factories, some 20-30% of their total sales, to the two Formosa Taffeta factories in Vietnam, for shipment to the U.S. to alleviate the impact. To counter the spread and impact of COVID-19 pandemic, the company will endeavor to solicit new orders from new supply chain.

(XV) Litigation Risk

1) Taiwan Cooperative Bank filed civil action with Taipei district court against the company for joint and several liability in Sept. 2019, due to false statement made by a former employee of the company misleading the bank to believe that New Site Industries Inc. and New Brite Industries Inc. have debt claim, in the form of accounts receivable, against the company, leading to their financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.
2) DBS Bank Limited (Taiwan) filed civil action in Sept. 2019 with Taipei district court against the company and Formosa Taffeta Dong-nai Co., Ltd. for joint and several liability, due to false statement made by a former employee of the company and Formosa Taffeta Dong-nai Co., Ltd. misleading the bank to believe that New Site Industries had debt claim, in the form of accounts receivable, against the company and Formosa Taffeta (Dong Nai) Co., Ltd., leading to its financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.
3) O-Bank filed civil action in Sept. 2019 with Taipei district court against the company and subsidiary Formosa Taffeta Dong Nai Co., Ltd. for joint and several liability in Feb. 2020, due to false statement made by a former employee of the company and Formosa Taffeta Dong Nai Co., Ltd. misleading the bank to believe that Highlite Industries, Inc. had debt claim, in the form of accounts receivable, against the company and Formosa Taffeta Dong Nai Co., Ltd., leading to its financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.

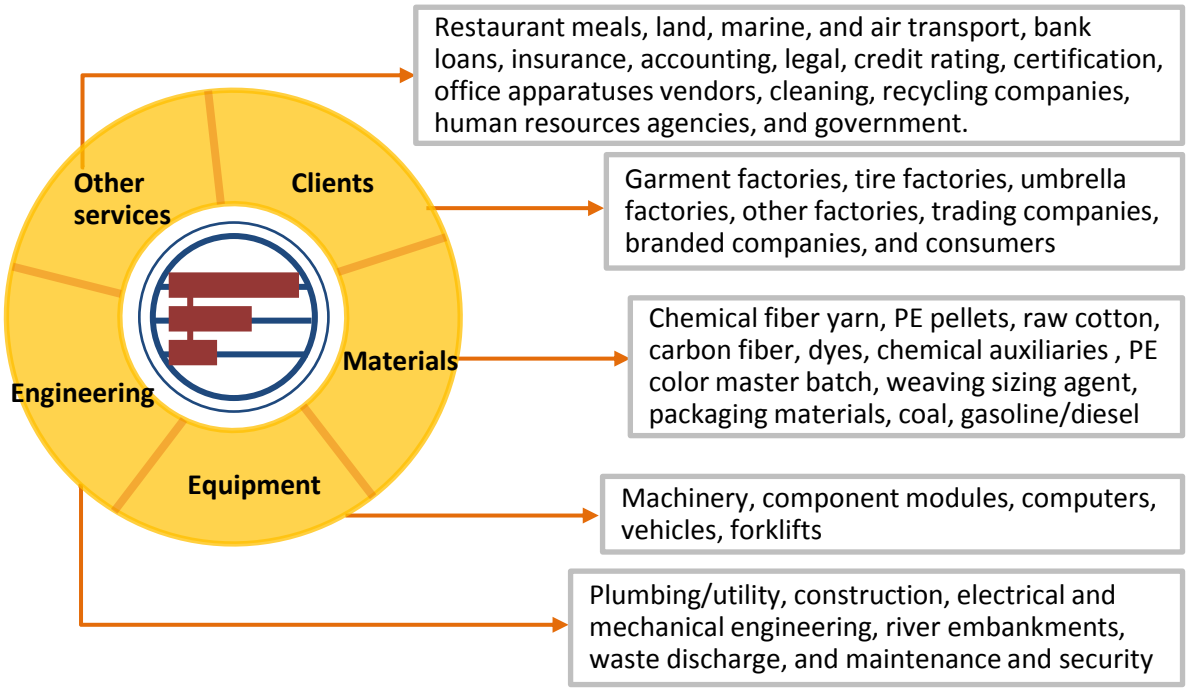
III. Relation with the Textile Industry Chain

(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 below:



(i) Proportion of Local Suppliers and that of Spending on them

1) "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.
2) The amount and proportion of local procurement of five plants in three countries are displayed in the following table:

The Amount and Proportion of Local Procurement of Five Plants in Three Countries in 2020

Unit: NT$/%

	Taiwan Plant	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
Amount	15,753,911,386	392,364,625	580,578,650	367,848,975	411,856,908
Proportion	81.87	58.9	92.28	45.20	20.47

3) 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 in 2020_Taiwan, China

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		71	9	27	103	210	21	6	18	40	85	15	25	40
Locations of Suppliers	Taiwan	59	9	27	97	192	11	6	3	9	29	3	7	10
	China	6	-	-	-	6	10	0	15	31	56	12	18	30
	Vietnam	2	-	-	-	2	-	-	-	-	-	-	-	-
	USA	-	-	-	-	-	-	-	-	-	-	-	-	-
	Hong Kong	1	-	-	1	2	-	-	-	-	-	-	-	-
	German	1	-	-	-	1	-	-	-	-	-	-	-	-
	Indonesia	1	-	-	-	1	-	-	-	-	-	-	-	-
	Japan	-	-	-	3	3	-	-	-	-	-	-	-	-
	Thailand		-	-	1	1	-	-	-	-	-	-	-	-
	Italy	1	-	-	-	1	-	-	-	-	-	-	-	-
	Singapore	-	-	-	1	1	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		83.10	100.00	100.00	94.17	91.43	47.62	0.00	83.33	77.50	65.88	80.00	72.00	75.00

The Number of Local Suppliers and Proportion in 2020_Vietnam

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	18	34	77	37	7	13	20	77
Locations of Suppliers	Taiwan	10	6	12	23	51	17	6	10	10	43
	China	4	-	-	-	4	13	-	-	-	13
	Vietnam	4	1	6	11	22	5	1	3	10	19
	USA	-	-	-	-	-	-	-	-	-	-
	Hong Kong	-	-	-	-	-	-	-	-	-	-
	France	-	-	-	-	-	-	-	-	-	-
	Indonesia	-	-	-	-	-	2	-	-	-	2
	Japan	-	-	-	-	-	-	-	-	-	-
	German	-	-	-	-	-	-	-	-	-	-
	Italy	-	-	-	-	-	-	-	-	-	-
	Switzerland	-	-	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		22.22	14.29	33.33	32.35	28.57	13.51	14.29	23.08	50.00	24.68

(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 5 plants in 3 countries.
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		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Taiwan	79.9	73.5	68.6	100.0	100.0	100	95.0	99.9	100	93.1	89.6	94.17
Zhong-Shan	43.5	44.4	48.1	0.0	0.0	0	76.5	76.3	76.3	87.1	86.0	86.1
Chang-Shu	No woven plant			No woven plant			73.3	94.7	90.15	86.8	86.7	91.47
Long-an	53.2	52.9	70.6	2.3	2.1	1.8	15.0	16.7	32.5	21.4	20.6	21.4
Dong-nai	13.3	17.9	18.4	5.3	3.9	4.36	52.8	44.1	36.6	33.6	32.1	44.7

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
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	-	-	-	-	-	-	100.0
		Plastic Plant	-	-	-	100.0	100.0	100.0	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	0.0	0.0	-	-	-	-
2018	Taiwan	Tire Cord Plant	100.0	0.0	99.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100.0
		Plastic Plant	-	-	-	100	100.0	100.0	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	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' Environmental Conformity

i. Raw Materials

Material procurement is mainly the procurement of raw materials (yarn/cotton) and chemicals (sizing agents, dyes, auxiliaries). Suppliers of 5 Plants in 3 countries are assessed in quality, delivery and price that respectively account for 50%, 35%, and 15%; the results in 2020 are shown as below.

2020 Suppliers' Rating of 5 Plants in 3 Countries

Unit: number/%

			A	B	C	D	E	F	Total
Taiwan	RM	N	62	0	0	0	0	0	62
		P	100	0	0	0	0	0	100
	C	N	61	4	0	0	0	0	65
		P	93.85	6.15	0	0	0	0	100
Zhong-Shan	RM	N	9	0	0	0	0	0	9
		P	100	0	0	0	0	0	100
	C	N	0	64	0	0	0	0	64
		P	0	100	0	0	0	0	100
Chang-Shu	RM	N	0	0	0	0	0	0	0
		P	0	0	0	0	0	0	0
	C	N	27	5	0	0	0	0	32
		P	84.38	15.62	0	0	0	0	100
Long-an	RM	N	17	0	0	0	0	0	17
		P	100	0	0	0	0	0	100
	C	N	57	0	0	0	0	0	57
		P	100	0	0	0	0	0	100
Dong-nai	RM	N	21	0	0	0	0	0	21
		P	100	0	0	0	0	0	100
	C	N	19	0	0	0	0	0	19
		P	100	0	0	0	0	0	100

Grade	A	B	C	D	E	F
Bracket	100 — 90	89 — 80	79 — 70	69 — 60		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	Introduced for trial , unified assessment every June	Termination of inquiries

- RM: Raw material, C: Chemicals, N: Number, P: Proportion
- Due to no woven plant in Chang-Shu Plant in China, there is no evaluation for raw materials (yarn/cotton) in Chang-Shu Plant.

Materials that are provided by suppliers must

1. be verified via
   a. OEKO-TEX Standard 100 Specification Guarantee;
   b. EU REACH Substances of Very High Concern (SVHC) Qualification Certificate;
   c. Organotin-free Certificate;
   d. APEO-free Certificate;
   e. ZDHC – Inventory of Restricted Chemical Substances;
2. earn manufacturers, consumers and users' trust;
3. meet national transportation safety regulations for being deliverable if transported materials are hazardous;
4. be increasingly certified, for instance, an increase of 11.2%--from 73.5% for 2019 to 84.7% for 2020 —in the volume of procured bluesign;
5. 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 CSR;
6. be safe to use through terminating business with suppliers who violate government environment protection regulations.

ii. 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$)
2020	229,558
2019	1,752,542

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

- ❖ 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

(i) 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.

(ii) 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 2018-2020

Year	Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant (Ton)
2020	282
2019	376
2018	422

(iii) In Q4 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. In 2020, FTC has inspected nine suppliers, including three filament suppliers, three auxiliary suppliers, and three waste clearance and disposal organizations. On-site interview and document review were implemented to check the status of what suppliers has done to fulfill their ESG performances in order to create a sustainable supply chain. In 2020, 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

Item	Labor and Human Right	Health and Safety	Environmental Protection	Ethical Code	Management Participation
Number of assessed suppliers	9	9	9	9	9
Number of assessed that have or may have negative impacts	0	0	0	0	0

* Labor and human right assessment covers child labor, forced labor and compliance with the laws. Health and Safety evaluation includes occupation safety trainings and safe workplace. Environmental protection assessment includes waste and chemical substances control, waste disposal, and water management. Ethical Code includes compliance with the contract, fair trade Act, and no incident of corruption and bribery.

V Client Policies and Rights Protection

(i) 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.

(ii) Quality Policy：To surpass the improvement speed of the same trade, and share profits of growth with clients.

(iii) 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 2019 and 2020, 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 countries 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.

(iv) 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.

(v) Client Satisfaction Investigation

1. Client Satisfaction Survey of the 1st Business Segment

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.

2019-2020 Result (Average Points) of Client Satisfaction Survey of the 1st Business Segment

(Unit: Point)

Significance /Satisfaction Level \ Item / Year		Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Product Sample Marketing	Color matching	Service
Significance to Business Development	**2020**	7.7	6.5	3.8	2.6	4.9	3.7	3.9	4.3
	2019	7.5	6.5	4.5	2.7	3.7	3.8	4.1	4.2
Evaluation of Satisfaction Level	**2020**	5.2	5.1	5.1	5.4	4.9	5.0	5.2	5.7
	2019	5.0	4.8	5.0	5.2	4.9	5.0	5.1	5.7

i. 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.

ii. 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.

iii. 31 questionnaires were sent to customers, with 20 effective collected. The result of the survey was collected and brought to the president for review in January, 2021.

iv. In 2020, 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.

v. For the eight customer satisfaction evaluation items, 6 points represent excellence, five points good, four points average, with full score reaching 48 points. In 2020, evaluation results for five items were better than 2018, with the other three remaining unchanged.

vi. Quality and delivery punctuality are considered to be of great help for business development, which are also the targets that the first business segment has been striving for many years and will continue to improve.

2. Client Satisfaction with the Tire Cord Division

2018 ~ 2020 Result of Client Satisfaction Survey of FTC's Tire Cord Business Division

(Unit: Point)

Significance /Satisfaction Level / Item / Year	Year	Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Service	Total
Significance to Business Development	**2020**	5.6	5.2	3.0	3.0	2.3	2.5	21.6
	2019	6.0	4.9	3.3	2.6	1.8	2.4	21.0
	2018	5.2	4.2	3.4	1.9	2.5	2.3	19.5
Evaluation of Satisfaction Level	**2020**	5.1	4.9	5.1	5.2	4.8	5.4	30.5
	2019	5.4	5.1	5.2	5.3	4.9	5.5	31.4
	2018	5.1	4.8	5.3	5.3	4.9	5.3	30.7

i. 60 questionnaires were sent to customers, with 24 effective collected, by the Sales Sec.1 and 2 of the Ind. Material Business Division. The data above was collected in Nov., 2020.

ii. 6 points in "Significance to Business Development" represent "much important" while 1 point means "much unimportant."

iii. 6 points in "Evaluation of Satisfaction Level" represent "much satisfied" while 1 point means "much dissatisfied."

iv. The results along with suggestions from customers were brought to president for review in December, 2020. The related department should continue to improve the quality and delivery punctuality to meet customers' expectations.

v. 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.

vi. 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.

(IV) 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 Chemical & Fiber 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.

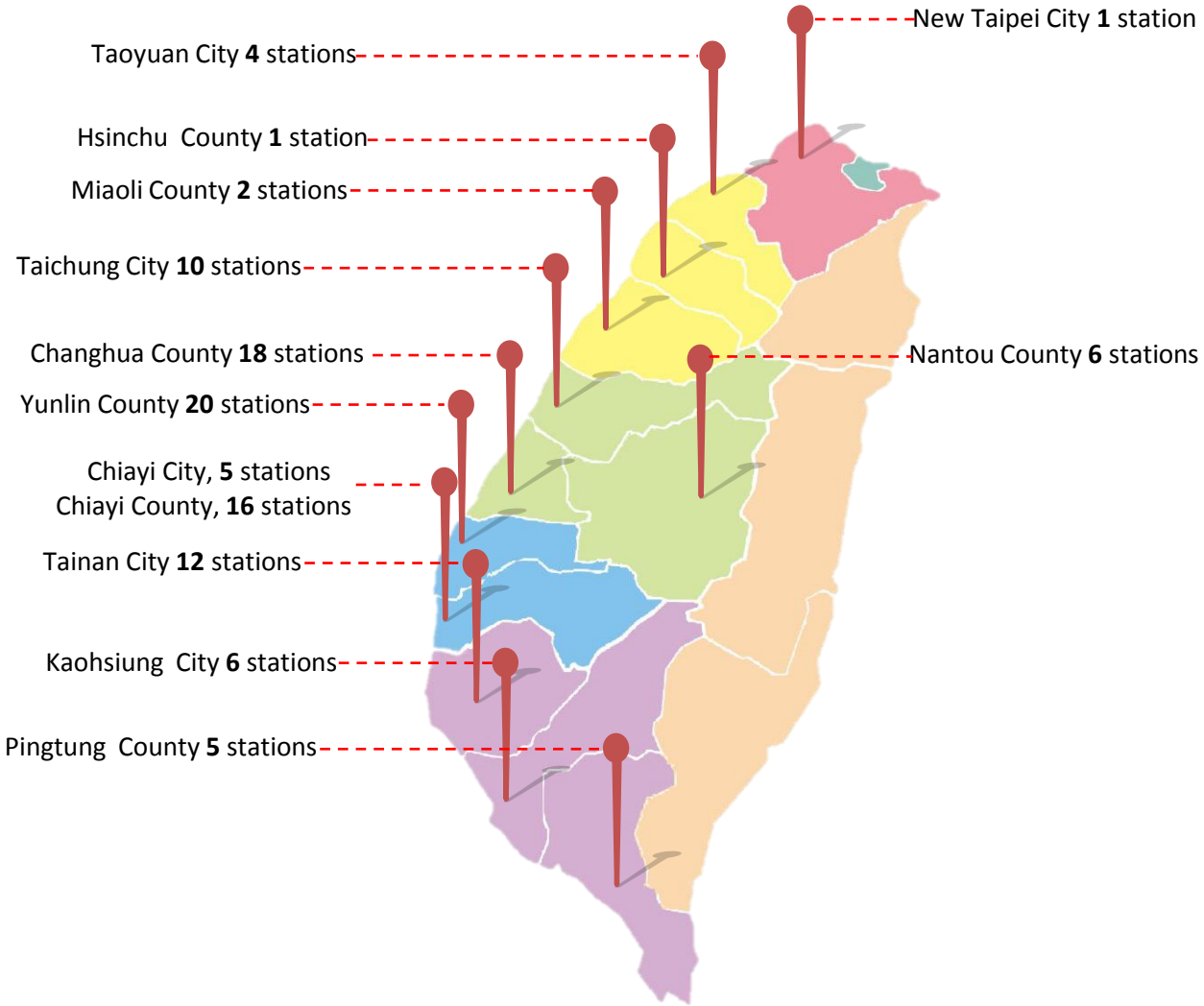
Five Don'ts during Refueling

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

Five Dos during Refueling

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

106 Locations of Formosa Petroleum Stations



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:

(i) Energy Conservation Measures

Overall application of the electronic invoice system to 106 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 2019 consumes 1.90 million pieces of paper pre month, which can save the paper expenditure of NT$ 81 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 three years

Item \ Year	2018	2019	2020
Purchased electricity (GJ)	16,384	16,415	17,392
Total Consumption (GJ)	16,384	16,415	17,392
Unit Energy Consumption	1.4	1.4	1.8

*Unit Energy Consumption= GJ/NT$ millions

(ii) 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:

Year	2011 (base year)	2017	2018	2019	2020
Consumed electricity (KWH/KL)	14.0	9.5	9.8	9.8	10.4
Proportion of conserved electricity (%)	-	-32.1	-30.0	-30.0	-26.4

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

(iii) 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 2020, 17 petroleum stations have secured usage right for ground water and the remainder will also apply for the right successively. 35,953 tons of ground water were consumed by the 17 petroleum stations with usage right for ground water in 2020.
2. Due to increase of car washing services, total water consumption increased by 9,136 tons, from 83,291 tons in 2019 to 92,351 tons in 2020. Till 2020, 38 water-saving car-washing machines in total were introduced for greater water conservation. Wastewater recycling and reuse systems were installed at the Wen-xinon May 10, 2017, Pei-ming and Hsin-kung stations in 2018. 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 (T)	Consumption Water for Car Washing (T/Month)	Recycling Volume (T/Month)	Recycling Rate (%)
2020	69,493.6	1,992.88	1,490.6	92.26

(iv) 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 2020 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 2020 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 2020 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).

(v) 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 2020, the EPBs conducted sampling inspection of air-to-liquid volume ratio testing of refueling guns of 19 Formosa Petroleum Stations, 97.58% 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:

(i) Refueling Discounts:

Discounts vary according to payment methods—by cash or by credit card. In 2020, 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, Yuanta Bank, and HSBC Bank. Besides, another discount will be given to clients who pump self serve gas.

(ii) Membership Reward Points:

Applying for VIP membership enables a client to earn reward points for gift redemption.

(iii) 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.) .

(iv) FPS is also active in participating in charities, summarized as follows:

Year	Charitable Organizations	Charitable Events	Targets
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
2018	Andrew Charity Association & 4 other Associations	Support the aged and the young through filling	Various underprivileged groups
2017	The Good Shepherd Social Welfare Foundation of the Catholic Church and nine other units	Assistance to the aged, children, and the physically or mentally handicapped	Various underprivileged groups
2016	Yunlin County Spinal-Injury Victims' Association	Collectively assist spinal-injury victims	Spinal-injury victims
2015	○○○Foundation	School Building Plan for Children with Severe Disabilities	Children with severe disabilities
2014	○○Foundation	Showing Love for Seniors ~ Dragon Boat Festival	Seniors suffering from dementia
2013	○○Foundation	Showing Love for Abused Children	Children suffering from abuse

4

Environmental Aspect

(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 64 in Taiwan Plant; the total accumulated number from 2007 is 760, amounting to NT$ 432 million ; the self-estimated accumulated volume of reduced CO_2 emissions is 148,649 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

(i) 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℃ 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

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) Green Electricity and Green Procurement

Priority is given to the procurement of products awarded with environmental protection labels (Green Label, Energy Label, Water Label, Green Building Material Label, etc.); Taiwan Plant was awarded the best enterprises of green purchasing in Yunlin County in 2020.

5) 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. The power generation in 2020 from the Rooftop photovoltaic power station installed in Long-An plant was 1,377 MWH, accounting for 3.4% of total power generation of the Plant.

Renewable Energy Development Act stipulated by the government has regulated that companies with contracted capacity to the certain amount must install renewable energy equipment to an certain ratio. Companies unable to meet the requirements must alternatively purchase T-REC or pay subsidy. FTC is subjected to be listed the companies that consume a large amount of energy and to be monitored. In order to deal with it, the first phase is to install 2,600KW solar power.

(ii) Air Emissions

SOx, NOx, VOCs, PM Emissions of five plant in three countries between 2019 and 2020

Unit: Tons

Plant	Year	SOx	NOx	VOCs	PM
Taiwan Plant	**2020**	85.26	96.29	536.87	19.61
	2019	119.01	140.40	648.27	27.79
Zhong-Shan Plant (China)	**2020**	-	9.703	154.012	0.291
	2019	-	12.630	210.180	0.378
Chang-Shu Plant (China)	**2020**	-	1.713	10.701	0.051
	2019	-	0.396	14.132	0.012
Long-an Plant (Vietnam)	**2020**	4.711	6.790	367.463	1.607
	2019	14.392	13.901	541.748	2.106
Dong-nai Plant (Vietnam)	**2020**	0.100	6.024	10.970	0.183
	2019	0.137	6.918	23.504	0.210

- 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 (SOx), nitrogen oxide (NOx), 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.
- Presented by the pandemic in 2020, the drop in the production of Taiwan plant led to the decrease in the emissions of Sox, Nox, VOCs, and PM.
- 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.

(iii) Greenhouse Gas Emission

1) Taiwan Plant

Three main sources of greenhouse gases are as follows:

1. 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

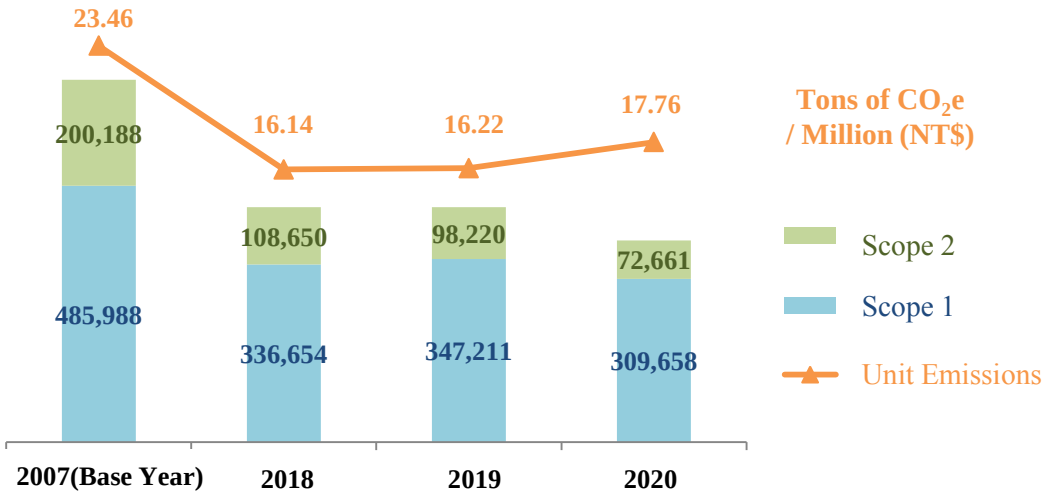
2. Emissions from Mobile Sources:

   Emissions generated from the energy usage of vehicles, such as autos, trucks, and forklifts during transportation

3. 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 Emissions between 2018~2020



- Emissions per unit = $\frac{\text{Total Annual greenhouse gas Emissions (Tons of } CO_2e)}{\text{Annual Sales Revenue of the Taiwan Plant (NT\$ Million)}}$
- 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 81%/19% of the total GHG emissions of the Taiwan Plant for 2020; the main emission source of Scope 2 is procured electricity.
- The consumption of coal of 2020 was 109,242 tons, a decrease of 14,073 tons (-11.41%), compared with 123,315 tons of 2019. It contributed to the drop of 37,553 tons CO2e (-10.82%) of Scope 1. The decrease in purchased electricity declined 25,559 tons CO2e (-26.02%) of Scope 2.
- In 2019, scope-3 inventory items included (1) purchased goods and service, (2) fuel- and energy-related activities, (3) transportation and distribution of upstream materials, (4) downstream transportation and distribution which cover 99.7% of scope 3 emissions of seven categories in the inventory of 2018.

Data of Scope 3 Emissions in Taiwan Plant between 2018 and 2019

Item			2018		2019	
			Greenhouse Gas Emissions (Tons of CO_2e)	Portion (%)	Greenhouse Gas Emissions (Tons of CO_2e)	Portion (%)
Category 1	Purchased Goods and Services-Purchased Goods	Major source	356,523.4155	44.20	625,825.2567	84.46
		Petrol and Diesel	313,768.1035	38.90		
Category 3	fuel- and energy-related activities		103,788.6592	12.87	80,415.8811	10.85
Category 4	upstream transportation and distribution	Major source	6,611.1919	0.82	18,613.9901	2.51
		Petrol and Diesel	10,408.0026	1.29		
Category 5	Waste Generated in Operations		1,136.5436	0.14	-	-
Category 6	Business Travel-Air Travel		416.6203	0.05	-	-
Category 7	Employee commuting-Automobile travel		820.6288	0.10	-	-
Category 9	downstream transportation and distribution		13,196.3669	1.63	16,152.7754	2.18
Total			806,669.5323	100.00	741,007.9033	100.00

2) Formosa Petrol Stations in Taiwan

Greenhouse Gas Emissions of Formosa Petrol Stations between 2018 and 2019

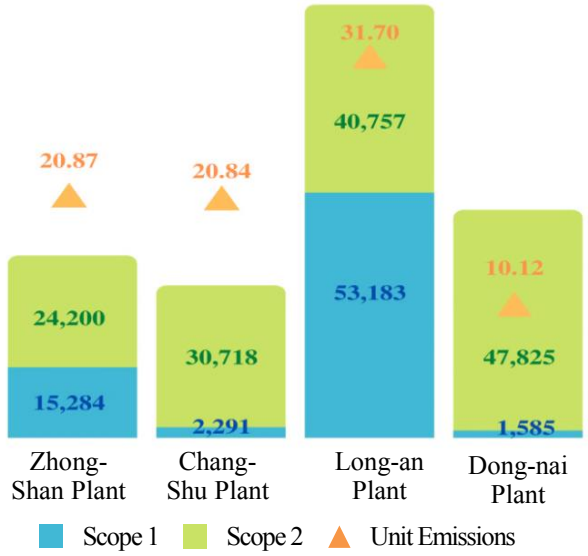
Unit: Tons of CO2e

Item \ Year	2018	2019
Scope 1	148	146
Scope 2	2,418	2,444

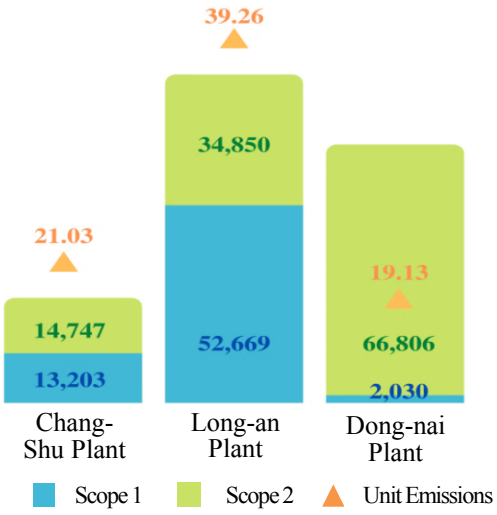
❖ Inventory of scope 1 and 2 of greenhouse-gas emission by gas stations between 2018 and 2019 have outsourced to a third party. Inventory of greenhouse gas emissions of gas stations in 2020 was not conducted due to its stable sources of greenhouse gas emissions and the amount of greenhouse gas emissions has low proportion accounting for the Douliu plant.

3) Overseas Plants

Greenhouse Gas Emissions of Four Overseas Plants in 2019



Greenhouse Gas Emissions of Three Overseas Plants in 2020



- Emissions per unit = $\frac{\text{Total Annual greenhouse gas Emissions (Tons of } CO_2e)}{\text{Annual Sales Revenue of Plant (NT\$ Million)}}$
- If the inventory of 2020 greenhouse gas emissions of Chang-shu Plant is later than June, 2021, the result will be disclosed in 2021 CSR Report or other occasions.
- GHG emissions for 4 overseas plants between 2019 and 2020 is indicated as below:
  - Zhong-Shan Plant: Source for disclosure of greenhouse-gas emission is filing with IPE (Institute of Public and Environmental Affairs).
  - Chang-Shu Plant: Declaration was made on greenhouse-gas emission platform for key enterprises in Jiangsu province and acquisition of report on greenhouse-gas emission from auditing/inspection by designated third party and government supervision.
  - Long-an and Dong-nai Plant: A third-party certification body in Vietnam was commissioned to conduct greenhouse-gas inventory for factory premises, whose result was certified by ETES in January 2021 for acquisition of greenhouse-gas emission report.

Source of Greenhouse Gas Emissions for 4 Overseas Plants

	China		Vietnam		
	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant		Dong-nai Plant
Scope 1	– Diesel – Natural gas	– Diesel – Natural gas	– Electric Generator – Stacker	– Coal-fired boilers – hot coal oil boiler – Setting machines	– Electric Generator – Stacker – Setting machines
Scope 2	– Purchased electricity	– Purchased electricity – Purchased steam	– Purchased electricity		– Purchased electricity – Purchased steam

The CDP Score Reports have been a critical reference for the global investors' investment. In 2020, over 9,600 companies worldwide were evaluated based on their responses to CDP's questionnaires. FTC has been rated A- (leadership) on climate change questionnaire for consecutive two years, which displays that FTC is capable of well handling issues on climate change and sets a good example to the textile industry

ii. Water Resources

(i) 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 countries 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 5 plants in 3 countries:

- **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.

FTC was rated A (Leadership) on the water security of CDP questionnaire in 2020. This shows that our water management approaches and results and countermeasures for water scarcity, along with our endeavor to achieve corporate sustainability, were recognized by the world's top institutional investors.

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 countries 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 2020, the recycled water of 2020 was 2,976,441 tons, accounting for 34 % of total water consumption.

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

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

(ii) Input and Output of Water Resources

Total Water Withdrawal of the Five Plants from 2018 to 2020

Unit：megaliters

Type		Year	Plant				
			Taiwan	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Groundwater		2020	5,672	-	-	-	-
		2019	5,788	-	-	75	-
		2018	6,339	-	-	149	-
Surface water (river water)		2020	-	1,390	296	-	-
		2019	-	1,810	476	-	-
		2018	-	1,675	369	-	-
third-party water	Tap Water	2020	-	28	22	1,482	90
		2019	-	22	37	1,983	106
		2018	-	25	39	2,025	156
	Industrial Water	2020	-	-	-	-	824
		2019	-	-	-	-	1,021
		2018	-	-	-	-	1,028
Total water withdrawal		2020	5,672	1,418	318	1,482	914
		2019	5,788	1,832	513	2,058	1,127
		2018	6,339	1,700	408	2,174	1,184

Note: 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.

- **Taiwan Plant:** Due to the decrease in orders and increase in reclaimed water, water withdrawal decreased.
- **Zhong-Shan Plant (China):** Due to the drop in orders affected by the pandemic, water withdrawal decreased .
- **Chang-Shu Plant (China)** : The drop in orders reduced the water withdrawal.
- **Long-an Plant (Vietnam)** : Water withdrawal decreased due to well performance of conserved water programs.
- **Dong-nai Plant (Vietnam):** Due to the drop in orders, affected by the pandemic, water withdrawal decreased .

Wastewater Discharge of the Five Plants from 2018 to 2020

Unit：megaliters

Discharge volume based on the terminal point	Year	Plant				
		Taiwan	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Groundwater	2020	4,596	983	-	1,355	885
	2019	4,826	1,676	-	1,842	1,082
	2018	5,262	1,481	-	1,957	1,015
third-party water	2020	-	-	328	-	-
	2019	-	-	520	-	-
	2018	-	-	487	-	-
Water Discharge Volume	2020	4,596	983	328	1,355	885
	2019	4,826	1,676	520	1,829	1,082
	2018	5,262	1,481	487	1,957	1,015

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 decreased due to the decrease 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. 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. The factory discharges its waste water, after proper treatment, to the zone's discharge channel, before flowing to song Thi Vai.

Table of 2020 Water Quality Control of Discharge of Five Plants in Three Countries

Plant	Water Volume (CMD)		pH Value			COD (mg/L)			SS (mg/L)		
	Permissible Volume	Discharge Volume	Statutory Requirements	Internal Control Value	Average Value	Statutory Requirements	Internal Control Value	Average Value	Statutory Requirements	Internal Control Value	Average Value
Taiwan	26,667	12,695.9	6~9	6.5~8.5	6.93	160	110	35.1	30	25	17.3
Zhong-Shan	5,000	2,810	6~9	6.5~8.5	7.65	60	54	33	50	45	13
Chang-Shu	2,800	1,007	6~9	7~7.5	7.2	<200	<120	61	<100	<50	21.75
Long-an	7,000	4,070	6~9	6~9	7.2	<75	<75	40~60	50	50	<10
Dong-nai	6,000	3,000	5.5~9	6~8	7	120	100	50	80	50	10

Water Recycling Statistics of the Five Plants in Three Countries between 2018~2020

Type	Year	Plant				
		Taiwan Plant	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Amount of Supplied Raw Water (T/day)	2020	9,483.0	483.4	917.0	4,439.6	2,290.1
	2019	10,732.0	1,021.2	1,381.0	5,879.3	2,837.0
	2018	11,647.0	1,069.6	1,182.0	6,376.0	2,855.1
Amount of Condensed Steam (T/day)	2020	651.4	140.1	166.0	317.4	252.25
	2019	737.2	115.4	208.0	110.0	301.1
	2018	781.3	113.9	203.0	90.0	321.8
Amount of Reclaimed Water (T/day)	2020	8,987.0	1,042.4	1,319.0	4,259.0	1,917.5
	2019	9,528.0	738.4	1,581.0	3,765.0	2,242.2
	2018	9,459.1	939.6	1,391.0	3,489.0	2,084.1
Total Consumed Water (T/day)	2020	14,261.0	1,528.9	2,402.0	9,015.9	4,459.9
	2019	15,133.0	1,759.6	3,170.0	9,754.3	5,380.3
	2018	16,236.0	1,698.8	2,777.0	9,955.0	5,261.0
Water Reclamation Rate (%)	2020	63.0	68.2	54.9	47.2	43.0
	2019	63.0	42.0	49.9	38.6	41.7
	2018	58.3	55.3	50.1	35.0	39.6
Amount of Wastewater Discharged (T/day)	2020	3,507.0	153.8	413.5	2,342.4	1,350.4
	2019	3,974.9	592.6	692.2	3,610.0	1,654.7
	2018	4,861.5	478.0	589.9	4,141.4	1,724.1

- 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 reclamation rate and explanations in 2020and 2019 for each Plant are stated below:
  - **Taiwan Plant**： Installation of water recycling equipment in April 2020 to increase the volume of reclaimed water usage, thereby cutting water consumption.
  - **Zhong-Shan Plant (China)**： Installation of 2,000 CMD water recycling equipment to increase reclaimed-water volume and cut raw-water consumption.
  - **Chang-Shu Plant (China)**： Recycled-water benefit improved in 2020, compared with 2019, due to installation of a new waste-water/sludge treatment equipment in October 2019. In Jan. 2020, recycled water pool was renovated, further improving recycled-water benefit.
  - **Long-an Plant (Vietnam)**： Recycled-water volume increased by 500 tons/daily than the previous year, thanks to increased recycled-water volume from loom recycling system and in-house circulation system, plus inauguration of RO reclaimed-water system in June.
  - **Dong-nai Plant (Vietnam)**： Recycled-water volume remained unchanged but its share increased by 1.3 percentage points, thanks to decrease of total water consumption.

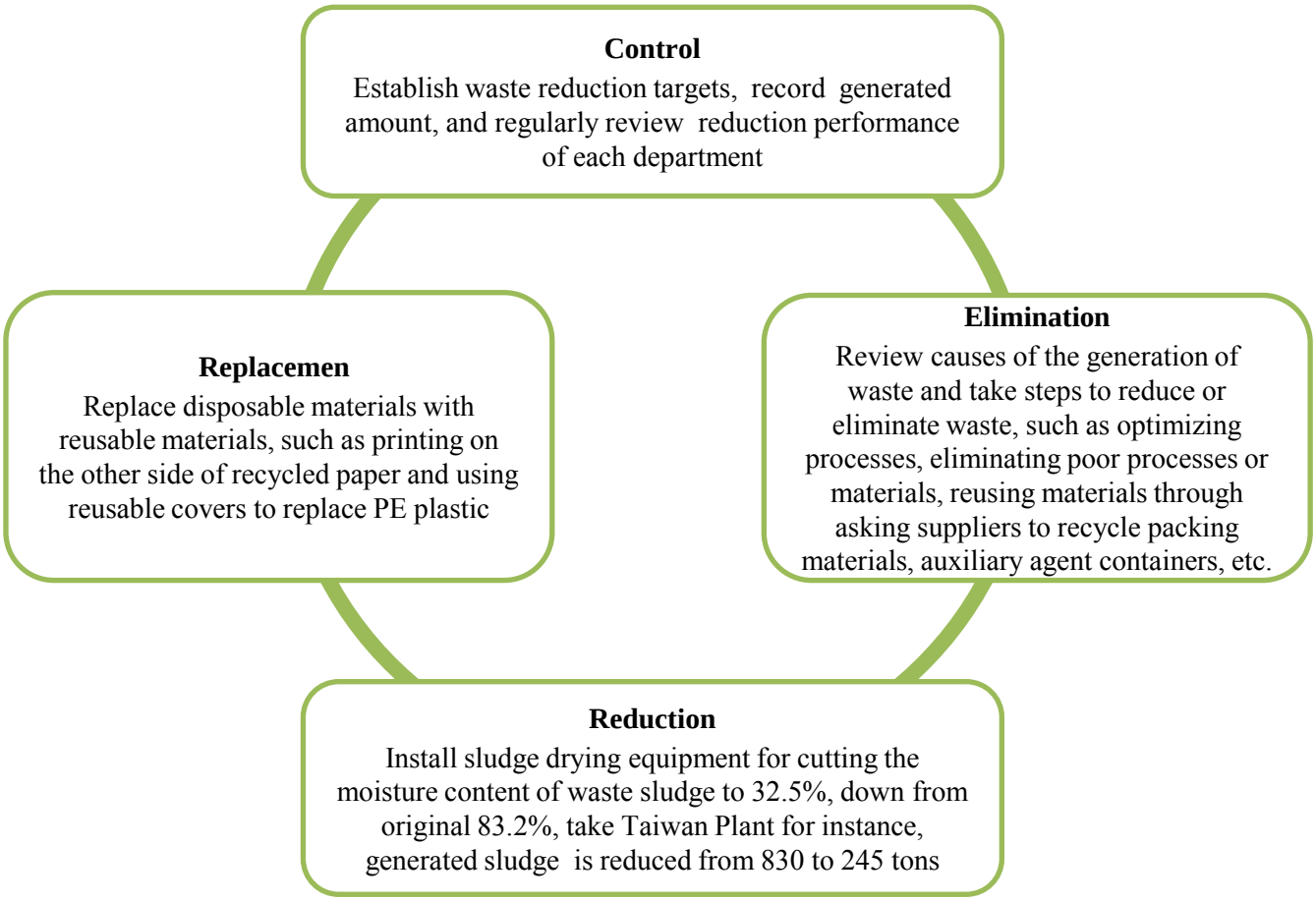
III. Waste

(i) 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," whose procedures are illustrated in the right graph; related information of performance of waste management is data gathered from daily operations of the corresponding departments.

(ii) 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.



Waste Generation and Treatment Methods of thee plant in three countries in 2020

Unit: tons

Handling Method \ Plant		Taiwan	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
non-hazardous waste	Reusing	27,783.57	-	212.54	-	4,054.925
	Recycling	-	2,402.87	-	5,240.9	-
	Recovery	-	53.37	-	-	-
	Incineration (with energy recovery)	-	104.32	-	-	-
	Incineration (without energy recovery)	1,673.99	-	1,340.52	-	-
	Landfill	-	-	149.14	-	4,568.74
	Thermal treatment(except incineration)	0.10	-	-	-	-
	Landfill after incineration	-	-	-	125.5	-
	Subtotal	29,457.66	2,560.56	1,702.20	5,366.4	8,623.665
hazardous waste	Reusing	-	29.98	-	-	-
	Recycling	-	-	8.48	169.2	240.37
	Incineration (without energy recovery)	-	38.62	-	-	613.515
	Solidification	-	-	-	-	4.89
	Separation	-	-	-	-	9.32
	Landfill after incineration	-	-	-	3,484.5	-
	Subtotal	0	68.60	8.48	3,653.7	868.095
Total		29,457.66	2,629.16	1,710.68	9,020.1	9,491.76

iv. Energy

(i) 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 CO_2 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

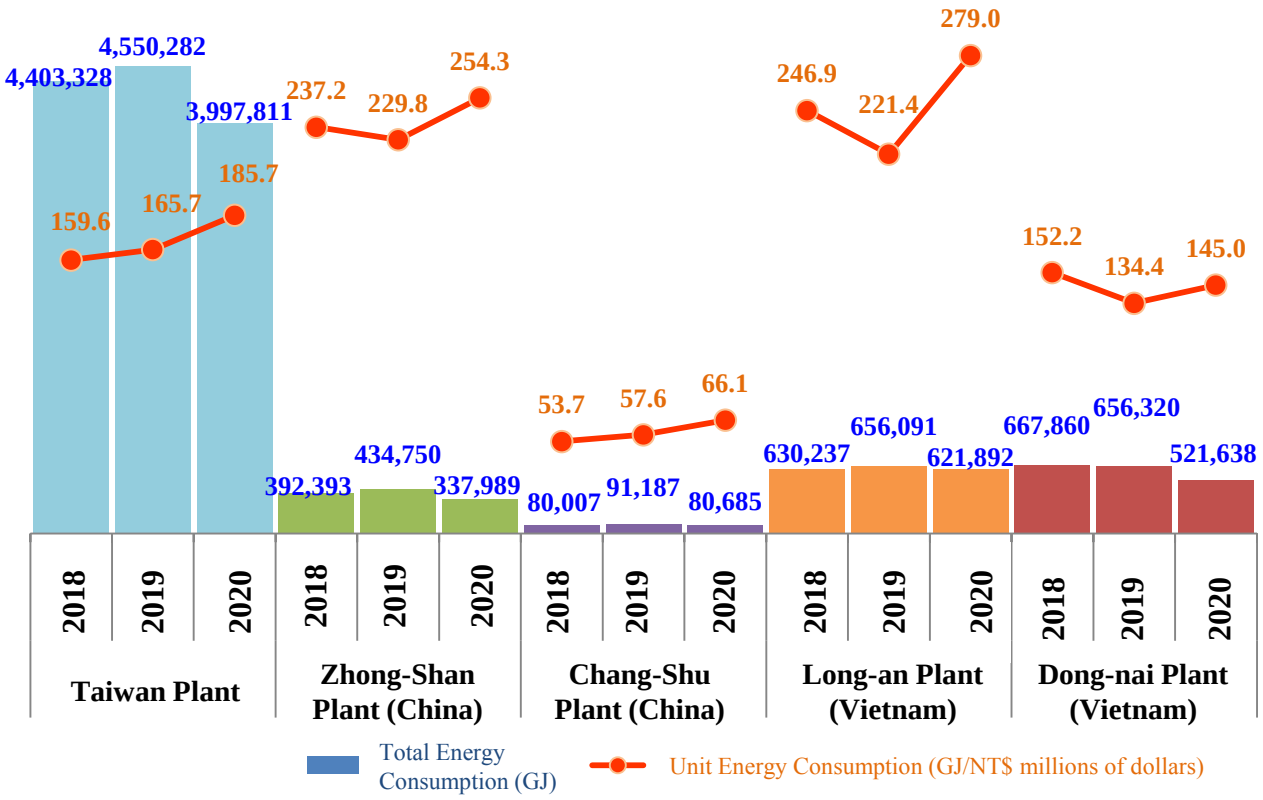
3) Gas Conservation

- 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 countries between 2018 and 2020



(ii) Input and Output of Energy

1) Consumed Energy Items of 5 Plants in 3 Countries between 2018 ~2020

Unit：GJ

Item	Year	Plant				
		Taiwan Plant	Zhong-Shan Plant (China)	Chang-Shu Plant (China)	Long-an Plant (Vietnam)	Dong-nai Plant (Vietnam)
Coal	2020	2,840,292	0	-	468,111	-
	2019	3,206,190	0	-	344,296	-
	2018	2,946,885	0	-	406,289	-
Fuel oil	2020	457,366	-	-	14,468	-
	2019	572,024	-	-	135,741	-
	2018	644,208	-	-	51,929	-
Diesel	2020	2,110	1,257	-	-	-
	2019	1,512	1,213	-	-	-
	2018	1,842	898	-	-	-
Natural gas	2020	184,136	236,017	44,108	80	18,361
	2019	107,159	298,376	45,048	40	17,899
	2018	104,367	258,547	39,915	50	15,029
Purchased electricity	2020	513,907	100,715	36,426	139,232	303,350
	2019	663,396	135,161	45,938	176,014	382,342
	2018	706,026	132,948	39,882	171,959	388,958
Purchased steam	2020	-	-	151	-	199,927
	2019	-	-	201	-	256,079
	2018	-	-	210	-	263,872
Total Consumption	2020	3,997,811	337,989	80,685	621,892	521,638
	2019	4,550,282	434,750	91,187	656,091	656,320
	2018	4,403,328	392,393	80,007	630,237	667,859

- ❖ Presented by the pandemic in 2020, orders decreased, leading to the decrease in energy consumption of five plants in three countries.
- ❖ Long-an Plant: Two coal-fired boilers and an oil-fired boiler were replaced with a 25-ton coal-fired boilers, which increased the usage amount of coal but reduced the fuel oil. In addition, the purchased electricity dropped due to the solar power generation and low production affected by the pandemic.

3. Achievements of Execution of Conservation Programs

Completed conservation Projects in 2020

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	64	7.46	2,160.2	647.64	3.5	28,543.5	72,601.9	71,452.7
Zhong-Shan Plant	6	0.33	0	30.15	0.00	1,283.6	3,064.8	1,377.0
Chang-Shu Plant	7	0.2	0	4.11	0.068	660.2	1,488.6	124.3
Long-an Plant	26	1.3	25.29	142.43	85.35	14,521.3	42,541.5	25,479.0
Dong-nai Plant	17	7.79	1,876.8	144.06	0.00	25,539.0	69,059.1	3,190.0
Total	120	17.08	4,062.29	968.38	88.918	70,547.6	188,755.9	101,623.0

❖ Cells with "zero" in the table above indicate no improvement programs in 2020.

III. Violations and Environmental Protection Expenditures

Fine of five plants in three countries due to violation of environment act or other regulations in 2020

Plant	Category	Law enforcement agency	Fine	Cause
Taiwan Plant	Environmental Protection	Environmental Protection Bureau, Yunlin County	NT$ 12,000	1. Failure to rectify the situation of exceeding monthly output ceiling by 10%. 2. Failure to rectify online difference in GPS report time and registered report time within one day.
			NT$ 45,000	Failure to keep the transmission record of continuous water monitoring system according to required categories and format for five-year keeping.
	Occupational Safety Penalty	Occupational Safety and Health Administration Ministry of Labor of the Central Area	NT$ 60,000	Rolling and pinch injuries.
			NT$ 60,000	Rolling and pinch injuries.
			NT$ 60,000	Pressure injury.
			NT$ 120,000	Liquid dye burn
Formosa Petroleum Stations in Taiwan	Environmental Protection	Environmental Protection Bureau, Yunlin County	NT$ 60,000	In violation of Effluent Standards

IV. Description of Material Environmental Issues

Formosa Taffeta Co., Ltd. Statement regarding the result of wastewater incident on January 6, 2021

Regarding the incident that the wastewater turned Huwei Creak into red on January 6, 2021, the effluent standard of the Company was inspected, and SS, COD, BOD, Nitrogen, water temperature, and PH value are in accordance with the standard. The Company followed the instructions of the Environmental Protection Bureau, Yunlin County (hereinafter referred to as the Environmental Protection Bureau) to stop wastewater from entering the storage facility of RO Recycling System. The facility will not be used until the improvements are completed and verified by the Environmental Protection Bureau. In addition, the Company will clarify the incident for the Environmental Protection Bureau and co-work with their investigation.

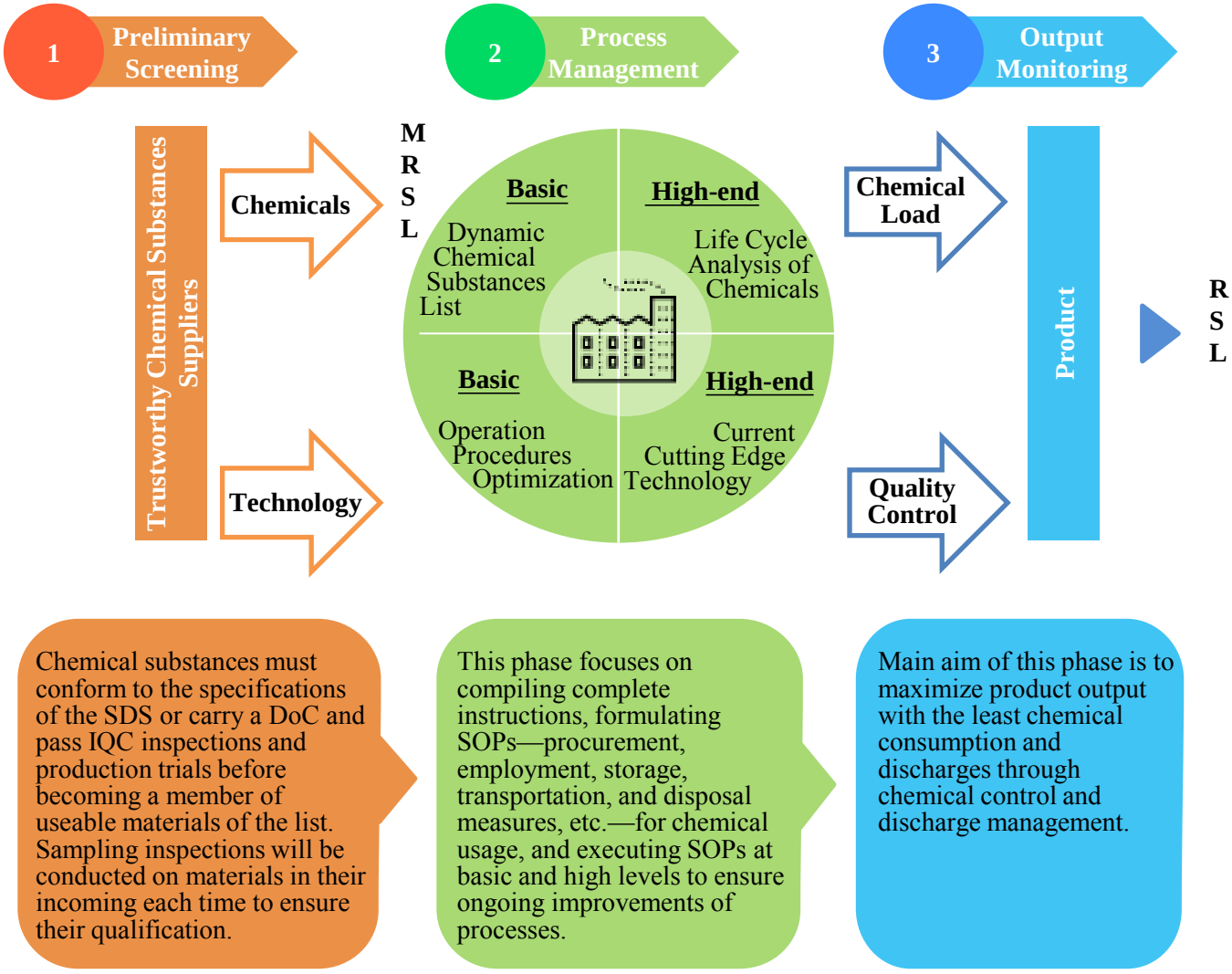
The Environmental Protection Bureau conducted a follow-up on-site review on April 1, 2021. The unknown storage tank and the flow direction of the fluid in its pipe were proved to be used for the process from recycling to manufacture during the inspection. However, the discharge permit is not applied prior to the operation. FTC is fined NT$360,000 according to the Article 14-1 of the Water Pollution Control Act, in the official document sent from the Environmental Protection Bureau on May 27.

The incident has no impact on the Company’s operation and the finance. The Company remains committed to environmental protection and abides by the environmental Act to attain the sustainable development.

V 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:

◆ **Three phases**



- ❖ MRSL – Manufacturing Restricted Substances List
- ❖ RSL – Restricted Substances List

◆ **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.

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

(i) Short-term Objectives

1. Check the stock of Chemicals
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)
3. Have the 20 prohibited chemicals of ZDHC-MRSL2.0 listed as items requiring control
4. Have Chapater 2 Candidate list of ZDHC-MRSL2.0 listed as items requiring control and set up the solutions.
5. Screen and select the incoming chemicals in line with MRSL
6. Increase gradually utilization ratio of eco-friendly water repellent agents
7. Check finished fabrics by the Technology Department to assure the conformity to criteria of RSL
8. Establish SOPs for Chemicals Management.

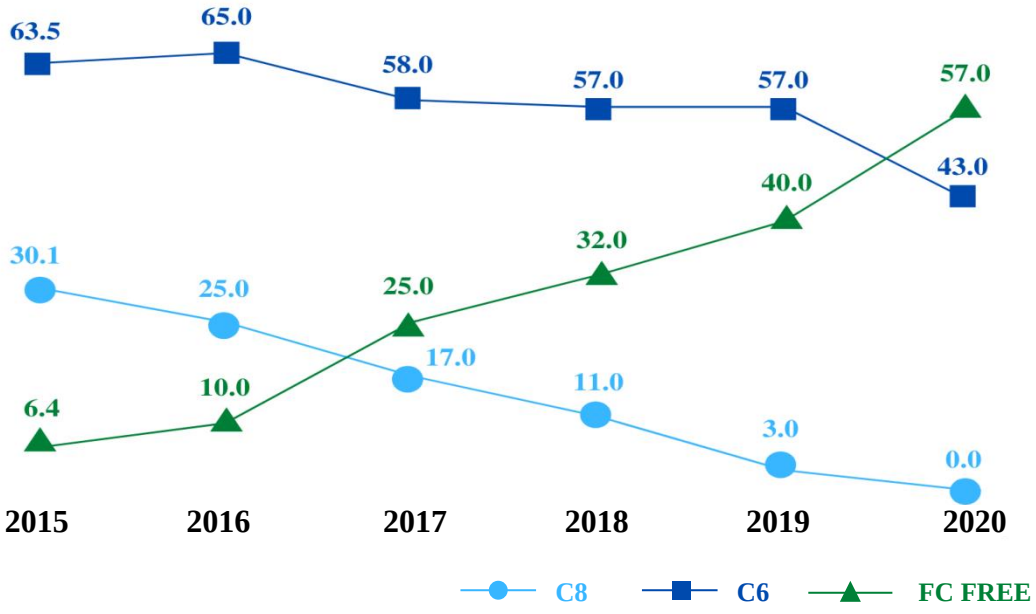
(ii) Mid-term Objectives

1. Decrease adopted categories and the consumption of chemicals and increase reuse
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
3. Calculate the COD (Chemical Oxygen Demand) of the discharged, establish targets, and reduce the COD content
4. Establish production lines in eco-friendly processes

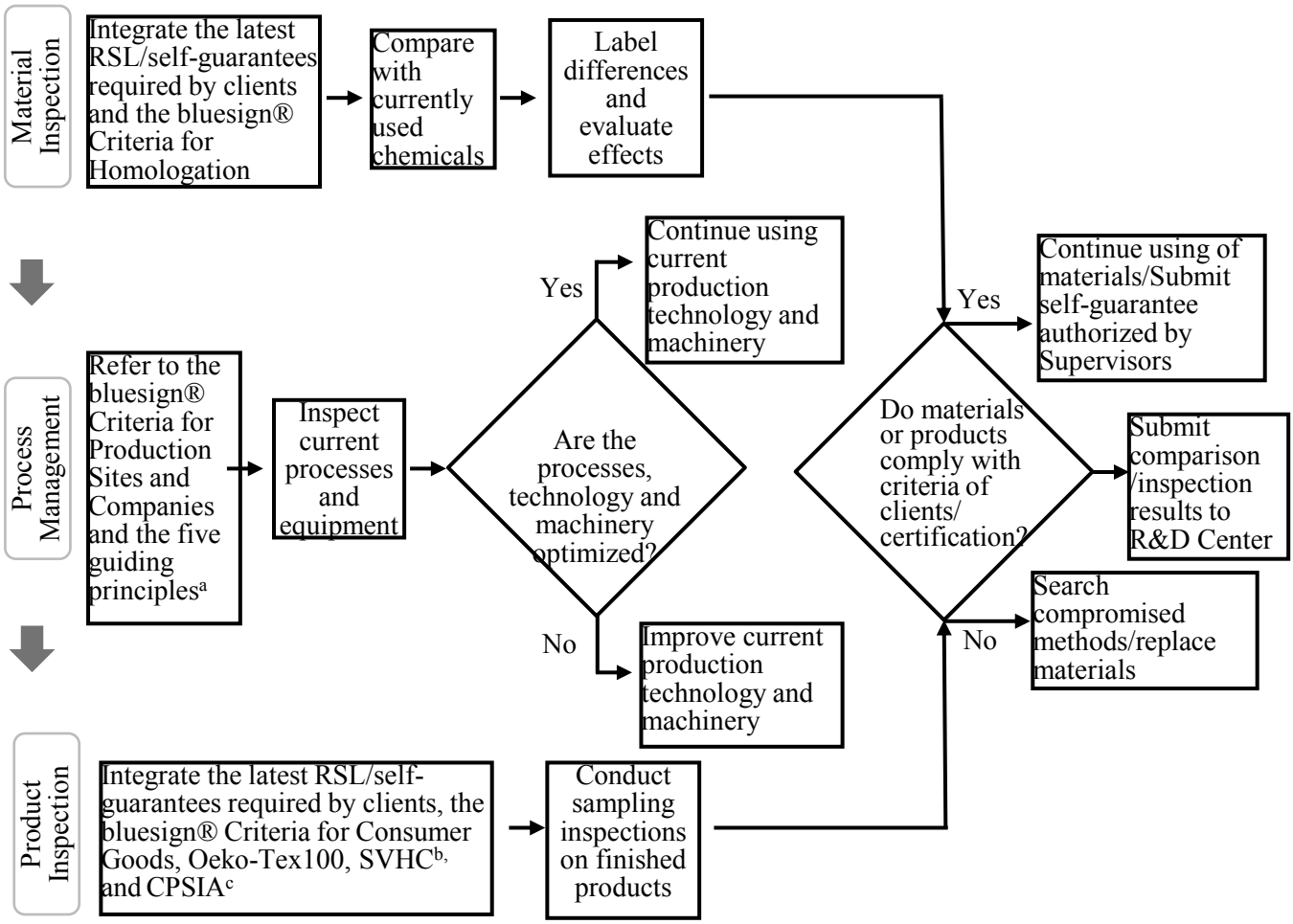
(iii) Long-term Objectives

1. Equip all fabric with product traceability to track detailed information of every batch of chemicals
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 fuorine-free ones
   - Decrease gradually the use of long-chained C8 in conjunction with the PFOA/PFOS draft regulation proposed by the United States EPA
   - Substitute C6 or C0 for C8 to satisfy branded clients' demand for environmental protection
3. Cooperate with customers of supply chain to reach ZDHC to improve the environment.

Current and Planned Consumption of Long- and Short-chained Water Repellents



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); 211 items (the date of the announcement 2021.1.19) 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.

(i) 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

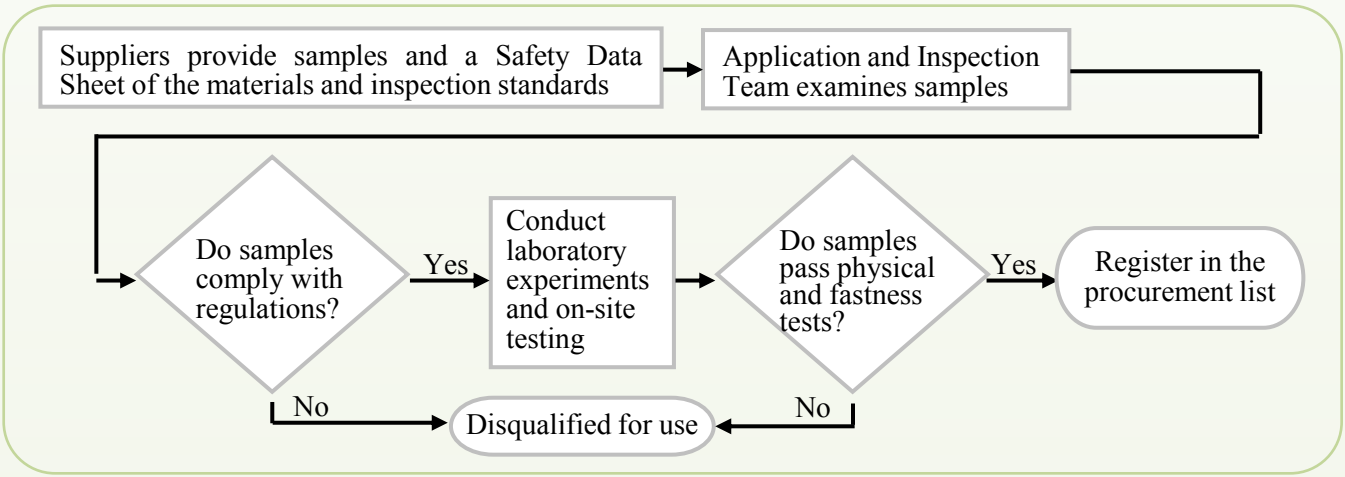
(ii) Risk Ranking Management of Hazardous Chemicals

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.

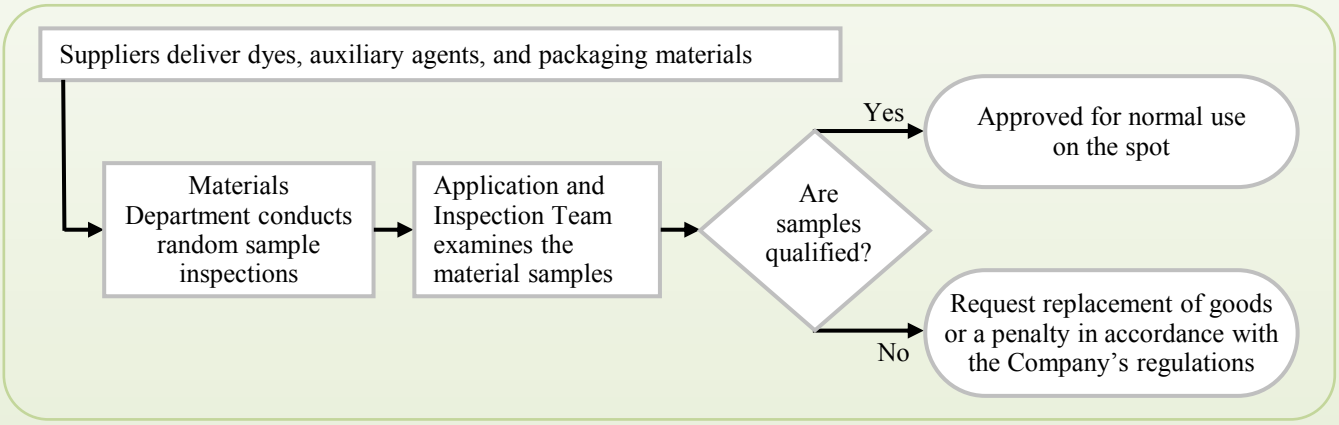
(iii) Hazardous Chemicals Inventory Management

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



(iv) 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.

(v) 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.

(vi) 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 2020, the proportions of recycled fabrics to total output in Taiwan Plant were 12.56% for polyamide and 17.39% for polyester respectively; the proportions of recycled polyamide of five plants in three countries accounted for 7.12%, and 29.12% for recycled polyester respectively .(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 57%.
❖ Introduce Teijin Morphotex® ,optical coloring fiber that reveals trendy colors based on the chromogenic principle of Morpho butterflies rather than with the dyeing process or the use of dyes or pigments.	❖ Promote the first-time success rate/lower rework level by upgrading equipment, improving processes, and enhancing productivity
❖ Establish product series in paper transfer	❖ Promote eco-friendly, water-saving, energy-saving and carbon-reducing processes and products
❖ 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	❖ Make the most of the (wet) breathable and waterproof process, with the advantage of capabilities of reclamation and reuse of dimethylformamide (DMF), for the enhancement of equipment utilization
❖ 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 CO_2 fluid and the research on atmospheric pressure plasma finishing.	

Progress of Overall Replacement of Long-chain Fluorochemical Water Repellents with Short-chain Fluorine-free Ones_ Target vs. Actual Consumption

Unit：%	C8 (Long-chain)		C6 (Short-chain)		FC free	
Year	Target	Actual Value	Target	Actual Value	Target	Actual Value
2020	5 ↓	0	45	43	50	57
2019	12 ↓	3	35	57	53	40
2018	13 ↓	11	55	57	32	32

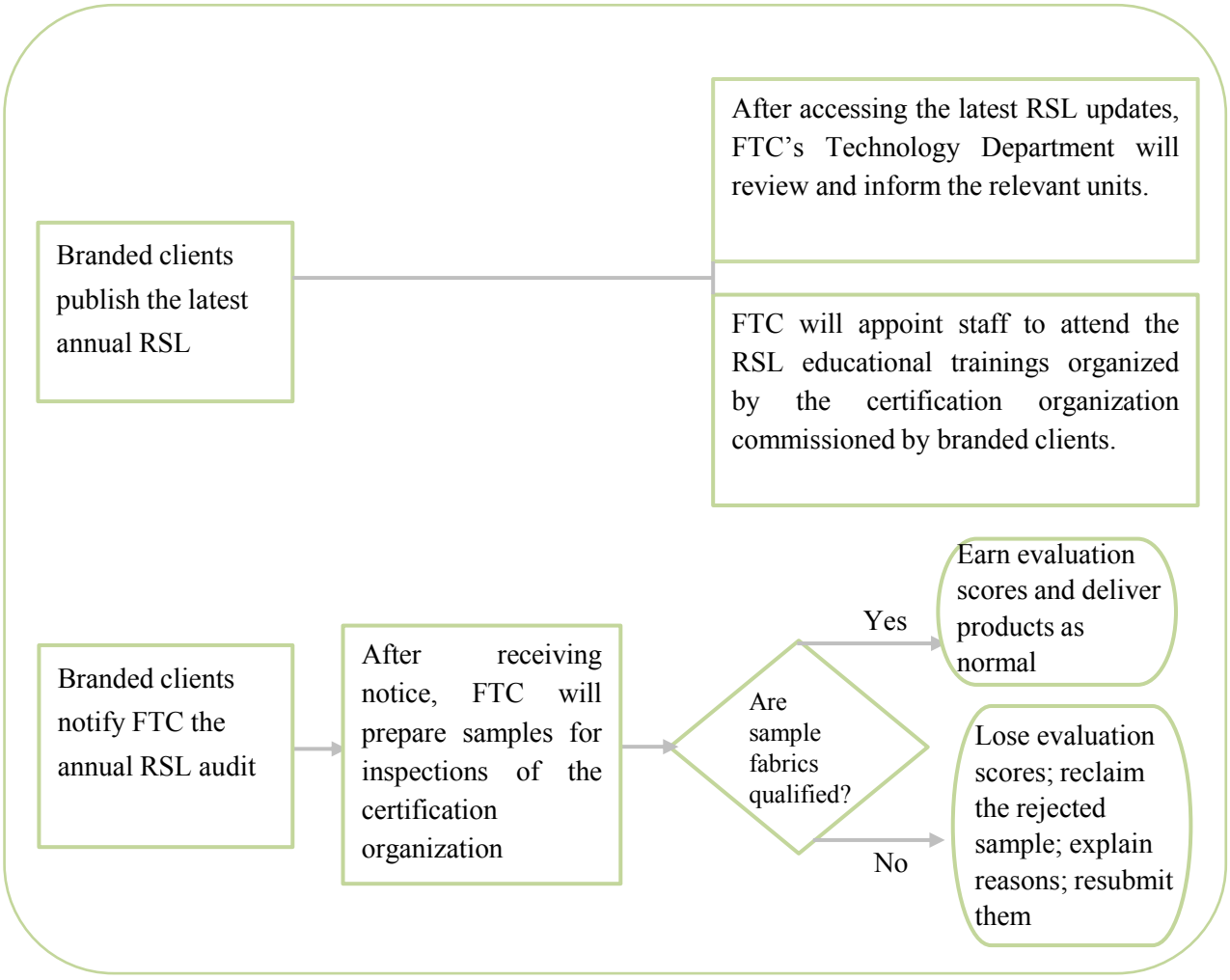
Actual consumption of Long-chain Fluorochemical Water Repellents has exceeded the target.

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 following self-management process:



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 2020, 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.

iv. 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:

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.

5

Corporate Social Responsibility and Giving Back

(I) 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 (05-5577011), 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 complainers are well protected against any revenge afterwards. There was no complaint on employees' interests and human rights in 2020. 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 the place where the company can not spy on.
- Status for the operation of "Reward and Penalty Committee:" discussion and determimnation 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 2020, 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 2020 to maintain and enhance the labor/management relations

(i) 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 2020.

Age Group of New Formal Employees of Five Plants in Three Countries in 2020

Unit: headcount/%

Plant / Age Group	Taiwan Plant			Taiwan FGS			Zhong-Shan Plant in China		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Under 29	8	40	48	7	3	10	22	36	58
30 to 39	2	13	15	4	5	9	13	23	36
40 to 49	0	4	4	1	2	3	9	19	28
50 to 59	0	0	0	0	0	0	4	1	5
Over 60	0	0	0	0	0	0	0	0	0
Subtotal	10	57	67	12	10	22	48	79	127
Total employees	798	1755	2553	285	302	587	266	268	534
Proportion of New Employees (Annual accumulated) (%)	1.3%	3.2%	2.6%	4.2%	3.3%	3.7%	18.0%	29.5%	23.8%

Age Group of New Formal Employees of Five Plants in Three Countries in 2020

Unit: headcount/%

Plant / Age 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
Under 29	0	3	3	96	157	253	162	221	383
30 to 39	2	6	8	38	54	92	27	43	70
40 to 49	1	3	4	5	15	20	6	2	8
50 to 59	0	0	0	3	0	3	1	1	2
Over 60	0	0	0	0	0	0	0	0	0
Subtotal	3	12	15	142	226	368	196	267	463
Total employees	111	171	282	480	621	1101	515	575	1090
Proportion of New Employees (Annual accumulated) (%)	2.7%	7.0%	5.3%	29.6%	36.4%	33.4%	38.1%	46.4%	42.5%

- 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%

(ii) Ratio of New Formal Employees in the Five Plants in Three Countries in 2020

Ratio and Age Group of New Formal Employees in the Five Plants in Three Countries in 2020

Unit: headcount/%

Category	Plant / Age Group	Taiwan Plant			Taiwan FGS			Zhong-Shan Plant in China		
		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
Age	Under 29	228	48	21.1	176	10	5.7	89	58	65.2
	30 to 39	489	15	3.0	224	9	4.0	225	36	16.0
	40 to 49	877	4	0.5	120	3	2.5	177	28	15.8
	50 to 59	833	0	0.0	61	0	0.0	40	5	12.5
	Over 60	126	0	0.0	6	0	0.0	3	0	0.0
Subtotal		2553	67	2.6	587	22	3.7	534	127	23.8

Ratio and Age Group of New Formal Employees in the Five Plants in Three Countries in 2020

Unit: headcount/%

Category	Plant / Age Group	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
Age	Under 29	58	3	5.2	412	253	61.4	710	383	53.9
	30 to 39	169	8	4.7	402	92	22.9	332	70	21.1
	40 to 49	39	4	10.3	221	20	9.0	40	8	20.0
	50 to 59	16	0	0	64	3	4.7	8	2	25.0
	Over 60	0	0	0.0	2	0	0.0	0	0	0.0
Subtotal		282	15	5.3	1101	368	33.4	1090	463	42.5

- 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%

(ii) Workforce Structure

1. 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 2018~2020

Year	Item / 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
2020	Formal Employees	Average Years of Service (years)	19.1	9.5	8.8	7.8	8.7	4.4
		Male (headcount)	1755	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		3370	1141	534	282	1101	1090
2019	Formal Employees	Average Years of Service (years)	19.1	8.6	7.7	6.1	8.6	4.0
		Male (headcount)	1821	315	297	222	596	611
		Female (headcount)	833	290	279	125	459	520
		Male : Female	2.2:1	1.1:1	1.1:1	1.8:1	1.3:1	1.2:1
	Informal Employees	Male (headcount)	427	365	0	0	0	0
		Female (headcount)	508	161	0	0	0	0
	Total		3589	1131	576	347	1055	1131
2018	Formal Employees	Average Years of Service (years)	20.2	7.9	7.5	6.1	8.4	3.8
		Male (headcount)	1,877	309	307	196	597	569
		Female (headcount)	846	281	257	113	449	509
		Male : Female	2.2:1	1.1:1	1.2:1	1.7:1	1.3:1	1.1:1
	Informal Employees	Male (headcount)	419	365	0	0	0	0
		Female (headcount)	475	188	0	0	0	0
	Total		3,617	1,143	564	309	1,046	1,078

- Statistics of male to female employment ratio, and average years of service are based on formal employees, excluding informal employees.
- In 2020, the percentage of formal employees in Taiwan Plants is 75.8%, while informal employees (such as consultants, contract workers, migrant workers, and part-time student workers) account for 24.2%. In the past five years, the percentage of formal employees has been maintained above 77% on average, amongst which the ratio of male to female employees has been 2.2:1, with average age by 45.6 years old, and average years of service by 19.1 years.
- The Petroleum Business Division in Taiwan runs 106 gas stations. Some employees are part-time students. In 2020, non-regular employees account for 48.6% of the workforce, and the regular employees account for 51.4%.
- The total number of employees of 5 plants in 3 countries is 6,147 in 2020. Taiwanese employees accounted for 51.1% of the Company's total workforce, followed by Chinese with 13.3% and Vietnamese with 35.6%. The Company has tailored its operations to local circumstances in terms of races, national situations, laws/regulations, and cultures.

2. Ratio of Female to Male in different positions and at different ages

Ratio of Female to Male in different positions and at different ages in 2020 Unit: headcount/%

TYPE	Plant / Gender / Group	Taiwan Plant				Taiwan FPS				Zhong-shan Plant in China			
		Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position	Managerial staff (and above)	0	25	25	1.0	0	1	1	0.2	0	〈3〉	〈3〉	0
	1st and 2nd level supervisors	17	308	325	12.7	1	16	17	2.9	18	45	63	11.8
	Base-level supervisors	92	569	661	25.9	41	75	116	19.8	79	93	172	32.2
	Base-level employees	689	853	1542	60.4	243	210	453	77.1	169	130	299	56.0
	Subtotal	798	1755	2553	100	285	302	587	100	266	268	534	100
Age	Under 29	59	169	228	8.9	74	102	176	30.0	46	43	89	16.7
	30 to 39	161	328	489	19.2	120	104	224	38.2	119	106	225	42.1
	40 to 49	364	513	877	34.4	62	58	120	20.4	86	91	177	33.1
	50 to 59	203	630	833	32.6	28	33	61	10.4	13	27	40	7.5
	Over 60	11	115	126	4.9	1	5	6	1.0	2	1	3	0.6
Subtotal		798	1755	2553	100	285	302	587	100	266	268	534	100

Ratio of Female to Male in different positions and at different ages in 2020 Unit: headcount/%

TYPE	Plant / Gender / Group	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
Position	Managerial staff (and above)	0	〈2〉	〈2〉	0	0	〈3〉	〈3〉	0	0	〈1〉	〈1〉	0
	1st and 2nd level supervisors	18	22	40	14.2	25	22	47	4.3	17	13	30	2.7
	Base-level supervisors	43	56	99	35.1	56	86	142	12.9	66	70	136	12.5
	Base-level employees	50	93	143	50.7	399	513	912	82.8	432	492	924	84.8
	Subtotal	111	171	282	100	480	621	1101	100	515	575	1090	100
Age	Under 29	26	32	58	20.6	167	245	412	37.4	330	380	710	65.1
	30 to 39	73	96	169	59.9	174	228	402	36.5	153	179	332	30.5
	40 to 49	12	27	39	13.8	106	115	221	20.1	26	14	40	3.7
	50 to 59	0	16	16	5.7	32	32	64	5.8	6	2	8	0.7
	Over 60	0	0	0	0	1	1	2	0.2	0	0	0	0
Subtotal		111	171	282	100	480	621	1101	100	515	575	1090	100

- 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.

II. Employees' Rights and Benefits

(i) 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
2020	555	487	3,208
2019	570	508	3,281
2018	562	-	3,248

- ❖ Full-time employees on the table excludes upper executives, employees of subsidiary from within and outside border , foreign workers.
- ❖ Employees' median salary is disclosed since 2019.

(ii) Employee Performance Appraisals

Appraisals of all 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.

(iii) 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.

(iv) Maintaining Employee Resignation at Appropriate and Reasonable Levels

Age-group Analysis of Formal Employee Resignation in 2020 **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	10	35.7	35	57.4	45	50.6	13	41.9	27	71.1	40	58.0	18	41.9	29	35.8	47	37.9
30 to 39	15	53.6	16	26.2	31	34.8	11	35.5	11	28.9	22	31.9	14	32.5	27	33.3	41	33.1
40 to 49	3	10.7	5	8.2	8	9.0	7	22.6	0	0.0	7	10.1	6	14.0	21	25.9	27	21.8
50 to 59	0	0.0	4	6.6	4	4.5	0	0.0	0	0.0	0	0.0	5	11.6	3	3.7	8	6.4
Over 60	0	0.0	1	1.6	1	1.1	0	0.0	0	0.0	0	0.0	0	0.0	1	1.2	1	0.8
Sub-total	28	100	61	100	89	100	31	100	38	100	69	100	43	100	81	100	124	100
Total number of employees	798		1755		2553		285		302		587		266		268		534	
Turnover rate (annual accumulated)	3.5%		3.5%		3.5%		10.9%		12.6%		11.8%		16.2%		30.2%		23.2%	

Age-group Analysis of Formal Employee Resignation in 2020 **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	7	41.2	31	50.0	38	48.1	79	63.2	116	62.0	195	62.5	161	75.2	244	79.2	405	77.6
30 to 39	7	41.2	27	43.5	34	43.0	33	26.4	51	27.3	84	26.9	44	20.6	58	18.8	102	19.5
40 to 49	1	5.9	4	6.5	5	6.3	6	4.8	15	8.0	21	6.7	6	2.8	5	1.6	11	2.1
50 to 59	2	11.7	0	0.0	2	2.5	4	3.2	4	2.1	8	2.6	3	1.4	1	0.3	4	0.8
Over 60	0	0.0	0	0.0	0	0.0	3	2.4	1	0.5	4	1.3	0	0.0	0	0.0	0	0.0
Sub-total	17	100	62	100	79	100	125	100	187	100	312	100	214	100	308	100	522	100
Total number of employees	111		171		282		480		621		1101		515		575		1090	
Turnover rate (annual accumulated)	15.3%		36.3%		28.0%		26.0%		30.1%		28.3%		41.6%		53.6%		47.9%	

- 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)

(2) Age-group Analysis of Formal Employee Resignation in 2020

Age-group Analysis of Formal Employee Resignation in 2020 **Unit: headcount, %**

Plant / Group		Taiwan Plant (excluding Oil Product Business Division)			Oil Product Business Division of Taiwan Plant			Zhong-Shan Plant in China		
		Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio	Number of formal employees	Number of resignations	Ratio
Age	Under 29	228	45	19.7	176	40	22.7	89	47	52.8
	30 to 39	489	31	6.3	224	22	9.8	225	41	18.2
	40 to 49	877	8	0.9	120	7	5.8	177	27	15.3
	50 to 59	833	4	0.5	61	0	0.0	40	8	20.0
	Over 60	126	1	0.8	6	0	0.0	3	1	33.3
Sub-total		2553	89	3.5	587	69	11.8	534	124	23.2

Age-group Analysis of Formal Employee Resignation in 2020 **Unit: headcount, %**

Plant / Group		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
Age	Under 29	58	38	65.5	412	195	47.3	710	405	57.0
	30 to 39	169	34	20.1	402	84	20.9	332	102	30.7
	40 to 49	39	5	12.8	221	21	9.5	40	11	27.5
	50 to 59	16	2	12.5	64	8	12.5	8	4	50.0
	Over 60	0	0	0.0	2	4	200	0	0	0.0
Sub-total		282	79	28.0	1101	312	27.1	1090	522	47.9

- 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)
- As part of the labor- and capital-intensive industry featuring higher turnover, the turnover rate of the Taiwan Plant reached 3.5 % in 2020, a relatively low and stable level.
- Reasons for high turnover in 2020 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.

(v) 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. (1020 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 2020, a total of 6 employees, 0 male and 6 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. 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 global trend on occupational safety and hygiene, the Company has been pushing various health and safety measures, including launching ISO 45001 training courses at Taiwan Plant in November 2019, followed by passage of ISO 45001:2018 certification for occupational safety and hygiene certification in June 2020, under which 3,073 employees (100%) and 591 contractors (100%) were subject to audit in 2020. The management procedure for occupational safety and hygiene also applies to gas-station workers under the oil product business division. Featuring multi-shift independent operation, the gas stations, with 10.4 employees on average, have a designated chief for occupational safety and hygiene, in charge of related management and education/training, so that oil-station workers can abide by work rules on occupational safety and hygiene.

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:

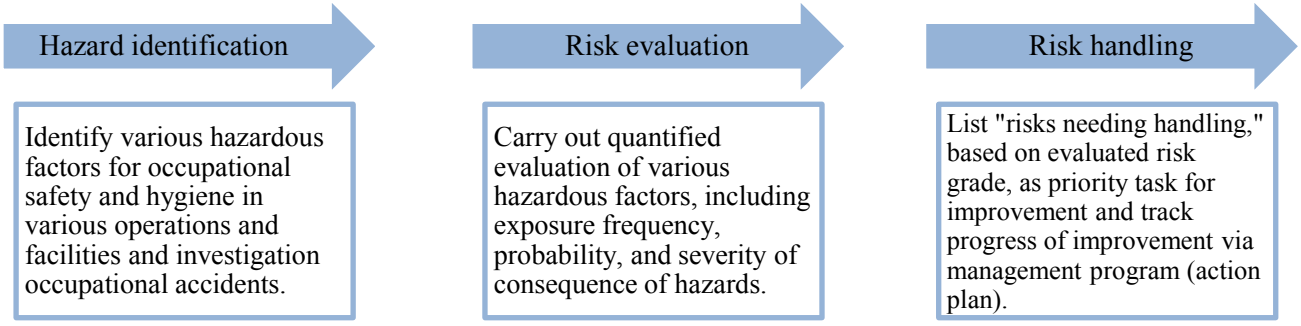
- Ensure compliance with relevant safety, health, and environment regulations and other reasonable demands of stakeholders.
- Make good use of the Safety, Health, and Environment Administration System to strengthen pollution prevention and reduce hazardous impacts.
- Promote hazard identification, risk 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.

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.



Statistics of Hazard Identification, Risk Evaluation, and Control Measures of the Taiwan Plant in 2020

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
5,150	18	18	24

The Company implemented improvement programs for eighteen industrial-safety risks in 2020, including installation of safety net and mark ground attention line at natural gas reducing station, prevention of injury caused by the press rollers of lapping machines, prevention of injury from squeezing and entanglement by weaving machine, prevention of injury from squeezing and entanglement by FS setting machine, personal protective equipment, cutting exhaust emission from forklifts and respirator program, and so on, in the hope of cutting injury incidents to zero.

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 2020 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 2020

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Douliu 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	72.7(dB)~97.3(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	62	Lower than detectable limit-1/5 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once/half year	26	Lower than detectable limit-1/2 tolerance for standard value
Zhong-Shan Plant (China)	Noisy operating site	Noise (dB)	Once / year	71	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (℃)	Once / year	14	Lower than tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once / year	25	Lower than tolerance for standard value
	Dusty operating site	4th Category Dust, 4th Category Respirable Dust	Once / year	16	Lower than 1/4 tolerance for standard value

Summary of Monitored Items of Workplace in the Five Plants in Three Countries in 2020 (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	15	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for specific chemical	Specific Chemical	Once / year	12	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	11	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (℃)	Once / year	7	Standard 31℃, measured temperature in summer 28.1℃
Long-an Plant(Vietnam)	Noisy operating site	Noise (dB)	Once / year	41	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4^{th} Category Dust, 4^{th} Category Respirable Dust	Once / year	41	Lower than 1/4 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once / year	4	Lower than the lowest detectable limit ~ 1/3 of PEL
Dong-nai Plant (Vietnam)	Noisy operating site	Noise (dB)	Once / year	84	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Operating site for organic solvent	Organic Solvents	Once / year	0	Lower than the lowest detectable limit ~ 1/3 of PEL
	Hazardous Gases	CO_2、SO_2、NH_3	Once / year	20	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 2020. 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 on April 28, 2020, which were attended by 10 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.

Summary of Health Promotion Activities Organized in Taiwan Plant in 2020

Event Date	Event	Number of Participants
2020/09/15	Prevention measures and treatment for heatstroke	45
2020/10/13	Prevention of blood-borne infectious disease and first aid knowledge	46
2020/11/13	Cancer prevention and screening for Four Major Cancers	75
2020/01/01~12/31	Prevention of cardiovascular diseases	185
2020/01/01~12/31	Guidance for employee health	348 attendances/year
Irregular	Subsidies for various employee clubs in holding outdoor activities	19 clubs, including mountaineering clubs outing club, bike club, and dancing club

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 Countries in 2020

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	2 employees in 2019
Zhong-Shan Plant in China	New and existing operators	Once every 2 years	240 employees in 2020
Chang-Shu Plant in China	New and existing operators	Once every year	85 employees in 2020
Long-an Plant in Vietnam	Workers in common environment	Once every year	867 employees in 2020
Dong-nai Plant in Vietnam	Workers in common environment	Once every year	974 employees in 2020

Working night shifts for a long time may lead to physical diseases, such as, physiologic derangement, sleeping disorder, and cardiovascular diseases. To protect the employees health, the Company arranged “resting electrocardiogram” test for 1,401 employees working night shifts in Taiwan plant over the past two years. The Company arranged general physical examination for employees according to their age groups, in line with the "regulation on protection of labor health." The results should that the top three health problems are, in descending order, overweight (BMI>24), eyesight, and cholesterol. Return outpatient visits were arranged for those with abnormal results, plus follow-up concern and provision of health education. The Company also integrated internal and external resources in holding various health-promotion events, in the hope of encouraging employees to embrace healthy diet and exercise habit.

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.

Health inspection for employees at gas stations is managed by each gas station. In 2019, 458 employees from gas stations conducted general health examination, and 61 employees working night shifts did the resting electrocardiogram test. In 2020, 110 employees working night shifts at gas stations conducted the resting electrocardiogram test.

Statistics of Special Health Examination Results in Taiwan Plant in 2020 Unit: headcount

	Special Health Examination Items	Grade 1	Grade 2	Grade 4	Number of Examined Personnel
Taiwan Plant	Noise (Hearing)	458	273	10	741
	Dust	28	13	0	41
	Dimethylformamide	60	37	0	97
	Diisocyanate	9	5	0	14
	Hyperthyroidism	3	6	0	9
	Nickel and its compounds	9	9	0	18
	Subtotal	567	343	10	920

- 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 2020 Unit: headcount

	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Zhong-Shan Plant	Noise (Hearing)	159	0	159
	Dust	0	0	0
	Chemicals + Dust	3	0	3
	Noise + Chemicals + Dust	0	0	0
	Noise + Chemicals	46	0	46
	Noise + Dust	3	0	3
	Chemicals	29	0	29
	Subtotal	240	0	240
Chang-Shu Plant	Dust	12	0	12
	Toluene, Dimethylformamide	14	0	14
	Subtotal	26	0	26

- 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 2020 Unit: headcount				
Long-an Plant (Vietnam)	**Health Examination Items**	**Normal**	**Abnormal**	**Number of Examined Personnel**
	Noise (Hearing)	116	28	144
	Dust	19	0	19
	Subtotal	135	28	163
Dong-nai Plant (Vietnam)	**Noise (Hearing)**	544	2	546
	Subtotal	544	2	546

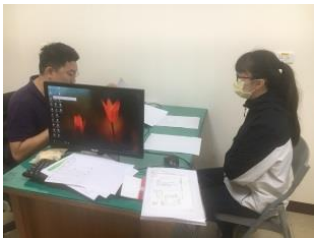
- Physical examination at Vietnamese plants: Arrange hearing ability examination in factory premises and follow-up check at qualified hospitals for those fund to have hearing impairment in the initial examination.

iv. On-site Clinical Service

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	2,823	2 Full-time Nurses	6 Visits / Month
2nd Plant	512	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. A first-aid lecture, by professional doctors on Oct. 13, 2020, was held for employees to understand how to deal with it in case of emergency.

Summary of Emergency Response Drills in the Five Plants in Three Countries in 2020

Plant	Times of Simulated Emergency Response Drills	Drill Cycle	Drill Duration	Number of Participants
Taiwan Plant	46 Times	Twice / Year	4HR/Drill	3781
Zhong-Shan Plant (China)	17 Times	Twice / Year	4HR/Drill	531
Chang-Shu Plant (China)	4 Times	Twice / Year	4HR/Drill	310
Long-an Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	857
Dong-nai Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	1095
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:

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

	Parent Plant									FPS								
Item \ Year	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		

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

	Plants in China									Plants in Vietnam								
Item \ Year	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	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	0.22	0	0.22
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	3	1	4	1	0	1	3	1	4	2	2	4	2	2	4	2	0	2
Rate of recordable work-related injuries	1.22	0.41	1.63	0.38	0	0.38	1.38	0.46	1.84	0.39	0.39	0.77	0.43	0.43	0.86	0.45	0	0.45
Occupational Disease Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Working hours	2,458,794.4			2,654,780			2,176,645.7			5,146,119			4,665,424			4,479,877		

- Rate of fatalities as a result of work-related injury =(Number of fatalities as a result of work-related injury /working hours) × 10^6
- Rate of high-consequence work-related injuries (excluding fatalities)=Number of high consequence work related injuries (excluding fatalities)/ working hours × 10^6
- Rate of recordable work-related injuries = Number of recordable work-related injuries/ Number of hours worked × 10^6。

Contractors must be in accordance with the regulation procedure for enforcement safety stipulated by the Company. In 2020, 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 2020, there were 11 cases resulted from unsafe act and four 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.

Fire Drill-Instruction from Yunlin County Fire Department

Fire Drill

first aid training

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.

Summary of EHS Training Implemented in Taiwan Plant in 2020

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	941.5 hours/ 7,074 participants
	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
Environmental Protection	Operation personnel environmental protection training	All employees	419 hours/ 6,325 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	219 hours/ 4,889 participants

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 2020, FTC convened a discussion meeting for employees with service years at the Company less than five years. Through discussion, employees are able to understand the internal management of the Company, and also, the management can appreciate thoughts from new generation and make changes to make win-win situation.

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		2016	2017	2018	2019	2020
Number of Proposals		4,297	3,218	3,550	3,311	3,192
Reward Amount		377,000	347,300	316,800	294,100	280,200
Achievement Rewards	Number of Improvements	2	3	1	6	2
	Rewards	13,551	18,431	4,330	20,686	11,912
	Annual Benefits	1,351,992	3,054,856	401,760	7,818,756	3,563,828

iv. Training and Education

Concerted effort of all the employees is indispensable for the company in the quest for sustained growth and development. Therefore, the quality of human power is of critical importance, for which the company has held various education and training courses, either by its own or in cooperation with external parties, to boost the expertise of employees. The courses cover actual cases at work sites, to augment the actual benefits of education and training for works. In addition, the company has formulated guidelines on ethnical behaviors of employees, banning bribe taking, irregular collusion, and leakage of secrets.

(i) Main Categories of Education & Training held by the Five Plants in Three Countries:

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

The Company has insisted on the continuing transfer of knowledge, technology, and experience and taken pains, during the execution of education and training programs, to help with employees' career development, inspire their potential, and assist them in constant improvement of knowledge and skills, so that they can cope with challenges of workplace and create opportunities for career advancement.

2. Implementation of Educational Training

1) Inner/External Educational Training Hours and Attendances of the Company in 2020

Category	Total courses	Total attendances		Total training hours		Average training hours per attendance	
		M	F	M	F	M	F
Management	584	5,380	3,228	29,123	23,893	5.41	7.40
EHS	515	12,429	6,832	34,489	21,926	2.77	3.21
CEP	225	2,835	1,091	11,203	4,152	3.95	3.81
QC	53	477	613	2,130	1,848	4.47	3.01
Techniques	300	2,074	1,375	5,244	3,526	2.53	2.56
IT	4	5	2	18	2	3.60	1.00
Other	73	911	813	2,365	1,351	2.60	1.66
Special Expertise	31	186	100	451	513	2.42	5.13
External Training	113	385	211	6,688	2,193	17.37	10.39
Total	1,898	24,682	14,265	91,711	59,404	3.72	4.16

	Total employees of five Plants in Three Countries (as of 2020/12/31)	Total training hours	Average training hours per attendance
M	4,407	91,711	20.8
F	3,111	59,404	19.1
Total	7,518	151,115	20.1

2) 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 3,424.

Item	No.	Training Hours	attendances	Planned Training Hours	Actual Training Hours	Attendance Rate
TOEIC TEST (Certificate Class)	1	60	30	1,800	1,648	91.6%
TOEIC TEST (Basic Class)	1	60	31	1,860	1,776	95.5%

(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 Principals 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.

(i) 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; 59 children attended the kindergarten in 2020.

Kindergarten graduation ceremony

Kindergarten field trip

Kindergarten Halloween activity

Kindergarten field trip

Kindergarten Christmas activity

Activity for parent-child relationship

(ii) 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.

(iii) 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.

(iv) Giving back to local communities – participation in social charities

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	10
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	9
6	Sponsoring other environmental protection activities and events in neighboring communities	3
Total number of sponsoring events and donations made in 2020		41

Investment in Community Relations in 2020 was NT$ 604,400.

Certificates of appreciation/merit for sponsoring or participating social charities in 2020:

Assistance in charitable activity held by Genesis Social Welfare Foundation

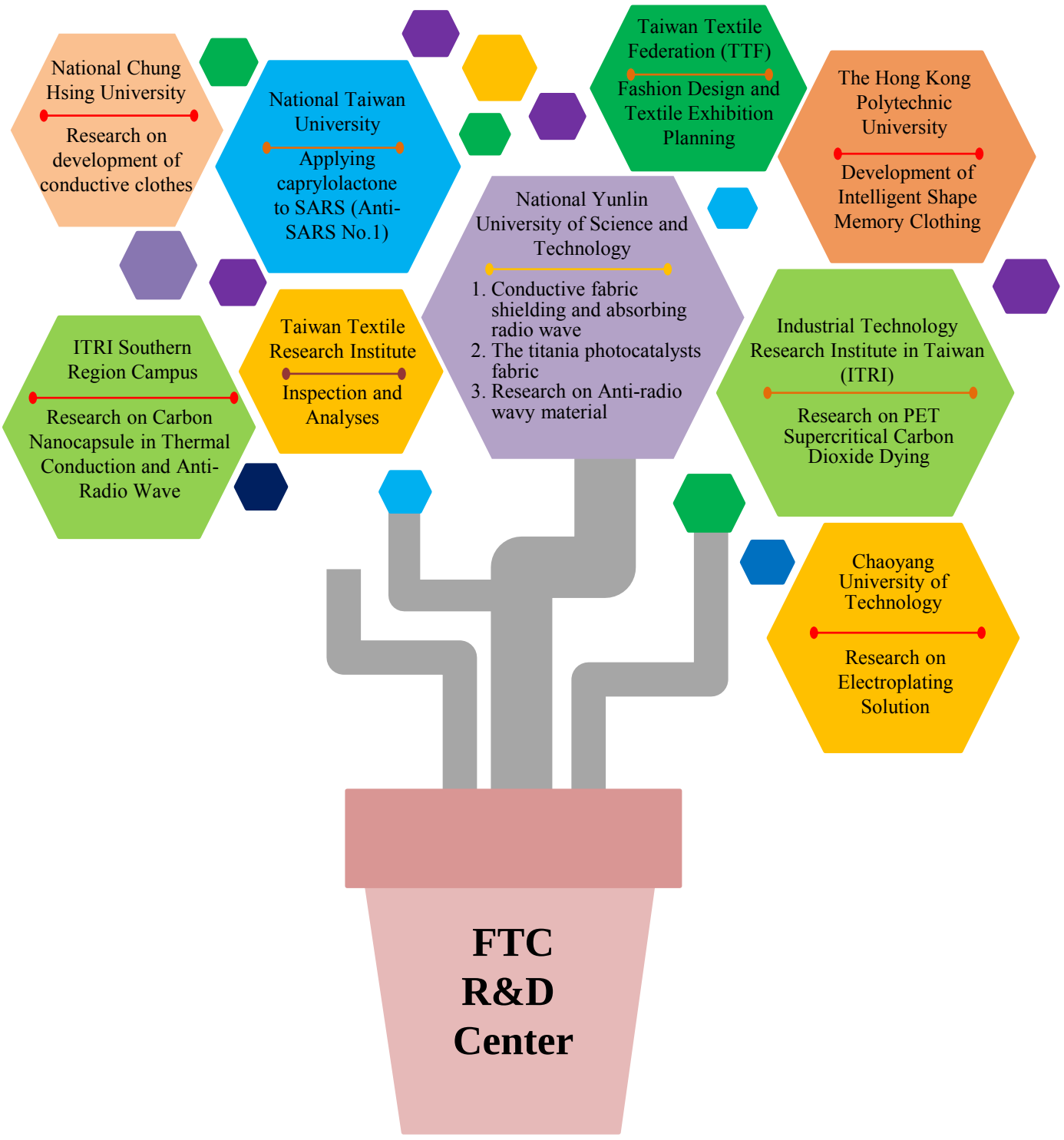
Donation to Father's and Mother's Day series events held by Yunlin County Government

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

Assistance in the activity held by sports association of Linnei Township

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	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	2014~2016
	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
● Chinese Association for Industrial Technology Advancement ● Society for the Advancement of material and Process Engineering ● Textile Information Partnership	● Taiwan Technical Textiles Association ● Textile NET in Taiwan ● Cradle to Cradle Platform ● Taiwan Silk & Filament Weaving Industrial Web	Member

v. Participation in international exhibition in 2020.

1) ISPO WINTER 2020


2) TITAS 2020


Appendix

Appendix I GRI Standard Index

GRI Standard	Disclosure		Page	Note
Universal Standards				
GRI 102：General Disclosures (2016)	**Organizational profile**	102-1 Name of the organization	11	
		102-2 Activities, brands, products, and services	14, Appendix II	
		102-3 Location of headquarters	7	
		102-4 Location of operations	11-12	
		102-5 Ownership and legal form	11-12	
		102-6 Markets served	15	
		102-7 Scale of the organization	11-12,14,16,66	
		102-8 Information on employees and other workers	66	
		102-9 Supply chain	26-31	
		102-10 Significant changes to the organization and its supply chain	7,12,26-31	
		102-11 Precautionary Principle or approach	21-25	
		102-12 External initiatives	-	Commitment to CDP's initiatives by responding to its questionnaire
		102-13 Membership of associations	88	
	Strategy	102-14 Statement from senior decision-maker	3-5	
	Ethics and integrity	102-16 Values, principles, standards, and norms of behavior	1-2,19	
	Governance	102-18 Governance structure	13、18	
	Stakeholder engagement	102-40 List of stakeholder groups	8	
		102-41 Collective bargaining agreements	82	None
		102-42 Identifying and selecting stakeholders	8	
		102-43 Approach to stakeholder engagement	8	
	Reporting practice	102-44 Key topics and concerns raised	8-10	
		102-45 Entities included in the consolidated financial statements	7	
		102-46 Defining report content and topic Boundaries	10	
		102-47 List of material topics	10	
		102-48 Restatements of information	94	
		102-49 Changes in reporting	9	
		102-50 Reporting period	7	
		102-51 Date of most recent report	7	
		102-52 Reporting cycle	7	
		102-53 Contact point for questions regarding the report	7	
		102-54 Claims of reporting in accordance with the GRI Standards	7	
		102-55 GRI content index	Appendix I	
		102-56 External assurance	Appendix V	

GRI Standard	Disclosure	Page	Note
Topic-specific Standards			
GRI 200：Economic			
Economic Performance			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,16	
	103-2 The management approach and its components	16	
	103-3 Evaluation of the management approach	16	
GRI 201：Economic Performance (2016)	201-1 Direct economic value generated and distributed	16	
	201-3 Defined benefit plan obligations and other retirement plans	2020 Annual Report 143~147	
	201-4 Financial assistance received from government	16	
Procurement Practices			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,27	
	103-2 The management approach and its components	27	
	103-3 Evaluation of the management approach	27-29	
GRI 204: Procurement Practices (2016)	204-1 Proportion of spending on local suppliers	27-29	
GRI 300: Environmental			
Materials			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,30	
	103-2 The management approach and its components	30,39,53-59	
	103-3 Evaluation of the management approach	30	
GRI 301：Materials (2016)	301-2 Recycled input materials used	31	
Energy			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,50	
	103-2 The management approach and its components	39,50,98	
	103-3 Evaluation of the management approach	39,50-51,98	
GRI 302：Energy (2016)	302-1 Energy consumption within the organization	50-51	
	302-3 Energy intensity	50-51	

GRI Standard	Disclosure	Page	Note
WATER AND EFFLUENTS			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,44	
	103-2 The management approach and its components	38,44-47,98	
	103-3 Evaluation of the management approach	38,44-47,98	
GRI 303 WATER AND EFFLUENTS (2018)	303-1 Interactions with water as a shared resource	44-47	
	303-2 Management of water discharge-related impacts	44-47	
	303-3 Water withdrawal	45	
	303-4 Water discharge	46	
Emissions			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,39	
	103-2 The management approach and its components	39-43,98	
	103-3 Evaluation of the management approach	39-43,98	
GRI 305 Emissions (2016)	305-1 Direct (Scope 1) GHG emissions	39-43	
	305-2 Energy indirect (Scope 2) GHG emissions	39-43	
	305-4 GHG emissions intensity	39-43	
	305-7 Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	39-43	
Effluents and Waste			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,44,48	
	103-2 The management approach and its components	44,48,49	
	103-3 Evaluation of the management approach	39,46,48,49	
GRI 306 Effluents and Waste (2016)	306-1 Water discharge by quality and destination	46	
	306-3 Significant spills	-	None

GRI Standard	Disclosure	Page	Note
Supplier Environmental Assessment			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,31	
	103-2 The management approach and its components	31	
	103-3 Evaluation of the management approach	31	
GRI 308 Supplier Environmental Assessment (2016)	308-1 New suppliers that were screened using environmental criteria	-	Assessment is omitted in that main raw materials, including gasoline/diesel oil, polyamine/polyester filament , polyethylene, carbon fiber, wafers, and coal, etc., are entirely supplied by affiliates of Formosa Plastics Groups, all of which are listed firms with publication of CSR reports and rigorous management of sustainability targets. As for the auxiliary materials, they are mostly chemicals, supplied by small and medium enterprises. “Passing Bluesign Certification is a Positive." seminar was held on September 5, 2017, and 36 suppliers were invited to attend. The growth in the proportion of Bluesign-certified products was not pretty obvious—from 73.5% in 2019 to 84.7% in 2020--, which can mainly attribute to protracted process and high cost for certification. Since 2019, major suppliers are required to sign the Letter of Compliance with Corporate Social Responsibility Requirements for Suppliers and Subcontractors, which covers labor and human rights, health and safety, and environment protection and so on. As of the end of December of 2020, 70 suppliers have already signed the commitment.
GRI 400: Social			
Employment			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,63	
	103-2 The management approach and its components	63,98	
	103-3 Evaluation of the management approach	63-70,98	
GRI 401: Employment (2016)	401-1 New employee hires and employee turnover	64-65,69-70	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	71	

GRI Standard	Disclosure	Page	Note
Occupational Health and Safety			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,63	
	103-2 The management approach and its components	63,72-81,98	
	103-3 Evaluation of the management approach	72-81	
GRI 403 Occupational Health and Safety (2018)	403-1 Occupational health and safety management system	72	
	403-2 Hazard identification, risk assessment, and incident investigation	72	
	403-3 Occupational health services	76-79	
	403-4 Worker participation, consultation, and communication on occupational health and safety	72	
	403-5 Worker training on occupational health and safety	81	
	403-6 Promotion of worker health	76-79	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-75	
	403-9 Work-related injuries	79-81	
	403-10 Work-related ill health	79-81	
Training and Education			
GRI 103：Management Approach (2016)	103-1 Explanation of the material topic and its Boundary	10,83	
	103-2 The management approach and its components	83-84,98	
	103-3 Evaluation of the management approach	83-84	
GRI 404 Training and Education (2016)	404-3 Percentage of employees receiving regular performance and career development reviews	68	
Custom Theme			
Disease Control			
GRI 103：Management Approach	103-1 Explanation of the material topic and its Boundary	10,24	
	103-2 The management approach and its components	24,78	
	103-3 Evaluation of the management approach	24,78	

2019 Corporate Social Responsibility Report Corrigendum

Page 14

Before Correction

(iii) Sales quantity and amount of main products for the last 2 years Expressed in thousands of NTD

Main Product \ Year / Quantity/ Amount	2019			
	Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount
Polyamine /Polyester Fabric (thousand yard)	37,089	1,363,574	249,441	14,189,276
Polyamine /Polyester Tire Cord Fabric (ton)	9,339	1,680,217	43,114	5,964,521
PE Bags (ton)	1,604	82,781	4,053	292,054
Yarn Count (piece)	16,488	319,969	993	21,290
Cotton Cloths (thousand yard)	-	-	-	-
Special Textile (thousand yard)	3,422	636,252	1,384	423,152
Oil Products (KL)	466,101	11,744,169	-	-
Land Development (-)	-	2,771	-	-
Investment Promotion income (-)	-	-	-	35,060
Commission Income (-)	-	7,103	-	-
Total		15,836,836		20,925,353

After Correction

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

Unit: Expressed in thousands of NTD

Main Product \ Year / Quantity/ Amount	2019			
	Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount
Polyamine /Polyester Fabric (thousand yard)	37,089	1,363,574	249,066	14,085,923
Polyamine /Polyester Tire Cord Fabric (ton)	9,339	1,680,217	43,114	5,964,521
PE Bags (ton)	1,604	82,781	4,053	292,054
Yarn Count (piece)	16,488	319,969	993	21,290
Cotton Cloths (thousand yard)	3,422	636,252	1,384	412,037
Special Textile (thousand yard)	466,101	11,744,169	-	-
Oil Products (KL)	-	2,771	-	-
Land Development (-)	-	-	-	35,060
Investment Promotion income (-)	-	7,103	-	-
Commission Income (-)		15,836,836		20,810,885

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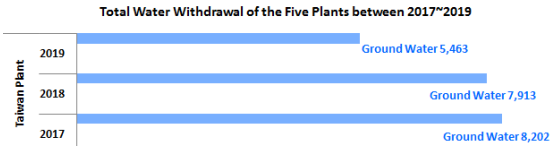
Before Correction

(ii) Input and Output of Water Resources

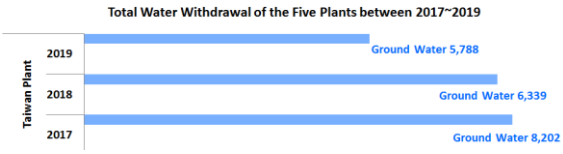
1) Water Withdrawal of the Five Plants



After Correction

(ii) Input and Output of Water Resources

1) Water Withdrawal of the Five Plants



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Before Correction

Item \ Plant	Taiwan Plant		
	2017	2018	2019
Coal	3,380,193	2,946,885	3,206,190
Fuel oil	673,052	644,208	572,024
Diesel	2,192	1,842	1,512
Natural gas	-	104,367	-
Purchased electricity	812,298	706,026	663,396
Purchased steam	-	-	-
Total Consumption	4,867,735	4,403,328	4,443,123

After Correction

Item \ Plant	Taiwan Plant		
	2017	2018	2019
Coal	3,380,193	2,946,885	3,206,190
Fuel oil	673,052	644,208	572,024
Diesel	2,192	1,842	1,512
Natural gas	-	104,367	107,159
Purchased electricity	812,298	706,026	663,396
Purchased steam	-	-	-
Total Consumption	4,867,735	4,403,328	4,443,123

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Before Correction

Data of average and median salary of employees in Taiwan

Year	Average Salary (thousands of NTD)	Median Salary (thousands of NTD)	Number of full-time employees
2019	570	508	3,248
2018	562	-	3,281

After Correction

Data of average and median salary of employees in Taiwan

Year	Average Salary (thousands of NTD)	Median Salary (thousands of NTD)	Number of full-time employees
2019	570	508	3,281
2018	562	-	3,248

Appendix II Main Brands

Product Name	Usage/Features
Abletex® (Microporous Breathable Water-proof Fabric)	abletex® is a high-performance, breathable, and water-proof laminated fabric. Our Company uses the combination of high-tech micro-porous breathable water-proof PU membrane and various materials to create a durability that offers a new generation of high-performance, breathable, and water-proof fabric. The abletex® collection has high water-proof rating of 10,000 mm H_20 and high breathability of 6000 g/m2/24hr (by JIS L1099-A1) or more. The fabric can keep you dry and comfortable under any weather conditions and thus is the best choice for cloth used in outdoor activities and leisurewear.
BOOMETEX (Next Generation of Green Products)	Under globalization and resource depletion, the Company feels responsible for environmental protection and is thus committed to developing various eco-friendly fabrics with the concept of recycling and environmental protection. Using PET bottles or recycled polyester materials to make polyamide and polyester fiber products helps reduce resource and energy consumption, as well as CO_2 emissions, and is regarded as the next generation of green eco-friendly products. The extreme delicate texture combined with various special rework processes, e.g. PFOA/PFOS Free water repellent, complies with EU 2006/122/EC standards, including functions like water-proof, wind-proof, down-proof, breathable, quick-dry, etc. Applications: Athletic and leisurewear, e.g. windbreakers, raincoats, and down jackets.
Caladans (Cloudy Dyed Fabric)	Caladans fabrics are produced via a special technique resulting in shadowy prints simulating a "cloud-dye" effect. They can be treated with a crinkle finish to enrich the texture and touch, thus rivaling expensive fabrics. Airy, soft, lightweight, and stylish, Caladans fabrics can be applied to diverse design styles, from high-end fashion to sportswear, acting like the icing on the cake.
FONEWR Nano® (Super Durable Water Repellent Fabric)	Produced by Nano technology, FONEWR Nano® fabric features super durable, water repellent, oil repellent, self-cleansing, and anti-staining properties with a Nano surface structure. The preliminary water repellent rating can reach 100(AATCC-22) and the oil repellent rating to 4 degrees (AATCC-118); even after 100 washes, the water repellent rating still reaches 80, and the oil repellent rating reaches 3 degrees, thus showing excellent dry-clean durability. The fabric can work with microfiber materials with a double weave to create an easy care feature. Regardless of the activity, users can stay clean, dry, and comfortable. It can even work with other processes, such as antibacterial or UV-protection processing, to further increase the fabric's value.
Microfeel® (Microfeel Fabric)	Microfeel® fabric is made from polyamide or polyester microfibers. The thickness of such fiber is less than 1/100 of the diameter of a human hair, which provides a fine touch and soft texture thanks to the extremely fine thickness of the fabric. With the excellent capillary action of the microfiber, it is a superb breathable and quick-drying material when coordinated with the wicking process.
Nanodermis Santiny and Skin Friendly Fabric	Made by the Company's latest special processing technology, Nanodermis products can provide Nano-structure to fabric, creating a delicate and soft touch and a fabric surface that looks like natural materials. The processing technology can be applied to a variety of polyamide and polyester fabrics – especially on ultra-fine fiber fabrics to provide a more delicate touch. Key applications: Jackets, down apparel, sleeping bags, clothing for dust-free/sterile room, etc.
PERMACOOL® (Cooling Fabric)	In recent years, we have all been facing worsening global warming and greenhouse effects with extreme cold and hot weather on the rise. Cooling and energy conservation fabrics have been widely promoted among eco-friendly fabrics, which provide wearers the full coolness and comfort of the fabric. Our cooling fabric is made from special cooling fiber materials with a textured design using high-level post-processing technology. This series of products will generate an instant cooling feeling (Q-max) of 0.17 W/m^2 or more when contacting the skin. The water-absorbing and quick-dry properties can transmit sweat quickly from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture-absorbing, and sweat-releasing functions even in scorching hot weather.

Product Name	Usage/Features
PERMADRY® (Quick-drying Fabric)	PERMADRY® adopts a special cross section synthetic fiber or ultra-fine fiber, which is made using high-level processing technology. This series of products can absorb moisture and dry quickly. It has high permeability and launderability, which is an excellent quick-drying and durable material. When doing sports or leisure activities, the water-absorbing and quick-dry properties can quickly transmit sweat from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture absorbing, and sweat releasing functions even in scorching hot weather.
SUN-ECO® (Nano Photocatalytic Antimicrobial & Deodorizing Fabric)	SUN-ECO® is a special functional fabric resulting from the TiO_2 photocatalyst dual deodorant mechanism, which contains both deodorant and anti-bacteria effects. It can effectively absorb the odors of ammonia, hydrogen sulfide, ammonia trimethyl, methyl mercaptan, cigarettes, and 2-norenal and further decompose them into H_2O and CO_2 with more anti-bacteria effect. After multiple washes, the fabric will still maintain its antibacterial and deodorizing effects. SUN-ECO® is an eco-friendly fabric with the longest effectiveness and most safety.
Trans-Uno® (One-way Moisture Transfer Fabric)	The polyester/polyamide one-way moisture transfer fabric can quickly diffuse sweat to outside of the fabric from the skin's surface and reduce the viscous sense between the wet clothes and skin, as well as the uncomfortable feeling of cold skin, so that the wearer can continuously feel dry and comfortable for a long time. Furthermore, the sweat is transmitted to outside of the fabric one-way so the air drying time can be shortened.
光熱寶 (Warmth Retaining Fabric)	Our Company has leveraged far infrared material to design and develop the lightweight far infrared functional fabric, with the emissivity of far infrared reaching as high as 80%. The fabric can absorb the energy of visible light and short waves emitted from the human body, convert it into the far infrared, emit the "living light" (4~14 μm in wavelength), which is the most beneficial light to the human body, and possess the warmth retaining function. Applications: Sports apparel, down apparel, sleeping bags, and lining cloth.
绿活富 (Eco-friendly Coating Fabric)	Our water-soluble PU & Acryl coating fabrics do not include the organic solvent that may cause harm to the environment. Instead, it uses a C6 water repellent agent without PFOS or PFOA. It is an eco-friendly concept product that can be used in umbrellas, down-proof leisure apparel, and snow clothing.
光熱龍® PERMAWARM® 光熱龍快熱蓄溫保暖纖物	Our Company uses forward-looking processing technology to develop new and soft thermal insulation fabric. Its compound structure (trace metal element + carbon material) will turn environmental energy and body temperature into heat energy to achieve real thermal insulation. It is the best new technological material for warm clothing in cold winters.
抑克電™ e-decay™ 耐久性抗靜電纖物	Our Company uses advanced durable high-specialty anti-static fibers to develop fabric that can effectively reduce static accumulation. It can be coordinated with water repellent processing, and the friction voltage will still remain under 1000 Volt after multiple washes. The fabric does not easily absorb dust caused by static while being worn in dry weather, thus reducing that uncomfortable feeling while taking off the clothes. Major applications include sports and leisure clothing, down apparel, jackets, various garment linings, etc.

Product Name	Usage/Features
UVoutex®	Wearing the UVoutex® series of fabric can effectively protect the skin from harmful ultraviolet rays. The fabric has launderability properties, and its protection is not affected by color or times of washing. Its UPF rating can be as high as 30+ (AS/NZS 4399:1996). Applications: Sportswear, leisure jackets, sun umbrellas, hats, etc.
Hi-Sett*	Hi-Sett* refers to products where our Company uses microfibers with a high-end weaving process and excellent dyeing and finishing techniques to give the fabric high-performance waterproof functions without coating. The fabric contains soft, breathable, UV resistance, and windbreaker features. It is a high-quality and eco-friendly fabric.
M2PTEX® e	M2PTEX®e adopts electroless plating technology to deposit metals like copper and nickel on polyester and polyamide fabrics. It is a metalized conductive fabric with excellent softness and flexibility and outstanding anti-electromagnetic interference capacity. The M2PTEXe conductive woven fabric line has passed RoHS (2002/95/EC) standard, and its shielding capacity of 50dB+ has been certified by an internationally recognized inspection organization. Product Series: - Conductive woven fabric with various plastic surface colors - Plastic-coated, colored conductive fabric - Thermal adhesive conductive fabrics - Single/double-sided fire retardant conductive fabric & flame-resistant thermal adhesive conductive fabric (UL-94V0) Applications - Anti-electromagnetic interference for precision instruments - PC EMI shielding material - Conductive gasket - Conductive tape - Anti-electro detection - OA work suit - Architectural shielding material/curtain - Anti-electromagnetic interference for communication equipment
Aquaoff* 超臨界CO2無水染色織物	To provide clients with products made from eco-friendly, energy conserving, low-carbon emission, and environmentally friendly production processes, the Company has introduced supercritical CO_2 water-free dyeing processes and procured relevant equipment and integrated it into the production process, which was officially utilized in 2014. The benefits of products made from the supercritical CO_2 water-free dyeing processes are: 1. Zero water resource consumption 2. Zero wastewater discharge 3. Reduced CO_2 emissions 4. Auxiliary agents are no longer required 5. Energy conservation (Reduced thermal consumption in dyeing and drying)
COMOfIT (Polyamide Mechanical Stretch)	Mechanical Stretch is with excellent elasticity and comfortable hand-feel even without covered yarn. Multiple products with various fabric specifications have been introduced and received a lot of praise, and “Comofit” is given as the name for these products of this series.

Appendix III GOALS OF CORPORATE SOCIAL RESPONSIBILITY

2020 Objectives	Implementation status for 2020	2021 Target
Economic Aspect		
● Self-assessment of the Board of Directors and disclosure of relevant information from 2020	● Please refer to "Operation of corporate governance" of FTC 2020 Annual Report.	■ Comply with Acts and Business Ethical Laws and Regulations to ensure no violation occur and maintain the well Corporate Governance. ■ Develop strong global market connections and earn profits constantly.
● No major violation	● No corruptive incidents occurred in 2020. ● In 2020, 77 employees in Taiwan plant participated in the risk management and anti-corruption courses, with 462 training hours.	
● Strengthen the information disclosure on the official website to align with the international community	● Starting from the second half of 2020, the Company has published material information in English on MOPS website.	
Environmental Aspect		
● 10% water-consumption reduction compared with 2019	● Water consumption was decreased by 10.2% in 2020 compared with 2019.	■ Constantly execute conservation programs to reduce the environmental impacts brought by the operation. ■ Set targets for 2021 and 2020 for comparison: reducing water consumption by 10%, energy consumption by 1%, and steam consumption by 3%. ■ Develop renewable energy to cut down the carbon emissions ■ Set target for 10% of water recycling
● 1% of electricity conservation compared with 2019	● Electricity was decreased by 13.6% in 2020 compared with 2019.	
● 3% saving of the consumption of steam compared with 2019	● Steam was decreased by 22.3% in 2020 compared with 2019.	
● An absolute reduction target of 9.75% in 6 years was set in Taiwan Plant. The base year is 2016 with GHG emission of 457,786 tons CO2e. The starting year is 2017 with the target year of 2022.	● The GHG emission of Taiwan Plant in 2020 was decreased by 16.49% compared with 2016.	
Social Aspect		
● Comply with the domestic and international labor rights Acts and ensure no violation of human rights and discrimination.	● No violations occurred in 2020.	■ Comply with the domestic and international Acts to establish harmonious labor-management relations ■ Maintain zero Occupational Disease Rate of five plants in three countries。。 ■ Frequency Rate of Taiwan Plant(excluding gas stations) <2 ■ To implement training programs to improve employees' abilities and working efficiency. ■ To participate in the community development and charities to create a harmony society.
● Obtain ISO 45001:2018	● Five plants in Three Countries obtained ISO 45001:2018 .	
● Maintain zero Occupational Disease Rate of five plants in three countries。	● No Occupational Disease occurred in five plants in three countries。	
● Frequency Rate of Taiwan Plant(excluding gas stations) <2	● Frequency Rate of Taiwan Plant(excluding gas stations) was 0.76	
● To implement training programs to improve employees' abilities and working efficiency.	● In 2020, 1,898 training courses were offered to the employees of the whole Company, including gas stations. 20.1 training hour were implemented on per employee in 2020.	

Appendix IV. FTC's Certificates of Eco-friendly Production Processes & Products

- Oeko-Tex® Standard 100
- GOTS Organic Cotton (Control Union Certifications)
- OCS (Control Union Certifications)
- GRS Polyester Recycle Standards (Control Union Certifications)
- Greenhouse Gases Emissions Certification Opinion Statement (ISO 14064-1, PAS 2050:2011)
- ISO 45001Occupational Health and Safety Management Systems
- Taiwan Occupational Safety and Health, Management System (TOSHMS Certificate)
- Environment Management System (ISO 14001:2015)
- Quality Management System (ISO 9001:2015)
- bluesign® Standard Certificate
- Energy Management System (ISO 50001)

Appendix V. SGS Assurance Statement

ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2020

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 Corporate Social Responsibility Report for 2020 (hereinafter referred to as the 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 on-site verification (2021/03/11~2021/05/12). 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 CSR Report of 2020 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		Level of Assurance
A	SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000)	n/a
B	AA1000ASv3 Type 1 (AA1000AP Evaluation only)	Moderate

Assurance has been conducted at a moderate level of scrutiny.

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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, CSR 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) 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.

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, CSR 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.

Impact

FTC has demonstrated a process on identify represented impacts that 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.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FTC's CSR Report of 2020, 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. For future reporting, it is recommended to strengthen the link between performance and goals and targets, display performance results directly, and explain the mechanisms for evaluating the effectiveness of the management approach specifically. More descriptions about the performance against goals, including key successes and shortcoming, and specific actions aimed at improving performance are also encouraged.

Signed:
For and on behalf of SGS Taiwan Ltd.

AA1000
Licensed Report
000-8/V3-3B1JT

David Huang
Senior Director
Taipei, Taiwan
21 May, 2021
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