



福懋興業股份有限公司
Formosa Taffeta Co., Ltd.

2023年度永續報告書

Sustainability Report



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2023 Sustainability Report

Preface

About this Report

Message from the President

About this Report

In pursuit of sustainable development, Formosa Taffeta Co., Ltd. (hereinafter referred to as the Company or F.T.C) issues the Sustainability Report per year to disclose the Company's strategy, action, and performance in the aspect of environmental sustainability, social co-prosperity, and corporate governance to stakeholders. ° The Company's 2022 Sustainability Report was issued in June 2023, and 2023 Sustainability Report is published in June, 2024.

Report Guideline

This report is prepared in accordance with GRI Standards: 2021 and with reference to "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," "SASB standards," and "TCFD framework." 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.

Boundary and Scope of this Report

The disclosed information is what took place from January 1st to December 31st 2022. The report boundary includes FTC (main plant and second plant), Formosa Taffeta (Zhong-Shan) CO., LTD., Formosa Taffeta (Chang-Shu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., Formosa Taffeta Dong-nai CO., LTD., and petroleum stations of Formosa Petrol Stations (FPS). The exclusion of Formosa Development Co. Ltd., Formosa Taffeta (Hong Kong), Public More International Company Ltd. from disclosure in this Report is due to the fact that their total workforce only has 15, and without factories set up. Therefore, their data on Environmental and Social aspects are only the small. If the data specified in the chapter is different from the boundary of this Report, it will be specifically described in the Chapter.

Third Party Verification

The financial information in this Report is referred from the audited financial statement. In order to strengthen the comparability of performance and the essentiality of the report, this Report has been verified by the third party in accordance with AA1000 v3 type 1 moderate assurance to ensure this Report the quality principles of accuracy, balance, clarity, comparability, completeness, reliability, and timeliness.

Contact Information

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■ Message from the President

In 2023, with operational challenges engulfing a host of industries as a consequence of both inflation in the global market and turbulence in the international landscape, the frequent occurrence of extreme weather events, such as heat waves, severe cold snaps, torrential rains, and droughts, across the globe has also brought about unprecedented tests to the global economy and living environment. As a global corporate citizen, FTC deeply understands that taking sustainable action is urgent. While pursuing stable profitability, we also uphold the spirit of “taking from society and giving back to society”, continually contributing to social welfare and environmental protection, fulfilling our corporate responsibilities, and demonstrating our commitment to sustainable operations.

In the “Global Risks Report 2024” released by the World Economic Forum, environmental impact has become a critical global issue that cannot be ignored. Extreme weather events are increasingly frequent worldwide, affecting human living conditions and causing financial losses. Addressing the risks posed by climate change has clearly become a key issue for business management. Our Company has long been committed to various environmental protection initiatives, promoting energy and water conservation measures to improve energy efficiency and advocating the use of renewable energy to reduce natural resource consumption. In response to the global trend of carbon reduction, we participated in the Science Based Targets initiative (SBTi), and our carbon reduction goals were approved in March 2023. Besides, our Company has received the highest honor, A, in the CDP questionnaire’s climate change category for two consecutive years and has been awarded leadership level in the water security category for four consecutive years. Moving forward, we will continue to uphold the spirit of harmony with the environment, enhance our management measures, and work towards creating a better home for future generations.

In terms of human resources, our Company has established a comprehensive “recruitment, development, utilization, and retention” management system through industry-academia collaboration. This system aims to train industry talent and enhance corporate competitiveness. We continuously promote various employee benefits, such as providing maternity allowances, childcare subsidies, support for purchasing or replacing electric scooters, and preferential medical services at Chang Gung Memorial Hospital for employees and their families, to build positive labor-employer relationships and retain outstanding talent. At our headquarters in Taiwan, we have also established FTC Kindergarten to provide educational opportunities for employees’ children and grandchildren, allowing employees to work with peace of mind while also being able to accompany their children as they grow. This helps achieve a balance between work and life for our employees.

On the path to sustainable management, we actively collaborate with government and non-governmental organizations to gain a deep understanding of social needs. We continue to care for society in diverse ways, including donating supplies and sponsoring local community events. Besides, we are committed to being good neighbors to residents in the areas surrounding our factories. We participate in community activities and assist in maintaining the cleanliness of the surrounding environment, fostering community harmony and mutual prosperity.

In response to global ESG trends, our Company not only continues to strengthen corporate governance practices but also reviews and adjusts our sustainability strategies and goals as needed. We have established an ESG implementation team to integrate daily production operations with ESG principles, aiming to raise awareness of sustainability issues among all employees. At the same time, given the rapid development of Artificial Intelligence (AI) technology, digital transformation has become an essential path for sustainable management. Our Company is incorporating AI, big data, and other digital transformation concepts to enhance communication in production processes, technologies, and management platforms. We have also established a dedicated information security unit to strengthen our information security management and protective measures, reducing the impact of network threats, effectively controlling IT system risks, and further improving customer experience and brand value. In the face of a changing environment, our Company remains committed to product innovation and various ESG practices to maintain stable profitability, create job opportunities, address stakeholder needs, and promote environmental friendliness, contributing to a sustainable future.

President of Formosa Taffeta Co., Ltd.

Lee, Ming-Chang

April, 2023

Chapter 1. Corporate Culture and Governance

1.1 About the Company

1.2 Stakeholders Engagement

1.3 Identification of Material Topics

1.1 About the Company

Corporate Profile

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, tire cord fabric, 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. The Company 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.

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.

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.

Devotion

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 .



Overview of Product Sales

The operating items of the Company include textile fabrics, tire cord fabrics, industrial material, and gas stations. The Company's sales markets are all over the world except gas stations which are only operated in Taiwan. For detailed sales performance, please refer to "V. Overview of the Operation" of the Company's 2023 annual report.

Participation in External Associations

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

| Participating Associations | Qualification |
|---|---------------|
| Chinese Association for Industrial Technology Advancement | Member |
| The Microfibre Consortium (TMC) | Member |
| Taiwan Technical Textiles Association | Member |
| Textile NET in Taiwan | Member |
| Taiwan Silk & Filament Weaving Industrial Web | Member |
| Taiwan Smart Textile Association | Member |
| Mobility In Harmony Open EV Platform | Member |

1.2 Stakeholders Engagement

Identification of stakeholders

The Company references the stakeholder compositions of industry peers to identify stakeholders who are expected to be significantly impacted by our business activities, products, or services through group discussions. These findings are then reported to senior management and subsequently presented to the committee for discussion. This year, we have selected six main stakeholder categories for 2023: customers, investors, employees, suppliers, community residents and groups, and government agencies. Among these, “government agencies” have been newly added as a key stakeholder. This is due to the global ESG development trends, where government agencies are continuously revising relevant regulations. Monitoring regulatory dynamics and complying with relevant standards have significant impacts on corporate planning, thus “government agencies” have been included as a main stakeholder for this year.

| | Clients | Investors |
|--------------------------|--|---|
| Importance | Customer support is the key factor for the sustainable development, FTC continues to develop innovative products to meet their needs and become their long-term partners. | FTC continues to seek long-term benefits for our shareholders and investors based on sustainable development. |
| Topics of Concern | <ul style="list-style-type: none"> • Product Liability • Climate Action • Water Resource Management • Occupational Safety and Healthy | <ul style="list-style-type: none"> • Corporate Governance • Business Performance • Climate Action • Water Resource Management |
| Methods of Communication | <ul style="list-style-type: none"> • Satisfactory Survey– 1 time/year • Supplier Conference-Irregularly • Exhibition/meeting/e-mail/Phone-Irregularly | <ul style="list-style-type: none"> • Shareholders’ Meeting – 1 time/year • IR conference - 2 times/year • e-mail/mail/Phone-Irregularly |
| Results | <ul style="list-style-type: none"> • For the results of customers’ satisfactory survey, please refer to the chapter of business performance. • Awarded as the highest level on Climate Change and leadership on Water Security in CDP. | <ul style="list-style-type: none"> • 10th Corporate Governance Evaluation of TWSE/TPEx listed companies 21~35%. • Invited to attend 2 IR conference meetings. • Awarded as the highest level on Climate Change and leadership on Water Security in CDP. |

| | Employees | Suppliers | Community and Organization | Government |
|--------------------------|--|--|--|--|
| Importance | Employees are the most valuable asset for enterprises; therefore, it is important to offer a safe and healthy workplace and trainings to improve employees' cohesiveness. | Raw materials supplied by suppliers is the base for innovative products. FTC continues to create a harmony relationship and grow up with suppliers. | We strive to create and maintain a harmony relationship with the community and organizations to fulfill our Corporate Social Responsibility. | In addition to keeping an eye on and following related laws and regulations, we maintain a well communication channel to promote the industrial development together. |
| Topics of Concern | <ul style="list-style-type: none"> • Labor Rights • Welfare and Benefits • Occupational Safety and Healthy • Career Development | <ul style="list-style-type: none"> • Procurement Practice • Quality of Raw Materials • ESG assessment of Suppliers | <ul style="list-style-type: none"> • Community Engagement • Pollutant Control | <ul style="list-style-type: none"> • Corporate Governance • Climate Action • Act Compliance |
| Methods of Communication | <ul style="list-style-type: none"> • Labor Organizations /Regular Union Meetings - at least 2 times/year • e-mail/Suggestion Box/Announcement- Irregularly | <ul style="list-style-type: none"> • Phone / e-mail/ meeting/on-site visit - Irregularly | <ul style="list-style-type: none"> • Phone / e-mail/ meeting - Irregularly | <ul style="list-style-type: none"> • Phone / e-mail/ meeting / Official documents- Irregularly |
| Results | <ul style="list-style-type: none"> • Four times Labor-Management Meetings were held. • Two times Union Meetings were held. • Taiwan Employment Creation 99 index. | <ul style="list-style-type: none"> • 42 suppliers in Taiwan has signed the CSR commitment. • On-site assessment on 30 suppliers in Taiwan. | <ul style="list-style-type: none"> • For the detailed, please refer to the chapter of society prosperity. | <ul style="list-style-type: none"> • 10th Corporate Governance Evaluation of TWSE/TPEX listed companies 21~35%. • Awarded as Best Enterprises for Industrial GHG Voluntary Reduction. |

1.3 Identification of Material Topics

Identification Process of Material Topics

In accordance with GRI Standards: 2021, material topic identification is based on the “impact level.” The following process is used to assess the impact level of various issues and determine the material topics for 2023:

1. Collecting and Identifying Issues of Concern

Based on international standards and industry benchmarks such as GRI Standards, SASB, ISO 26000 Social Responsibility Guidelines, and the United Nations Sustainable Development Goals, the Company references industry peers’ topics and collects a broad range of stakeholder concerns through internal and external channels (e.g., letters, interviews). After integrating these concerns through group discussions, 23 sustainability topics were identified for this year, with biodiversity being a new addition.

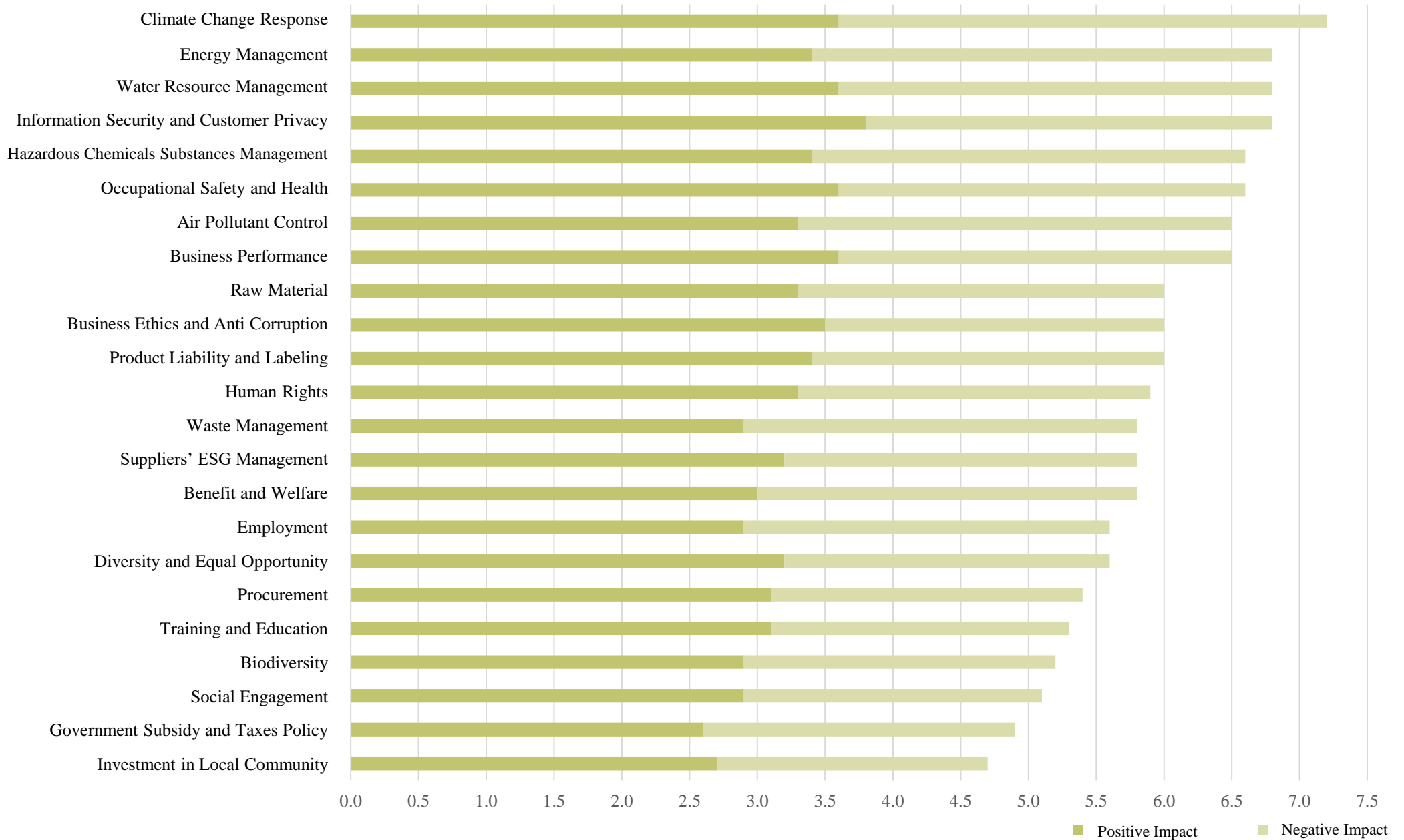
2. Analyzing the Impact of Sustainability Issues

A survey was conducted among the Sustainability Committee members and internal ESG promoters to assess the positive and negative impacts of the 23 sustainability topics on the economy, environment, and human rights. Each topic was scored based on impact level (with 5 being the highest impact and 1 being the lowest).

3. Confirming Materiality and Setting Management Policies

The group discussed and integrated the survey scores. Topics with a combined positive and negative impact score greater than 6.5 were defined as “highly material topics”. After confirming these topics, management policies and objectives were established, with regular reviews of goal achievement and progress reporting. This year’s material topics are “Climate Change Response, Energy Management, Water Resource Management, Air Pollutant Control, Hazardous Chemical Substances Management, Occupational Health and Safety, Business Performance, and Information Security and Customer Privacy”, totaling 8 topics. Compared to the previous year, there are no significant changes, except for some topic name adjustments, such as “Climate Change Adaptation and Action” changed to “Climate Change Response”, “Information Security” changed to “Information Security and Customer Privacy”, and “Hazardous Chemicals Management” changed to “Hazardous Chemical Substances Management”.

Impact of Sustainability Issues



Impact Description on Value Chain of Material Topics (1/2)

| Material Topics | | Business Performance | Information Security and Customer Privacy | Climate Change Response | Air Pollutant Control |
|------------------------|-----------------------------|---|--|---|---|
| Description of Impacts | Positive | The business growth of a company generates profits for employees and investors; furthermore, a company maintain a harmony relationship with partners such as suppliers and clients. | Improvement of IT technology strengthens the management performance. | Implementing carbon reduction measures and improving management capabilities help to reduce the relevant costs. | Implementing the improvement of production process and equipment helps to reduce the environmental impacts and cost of pollutants. |
| | Negative | Inability to generate profits will affect stakeholders' interests such as employees and investors. | Cyberattack will leak the important information such as production or clients' information, influencing clients' rights and operation. | GHG emissions generated from the production process do harms to the environment and worsen the global climate change. | Inability to well manage the air pollutants during the production process will cause the pollution to the community. |
| Upstream | Procurement of Raw Material | V | | V | |
| Operation | Production | V | V | V | V |
| | Product Development | V | V | V | |
| Downstream | Sales | V | V | V | |
| | Services | V | V | | |
| Strategy | | Deepening the cooperation with global clients improves the manufacturing technology and product development. | All employees are required to follow the established the Information Security Policy and to improve the awareness of information security through irregular promotion. | The Company regularly review the performance on carbon reduction measures by carrying out GHG emissions inventory. | Through establishment of "Practice for Air Pollutant Control" and improvement of equipment, it helps to reduce the emissions of air pollutants. |
| In Response to SDGs | | SDGs 8 | - | SDGs 13 | SDGs 13 |

Impact Description on Value Chain of Material Topics (2/2)

| Material Topics | | Water Resource Management | Energy Management | Hazardous Chemicals Substances Management | Occupational Safety and Health |
|------------------------|-----------------------------|--|---|--|--|
| Description of Impacts | Positive | Well water resource management could increase water usage effectiveness, improve the business performance and reduce the environmental impacts. | Improving the manufacturing process and equipment increases energy efficiency to reduce the environmental impacts and the cost. | Stipulation of the regulations on hazardous chemicals in compliance with the Acts from procurement to discharge could reduce the impacts on the environment. | Having a health and safe workplace maintains the operation of production. |
| | Negative | Inability to manage the water resource would increase the water usage charge. | Overconsumption of energy would increase the operating cost and harm to the environment. | Inability to manage hazardous chemicals may influence the Company's reputation and the revenue. | Hurt of employees and suppliers during the manufacturing process would affect the Company's production operation. |
| Upstream | Procurement of Raw Material | | | V | |
| Operation | Production | V | V | V | V |
| | Product Development | | | V | |
| Downstream | Sales | | | | |
| | Services | | | V | |
| Strategy | | Promoting water-saving projects and increasing recycled water usage enable to increase the water efficiency; in addition, establish the wastewater discharge management complies with the regional Acts. | Promoting various energy-saving projects and the usage of renewable energy enables to increase the energy usage. | The Company stipulates the hazardous chemicals regulations and tracks the international norm. | The Company builds up a safe and health workplace and promote the management of manufacturing process to mitigate the potential harms. |
| In Response to SDGs | | SDGs 6 | SDGs 7 | SDGs 12 | SDGs 8 |

Managing Guidelines of Material Topics (1/2)

| Material Topics | KPI | Target in 2023 | Performance in 2023 | Target in 2024 |
|---|------------------------------------|---|---|---|
| Business Performance | Technology Development | Strengthen product competition and production technology. | Acquisition of 2 patents | Acquisition of 1 patent |
| | Clients' Satisfactory | Deepen the cooperation with customers to improve the satisfactory rate. | Average Score of 1 ST Business Segment: 5.28 | Average Score of 1 ST Business Segment ≥ 5.0 |
| | | | Average Score of Tire Cord Department: 5.10 | Average Score of Tire Cord Department ≥ 5.0 |
| | | | Average Score of FPS: 4.46 | Average Score of FPS ≥ 4.0 |
| Information Security and Customer Privacy | Information Leakage Incident | 0 | 0 | 0 |
| | Information Management Enhancement | Obtain ISO: 27001 in Taiwan Plant | Obtain ISO: 27001 in Taiwan Plant | Maintain ISO: 27001 in Taiwan Plant |
| Climate Change Response | GHG Emission | Reduce scope 1+2 GHG emissions 26.3% by 2027 from a base year 2019, and to reduce scope 3 GHG emissions 20% within the same timeframe | Please refer to the chapter of climate actions | Reduce scope 1+2 GHG emissions 26.3% by 2027 from a base year 2019, and to reduce scope 3 GHG emissions 20% within the same timeframe |
| | CDP- Climate Change | Leadership | Leadership | Leadership |
| Air Pollutant Control | Violation Incident | 0 | 0 | 0 |

Managing Guidelines of Material Topics (2/2)

| Material Topics | KPI | Target in 2023 | Performance in 2023 | Target in 2024 |
|---|--|--|--|--|
| Water Resource Management | Recycled water usage rate | 30% | 38% | 30% |
| | CDP- Water Security | Leadership | Leadership | Leadership |
| Energy Management | Renewable Energy Usage | Evaluate the possibilities to increase the solar power system. | Install solar power system in Zhong Shan plant in China. | Install solar power system in Dong-nai plant in China. |
| Hazardous Chemicals Substances Management | Violation Incident against Products and Services | 0 | 0 | 0 |
| Occupational Safety and Health | Recordable work-related injuries of employees | < 2.0 | 0.98 | < 2.0 |
| | Work-related ill health | 0 | 0 | 0 |

Chapter 2 Business Performance

2.1 Corporate Governance

2.2 Promotion of Corporate Sustainable Development

2.3 Business Ethical

2.4 Risk Management

2.5 Business Performance

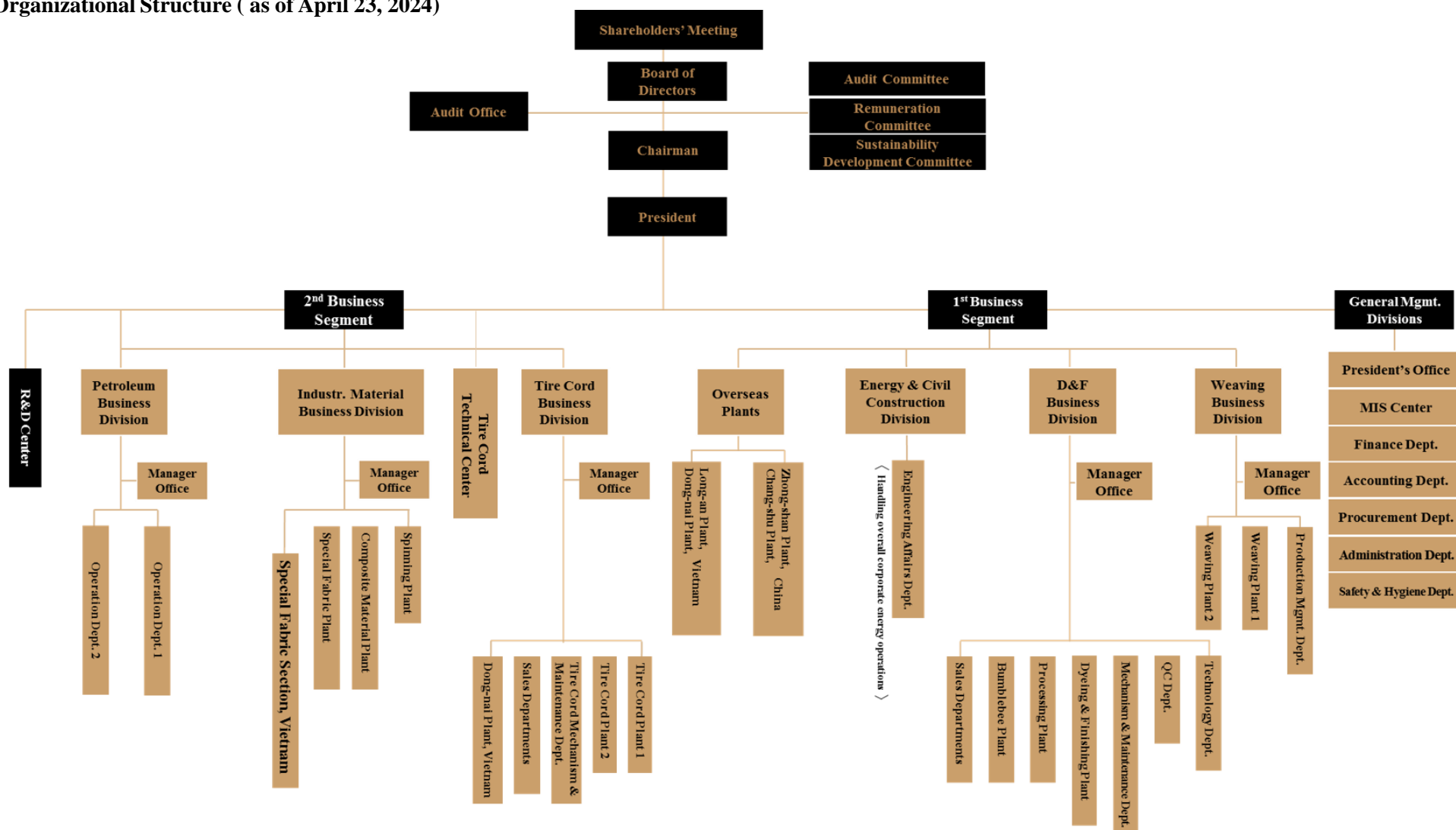
2.6 Supply Chain Management

2.7 Formosa Petroleum Stations

2.1 Corporate Governance

The Company has established the guidelines such as “Sustainable Development Principles,” “Ethical Operation Principles,” “Corporate Governance Principles,” to manage and implement various measures in sustainable development ; furthermore, the Company regularly reviews the performance to keep enhancing corporate governance system and internal control measures and improve the efficacy to ensure the rights of stakeholders.

Organizational Structure (as of April 23, 2024)



2.1.1 Operation of Board of Directors

The highest governance body of the Company is the Board of Directors. In order to ensure clear lines of authority and responsibility in the organizational structure and the independence of the Company's operations, the Chairman of the Board of Directors does not concurrently serve as the Company's manager. The main responsibilities of the Board of Directors include approving major business decisions, providing timely and transparent Company information, adhering to legal regulations, appointing senior executives, and overseeing and guiding Company operations. The Board of Directors was re-elected on June 16, 2023, in accordance with the "Articles of Incorporation" which employs a candidate nomination system. The term is three years, and we comply with the "Regulations Governing the Election of Directors" and "Corporate Governance Principles" to ensure diversity and independence of board members, who possess the necessary professional knowledge, skills, and competencies required for their roles. To enhance the professional knowledge and legal literacy of the directors, we assist them in arranging training courses each year to update their knowledge. For detailed information on the professional background and training status of board members, please refer to the 2023 Annual Report and the Corporate Governance section.

To establish a strong board operation and governance system, our Company has established the "Rules of Procedure for the Board of Directors' Meetings", which require board members to abstain from discussing or voting on matters where they have a personal interest. Moreover, the "Code of Ethical Conduct for Directors and Managers" mandates that relevant personnel adhere to ethical standards while performing their duties to prevent actions detrimental to the Company and shareholders, and prohibits illegal conduct. In 2023, the Board of Directors convened six times. For details on discussions and operations, please refer to the important resolutions of the Board of Directors in the 2023 Annual Report or the board meeting minutes on our Company website. Moreover, our Company has implemented the "Rules for Performance Evaluation of the Board", conducting annual internal performance evaluations for the Board and functional committees. This includes assessing participation in Company operations, monitoring actual and potential risks, and advancing corporate governance practices. The overall and individual performance evaluation results for the Board of Directors in 2023 were excellent and were reported to the Board on December 8, 2023.

The constitution of Board of Directors and the operation of Board in 2023

| Title | Name | Participation Rate | Age | | | Gender |
|----------------------|--|--------------------|----------|-------|-------|--------|
| | | | 70 above | 61~70 | 51~60 | |
| Chairman | Representative of Formosa Chemicals & Fibre Corp. (FCFC): Wong, Wen-yuan | 100% | V | | | Male |
| Independent Director | Lin, Sheng-chung | 100% | V | | | Male |
| Independent Director | Kuo, Nein-hsiung | 100% | V | | | Male |
| Independent Director | Kuo, Chia-chi | 100% | | | V | Female |
| Director | Representative of FCFC: Hong, Fu-yuan | 100% | V | | | Male |
| Director | Representative of FCFC: Lee, Ching Fen | 100% | | V | | Male |
| Director | Representative of FCFC: Lee, Ming-chang | 100% | V | | | Male |
| Director | Representative of FCFC: Lee, Chien-Kuan | 100% | | V | | Male |
| Director | Representative of FCFC: Chen, Kun-Yuan | 100% | | V | | Male |
| Director | Representative of Lai Shu-wang Foundation: Lee, Man-chun | 100% | V | | | Male |
| Director | Hsieh, Ming-der | 100% | | V | | Male |

2.1.2 Operation of Functional Committee

■ Operating Status of the Audit Committee

The Company's audit committee is constituted with three independent directors. The main duty of the Committee is to monitor the fairness of financial statements, the competency and independency of the election (dismissal) of CPA and its performance, the effectiveness of internal control system, track the measures implemented on existing or potential risks of the Company, and ensure the Company in compliance with the relevant rules and Acts. In 2023, the Committee held 5 meeting, with the actual attendance rate reaching to 100%.

■ Operating Status of the Remuneration Committee

The Company's remuneration committee is constituted with three independent directors. The main duty of the committee is to review compensation policies and systems for the directors and managers and provide the Board of Directors with suggestions; this helps to prevent compensation policies guiding directors and managers to violate business ethics and engage in behavior that exceeds the Company's risk appetite. The Committee held 3 meeting in 2023, with the actual attendance rate reaching to 100%.

■ Compensation for directors and managers

The compensation of directors and managers is reported to the remuneration committee, and discussed and approved by the Board. Currently, only independent directors receive fixed compensation on a monthly basis. All directors do not receive variable compensation, and only receive transportation subsidies based on their actual attendance in Board meetings. Annual compensation for managers mainly includes the salary, incentives, and bonuses in addition to the pension fund and the welfare fund. The chairperson rates managers' overall performance and attainment of personal "annual objectives at work" within the scope of responsibilities, such as business performance, labor safety incidents, and energy and water conservation, so as to ensure that executives understand and work together to accomplish corporate strategic goals and to link the incentive system to the personal performance of supervisors as well as the overall corporate performance.

2.2 Promotion of Corporate Sustainable Development

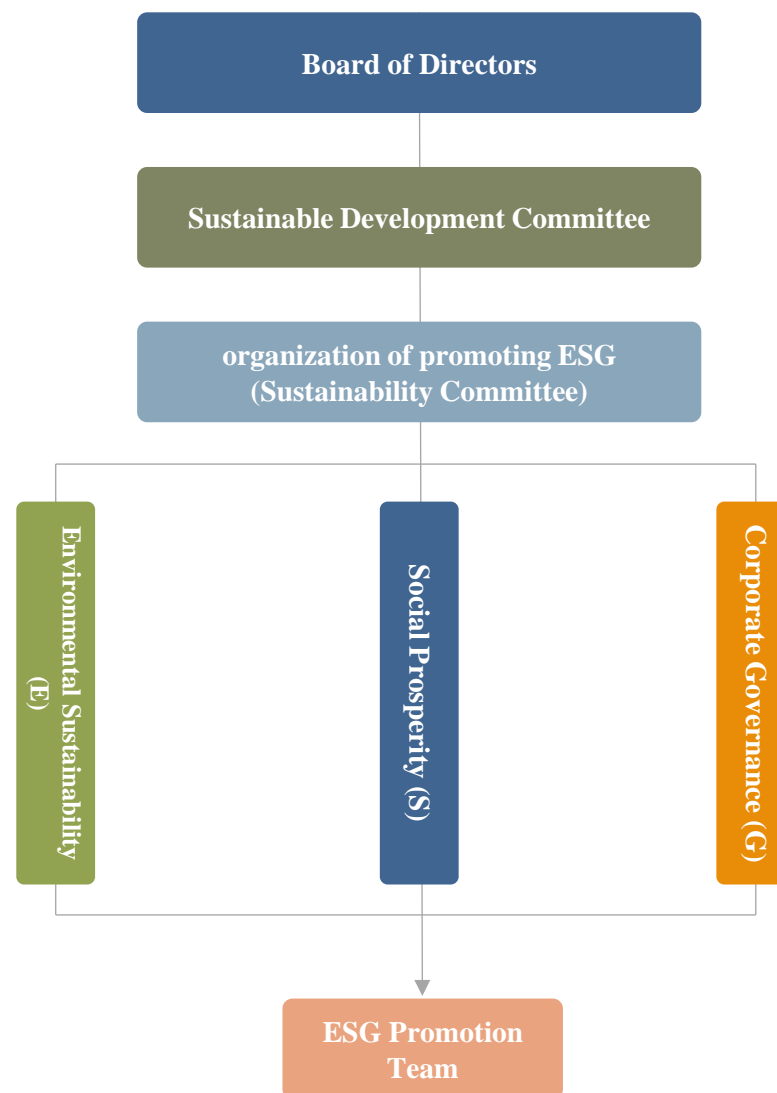
Sustainable Development Committee

The “Sustainable Development Guidelines” has been stipulated and approved by the Board of Directors of the Company in line with corporate sustainable development and the enhancement of corporate governance. On May 6, 2022, the Board approved to set up “Sustainable Development Committee” under the jurisdiction of the Board. The Committee is constituted with three independent directors and two directors to review the sustainable development policy, strategy, and guidelines of the Company and to screen the performance of implementing each project in connection with sustainable development. The strategy and performance are regularly reported to the Board. In 2023, a meeting was held by the Sustainable Development Committee, with the actual attendance rate reaching to 100%.

The organization of promoting ESG (Sustainability Committee)

To promote and foster the corporate sustainable development vision of the Company, the Company reshuffle the “CSR committee” into “Sustainability Committee” in Jan., 2022. The committee was constituted with three groups, Environmental Sustainability, Social Prosperity, and “Corporate Governance.” The President, Lee, Ming-Chang, serves as the chairman of the Committee; the vice chairman of the Committee was held by vice presidents of each department. A meeting is held on a monthly basis, and the head of each group has to report to the performance and progress of each project.

Organizational Chart of Promoting Sustainability



2.3 Business Ethical

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.

Code of Ethical Conducts

The Board of Directors approved the “Code of Ethical Conducts,” which mandates compliance with legal regulations and prevention of dishonest conduct. The scope of implementation includes both parent and subsidiary companies, requiring business activities to be conducted fairly and transparently. Transactions with entities with records of dishonest behavior should be avoided. The purpose of these Principles is to prohibit dishonest conduct and ensure compliance with relevant laws, implementing integrity management and Company risk control mechanisms to create an environment of integrity. The key points are as follows:

- Prohibition of bribery and accepting bribes, providing illegal political donations, false charitable donations or sponsorships, offering unreasonable gifts or hospitality, and providing other improper benefits, both direct and indirect.
- Establishment of effective accounting and internal control systems, with internal auditors regularly and irregularly reviewing compliance, and reporting in writing periodically.
- Creation of specialized departments for anti-corruption and channels for reporting violations and fraud to prevent non-compliance, fraud, or insider trading.

Anti-Corruption

The Company has clearly outlined the ethical standards and relevant procedures for integrity management in regulations such as the “Work Rules,” “Ethical Corporate Management Best Practice Principles,” and “Guidelines for Preventing Insider Trading.” In the case of significant issues, judicial intervention will be sought to prevent recurrence. No corruption incidents were reported in 2023, and the related operations were reported to the Board of Directors on December 8, 2023. For detailed information, please refer to the Company’s 2023 Annual Report, “Status for Implementation of Integrity Management and Measures.”

- Business activities involving transactions, financial accounts, warehousing, etc., require self-discipline and avoidance, including acceptance of gifts, invitations to dinners, and reciprocal relations, all of which are included in the “Work Rules” and relevant regulations.
- The Audit Office reports on the implementation of the audit plan to the Board of Directors, highlighting any significant deficiencies or anomalies. Additionally, monthly audit reports are submitted to the independent directors and the Audit Committee for review, with follow-up or investigation conducted as instructed.

■ Transparent Information

The Company has stipulated “Internal Audit Managing Points for the avoidance of Internal Trade” to prevent employees from using undisclosed information for trade securities or any illegal intentions. The Company has a spokesperson and a deputy spokesperson. A dedicated person has been appointed in the President Office to collect and disclose Company information, as well as providing the spokespersons and relevant business departments with answers to stakeholders, investors, and authorities. In addition, the Company discloses timely information on finance, business, and corporate governance on "special investor section" of the website and “Official Market Observation Post System.”

■ Integrity Management and Insider Trading Prevention Training

Our Company’s code of ethical conduct prohibits employees from engaging in bribery, improper collusion, or the leakage of Company information and trade secrets. In 2023, at our Taiwan facilities, training sessions on anti-corruption, insider trading, and related integrity management topics were conducted for section managers and plant directors. The total required training hours were 360 hours, and the actual training hours achieved were 360 hours, with a total attendance rate of 100%.

| Name of Lecture | Training Hours | Number of Participants | Planned Training Hours of Participants | Actual Training Hours of Participants | Attendance Rate |
|---|----------------|------------------------|--|---------------------------------------|-----------------|
| Prevention from money laundering and information security | 3 | 40 | 120 | 120 | 100 % |
| Anti-corruption and Whistleblower Protection | 3 | 40 | 120 | 120 | 100 % |
| Anti-Insider Training | 3 | 40 | 120 | 120 | 100% |

■ Whistleblowing and Whistleblower Protection

The Company has established “Regulations Governing Grievance for Inner and Outer Stakeholders” and various reporting channels, including suggestion boxes, reporting forms, a direct line (05-5577015), and e-mail (t1000@ftc.com.tw), etc. for employees to report any incident subject to be illegal at any time. The whistleblower and the reporting contents are all kept in confidence to ensure that the whistleblower is free from any inappropriate treatment.

2.4 Risk Management

To maintain the well operation of the Company and establish the comprehensive risk management culture, the Board approved to stipulate the “Risk Management Regulations.” The Board is the highest unit for the risk management to make decisions and monitor the efficient measures implemented on the risks. In addition, to assist the Board to strengthen its screening on ESG risk management, the Company has formed a group from different functional units and divisions. The operation of risk management is reported to the Board at least once per year, including the points of risk management and the mitigation measurement to ensure the completeness, reasonableness and optimization of risk management system. In addition, the Company provides the contact information such as phone number and email address on our website to have full engagement with our stakeholders.

| Risk Items | Measure |
|---------------------------------------|--|
| Operational Risk | <ul style="list-style-type: none"> To track the market trends, actively visit the customers, and make timely adjustments of production specifications and output in order to meet the needs of customers and the market. To solidify the current suppliers in case of the disruption of raw materials, and ensure the full capacities of each plant. |
| Water Resource Management | <ul style="list-style-type: none"> To implement water conservation projects to reduce the water usage charge and improve the water-use efficiency To stipulate the water resource management measures to review the condition of water usage in each plant and enhance the resilience for the risk of water shortage. |
| Energy Management | <ul style="list-style-type: none"> To implement the energy conservation measures and improve the equipment efficiency of machines. To implement the energy conservation projects to reduce the energy consumption in the process of production. |
| Air Pollutants Management | <ul style="list-style-type: none"> To implement regular equipment maintenance to ensure optimal performance, as well as conducting training to familiarize the staff with system operations. To ensure the normal operation of the preventive equipment to avoid abnormal events. |
| Waste Management | <ul style="list-style-type: none"> To reduce the environmental impact from the start through source reduction and resource recovery and comply with the Acts. To fulfill the circular economy through waste reuse. |
| Chemical Substances Management | <ul style="list-style-type: none"> To strengthen the control and labeling of controlled chemical substances, and formulate relevant use regulations. To comply with the requirements of regulations, the operating unit must obtain the documents issued by the competent authority before it can operate. To promote drills in accordance with the content of the hazard prevention and contingency plan. |
| Human Rights | <ul style="list-style-type: none"> To continue to strengthen human right practices and mitigate risk to protect the basic human rights of employees in accordance with “FTC’s Human Right Policy.” To provide various channels for employees to communicate with the management and reporting mechanism to ensure the employees’ rights. |
| Occupational Health and Safety | <ul style="list-style-type: none"> To implement hazard identification and risk evaluations at appropriate times and carry out risk mitigation measures and emergency response drills to reduce employees' occupational risks. To care for employees' health and offer special health checkups to operators exposed to elevated risks, and implement tiered health management and follow-up based on the results. |

Information Security and Customer Privacy

In today's interconnected global network, business operations have become more agile and rapid. However, security attacks are increasingly common. These attacks can disrupt network services through mass connections, use computer viruses or malicious software to affect information system services, or steal confidential data. Our Company has established a dedicated information security unit, with a Chief Information Security Officer overseeing and setting information security policies and related business initiatives. This unit is responsible for driving, coordinating, supervising, and reviewing information security management matters. Furthermore, we have developed an annual work plan, overall network planning, and equipment planning, which are executed as needed. In 2023, we held 12 internal meetings to address and review information security protection measures and related issues. There were no information security breaches reported in 2023. ISO 27001 Information Security Management System was introduced in Taiwan Plant in 2023, and it has been certified by a third party.

Information Security Prevention Measures and Practices

- Implement firewalls to block external attacks and employ web filtering systems to defend against malicious websites and advanced persistent threats. Control internet access for employees who do not require it, and establish email backup and filtering mechanisms to prevent network attacks.
- Establish access control systems, application login authentication, password management, access authorization, and regular vulnerability scanning mechanisms. In addition, install antivirus software, update security patches from manufacturers, manage USB access, and create backup mechanisms to enhance protection.
- Conduct annual information security training and testing for employees to strengthen their awareness of information security risks.
- Review information security protection measures and regulations annually, stay updated on information security issues, and develop response plans to ensure their appropriateness and effectiveness.
- Recruit and develop information security professionals with expertise and cross-domain integration skills to enhance their core competencies and expand their capabilities.
- Conduct annual drills for information security incidents, including response, handling, and reporting processes, to ensure the effectiveness of regulations and practical operations.

Information Security Risk Protection and Drills

To address the frequent information security attacks both domestically and internationally, where hackers use methods such as social engineering, unauthorized intrusion, or ransomware to cause damage and data leaks, our Company has deployed antivirus systems across all computers. This is complemented by IP address access controls for machines to prevent computer virus attacks. We use antivirus software and firewall systems to identify major vulnerabilities and risks in online systems, applications, and computers. Scan results and virus protection reports are provided to system administrators as references for necessary system updates and upgrades, and high-risk vulnerabilities are addressed promptly to enhance system security and stability. To cultivate a culture of confidential information management, we conduct annual information security activities for all employees according to the “Information Security Emergency Response Procedures”. These activities aim to build consensus on information security protection and complete relevant training. In 2023, we organized 2 in-person awareness sessions, 7 email awareness campaigns, and 2 Business Continuity Planning (BCP) drills.

Intellectual Property Management

Our Company is dedicated to innovation and the circular economy, operating a research and development center for product development and implementing a digital management system. In terms of patent and trademark management, we regularly renew patents and trademarks, track cases, and establish a comprehensive trade secrets system to protect our innovative results. In 2023, we obtained 2 patents. Regarding trade secret management, the following regulations and measures are in place:

- Employees must keep all technical or data information obtained during or before their employment strictly confidential, with no unauthorized use or disclosure. Upon request by the Company or upon employee departure, all related technical data must be immediately returned and not retained in any manner.
- Documents related to patents or operational and technical activities must be managed according to confidential document regulations. They should not be taken outside, loaned, or shown to others without authorization. They must be securely stored, and access should be recorded with details such as summaries and purposes, and processed according to approval authority regulations.

International Regional Economic and Political Risks

Geopolitical conflicts or regional tensions can impact the global economy and introduce significant uncertainties into business operations. To mitigate these risks, our Company continuously monitors global regulations, policies, and economic conditions. We strengthen our existing supply chains to prevent disruptions in raw material supply that could affect product production. In addition, we ensure the full capacity of production regions to adjust cross-factory capacity allocation as needed, maintaining smooth production operations.

Legal Compliance

We establish various management systems for operations, environment, and other aspects, requiring strict adherence to legal regulations by all units during business activities. We closely monitor regulatory changes. Events where a single penalty exceeds NT\$1 million or significantly impacts Company operations are classified as major incidents. In 2023, the Company faced 3 penalties from regulatory authorities for violations of occupational safety and health laws, with a total penalty amount of NT\$300,000.

2.5 Business Performance

For an enterprise, creating a sound and healthy supply and demand relationship and co-prosperity with clients 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.

The Company's consolidated revenue dropped by 17.92%, from NT\$ 34,722.66 million in 2022 to NT\$ 28,501.51 million in 2023, a decrease of NT\$ 6,221.15 million, with consolidated pretax profit reducing by 85.13%, from NT\$ 3,706.21 million in 2022 to NT\$ 550.96 million in 2023, a decrease of NT\$ 3,155.25 million.

| Unit: NT\$1,000 | Item | Year 2023 |
|--|--------------------------------------|------------|
| Direct economic value generated (A) | Operating income | 28,501,509 |
| | Income from non-operating activities | 270,321 |
| | Subtotal(A) | 28,771,830 |
| Economic value distributed (B) | Operating Cost | 24,921,497 |
| | Payments to providers of capital* | 438,013 |
| | Payments to government | 106,403 |
| | Community investments* | 1,365 |
| | Employee wages and benefits | 3,298,011 |
| | Subtotal(B) | 28,765,289 |
| Economic value retained (A-B) | | 6,541 |

Note 1. The proposal of earing par share of 2023 is not yet approved by the shareholders' meeting.

Note 2. Community investments refers to the expenses on charity affairs.

Protection of Client Information and Rights

When collecting, utilizing, or processing the information of personal and customers' information, all staff must comply with the relevant corporate bylaws and national legal regulations to prevent the abuse, tampering, damage, loss or leak of personal or legal persons' information. 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. In 2023, there is no violation of customers' privacy or leaking customers' information. More details about information security management could be found on the chapter "1.3 Information Security Risk."

Client Satisfaction Investigation

1) 2022/2023 Result of Client Satisfaction Survey of the 1st Business Segment

| Item | Year | Quality | Delivery Punctuality | Complaint Handling | Packaging | New Product Development | Product Sample Marketing | Color Matching | Service | Average |
|--------------------------------------|------|---------|----------------------|--------------------|-----------|-------------------------|--------------------------|----------------|---------|---------|
| Significance to Business Development | 2023 | 7.5 | 5.8 | 3.0 | 2.5 | 5.0 | 4.1 | 4.6 | 3.5 | 4.50 |
| | 2022 | 7.3 | 6.4 | 3.4 | 2.9 | 4.5 | 4.0 | 5.0 | 3.7 | 4.65 |
| Evaluation of Satisfaction Level | 2023 | 5.3 | 5.2 | 5.1 | 5.5 | 4.9 | 5.3 | 5.2 | 5.7 | 5.28 |
| | 2022 | 5.3 | 5.0 | 5.0 | 5.5 | 5.0 | 5.1 | 5.1 | 5.6 | 5.20 |

Twenty-eight questionnaires, with 24 effective collected, were sent to customers to conduct the significance to business development, with eight representing the most importance, and evaluation of satisfaction level, with six representing excellence, of each item. Quality and delivery punctuality are considered to be of great help for business development. According to the result, customer gradually focuses more on new product development; therefore, the Company employs AI technology to increase the success rate of dyeing, introduces AOI to improve the production efficacy and reduce the costs.

2) 2022/2023 Result of Client Satisfaction Survey of Tire Cord Business Division

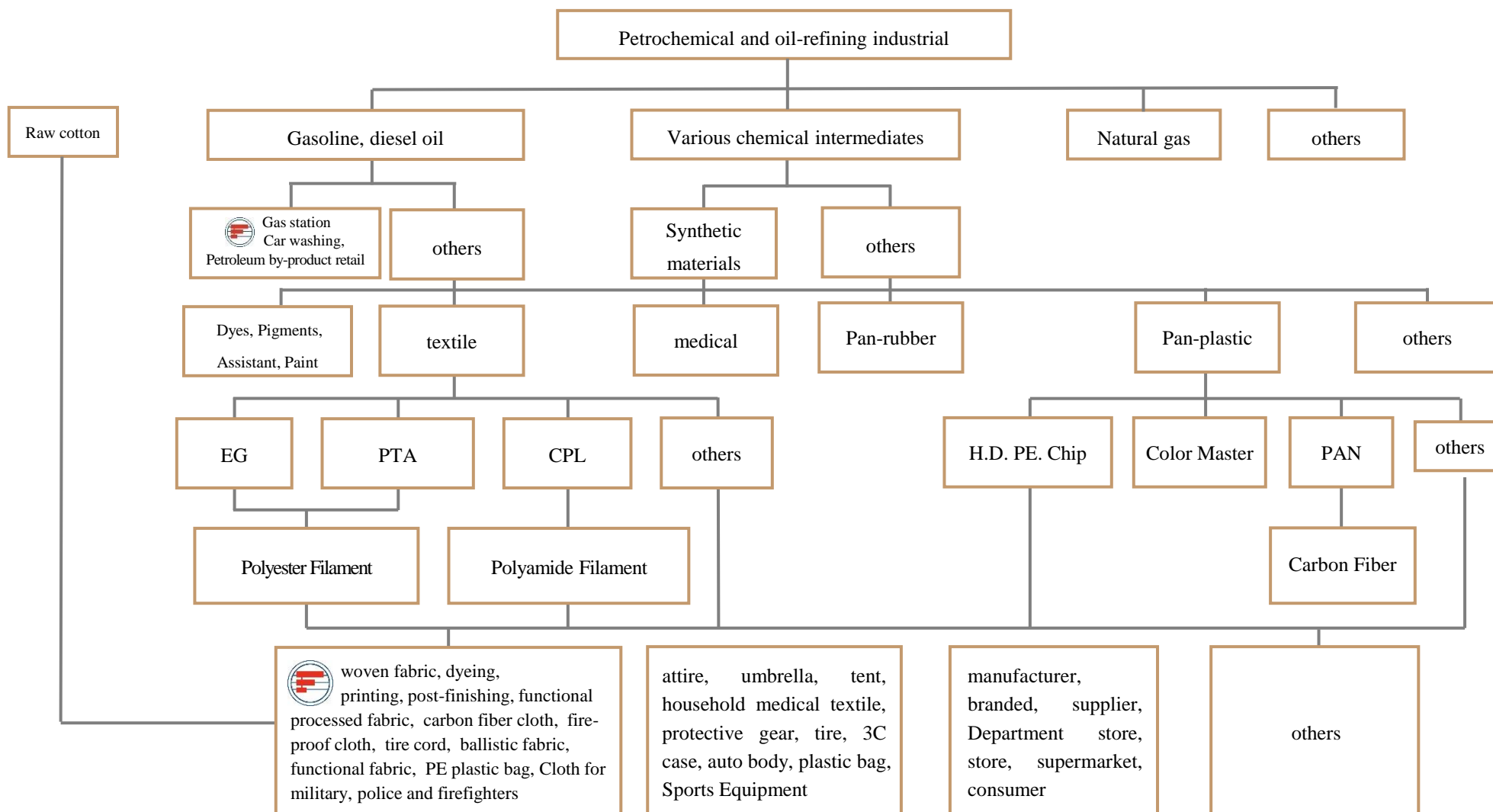
| Item | Year | Quality | Delivery Punctuality | Complaint Handling | Packaging | New Product Development | Service | Total | Average |
|--------------------------------------|------|---------|----------------------|--------------------|-----------|-------------------------|---------|-------|---------|
| Significance to Business Development | 2023 | 5.0 | 4.7 | 3.3 | 2.5 | 2.2 | 2.7 | 20.4 | 3.40 |
| | 2022 | 5.7 | 5.0 | 3.4 | 3.1 | 2.9 | 3.5 | 22.7 | 3.78 |
| Evaluation of Satisfaction Level | 2023 | 5.2 | 5.1 | 4.9 | 5.3 | 4.8 | 5.3 | 30.6 | 5.10 |
| | 2022 | 5.4 | 5.0 | 5.3 | 5.3 | 5.0 | 5.5 | 31.5 | 5.25 |

Fifty-five questionnaires were sent to customers, with 30 effective collected, by the Tire Cord Business Division to assess the significance to business development and evaluation of satisfaction level of each item; 6 points in “Significance to Business Development” represent “much important,” and 6 points in “Evaluation of Satisfaction Level” represent “much satisfied.” Quality and delivery punctuality are considered to be of great help for business development. 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.

2.6 Supply Chain Management

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.

Textile Industries Chain of Taiwan



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

■ The amount and proportion of local procurement of five plants in 2023

| Item | Taiwan Plant | Zhong-Shan Plant | Chang-Shu Plant | Long-an Plant | Dong-nai Plant |
|----------------|---------------|------------------|-----------------|---------------|----------------|
| Amount (NT\$) | 3,193,839,487 | 286,017,396 | 304,792,343 | 226,033,118 | 250,967,309 |
| Proportion (%) | 57.7% | 74.7% | 94.9% | 34.2% | 21.5% |

"Local country" 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.

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

■ The number of local suppliers and proportion as of December 31st, 2023 is indicated as the table below:

| Plant | Items | Yarn | Sizing Agent | Dye | Auxi-liary | Total |
|------------------|----------------------------------|-------|--------------|-------|------------|-------|
| Taiwan Plant | Number of Total Supplier | 68 | 7 | 23 | 92 | 190 |
| | Proportion of Local Supplier (%) | 83.8% | 100% | 100% | 96.7% | 92.6% |
| Zhong-Shan Plant | Number of Total Supplier | 16 | 5 | 14 | 30 | 65 |
| | Proportion of Local Supplier (%) | 56.3% | 0% | 92.9% | 80.0% | 70.8% |
| Chang-Shu Plant | Number of Total Supplier | - | - | 11 | 19 | 30 |
| | Proportion of Local Supplier (%) | - | - | 81.8% | 80.0% | 80.0% |
| Long-an Plant | Number of Total Supplier | 16 | 6 | 13 | 29 | 64 |
| | Proportion of Local Supplier (%) | 31.3% | 0% | 30.8% | 31.0% | 28.1% |
| Dong-nai Plant | Number of Total Supplier | 32 | 7 | 12 | 19 | 70 |
| | Proportion of Local Supplier (%) | 18.8% | 14.3% | 50.0% | 52.6% | 32.9% |

Table of Local Sourcing Rate of Main Sources over the past two years

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. 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. 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. 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.

| Item | Yarn for Weaving and Dyeing | | Sizing Agent | | Dye | | Auxiliaries for Weaving and Dyeing | |
|------------------|-----------------------------|-------|--------------|------|-------|-------|------------------------------------|-------|
| Year | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Taiwan Plant | 81.6% | 71.9% | 100% | 100% | 100% | 100% | 99.9% | 96.7% |
| Zhong-Shan Plant | 81.3% | 44.7% | 0% | 0% | 87.5% | 74.9% | 84.4% | 84.7% |
| Chang-Shu Plant | No woven plant | | | | 91.4% | 82.8% | 91.4% | 93.6% |
| Long-an Plant | 42.6% | 59.3% | 0% | 0% | 34.5% | 32.9% | 23.3% | 29.2% |
| Dong-nai Plant | 15.5% | 13.3% | 3.4% | 6.6% | 58.5% | 61.2% | 37.3% | 46.5% |

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

| Year | Raw Material | Latex | Resorcinol | Bridging Agent | HDPE.L-LDPE | Color Master Batch | Ink | Epoxy |
|------|--------------------------------------|-------|------------|----------------|-------------|--------------------|------|-------|
| 2023 | Tire Cord Plant in Taiwan | 100% | 0% | 95.6% | - | 100% | 100% | 100% |
| | Carbon Fiber Plant in Taiwan | - | - | - | - | - | - | - |
| | Plastic Plant in Taiwan | - | - | - | 57.0% | - | - | - |
| 2022 | Tire Cord Plant in Dong-nai, Vietnam | 0% | 0% | 0% | - | - | - | - |
| | Tire Cord Plant in Taiwan | 100% | 0% | 98.6% | - | 100% | 100% | 100% |
| | Carbon Fiber Plant in Taiwan | - | - | - | - | - | - | - |
| | Plastic Plant in Taiwan | - | - | - | 60.6% | - | - | - |
| | Tire Cord Plant in Dong-nai, Vietnam | 0% | 0% | 0% | - | - | - | 100 |

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

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

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

■ Materials

Regarding material procurement, priority is given to materials that conform to international environmental protection regulations, and to 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. In 2023, the amount of procured products certified with the Green Mark in Taiwan was NT\$ 556,787.

| Proportion of Yarn Made from Reclaimed Materials Procurement in 2023 | | | | | Unit : tons |
|--|--------------|------------------|-----------------|---------------|----------------|
| Item | Taiwan Plant | Zhong-Shan Plant | Chang-Shu Plant | Long-an Plant | Dong-nai Plant |
| The amount of Yarn Made from Reclaimed Materials Procurement (A) | 2,611.8 | 1,654.0 | No woven plant | 1,768.3 | 2,864.3 |
| The amount of raw material (B) | 5,602.7 | 3,244.7 | No woven plant | 4,214.7 | 5,224.6 |
| Proportion of Procurement (A/B) | 46.6% | 51.0% | No woven plant | 42.0% | 54.8% |

The Company defines secondary processes of polyester draw textured yarn and polyamine as Yarn Made from Reclaimed Materials.

■ Raw Materials

To earn manufacturers, consumers and users' trust, materials that are provided by suppliers must be verified via:

- OEKO-TEX Standard 100 Specification Guarantee
- EU REACH Substances of Very High Concern (SVHC) Qualification Certificate
- Organotin-free Certificate
- APEO-free Certificate
- ZDHC – Inventory of Restricted Chemical Substances ZDHC
- If transported materials are hazardous, they must conform to national transportation safety regulations for being deliverable.
- Suppliers shall pass regular examinations and/or irregular on-site inspections of related processes and their quality to ensure their conformity to government environment protection regulations and its commitments to ESG.

■ The results of 2023 Raw material and Chemicals Suppliers' Rating

| Grade | Taiwan Plant | | | | Zhong-Shan Plant | | | | Chang-Shu Plant | | | | Long-an Plant | | | | Dong-nai Plant | | | |
|-------|--------------|----------------|------------|----------------|------------------|----------------|------------|----------------|-----------------|----------------|------------|----------------|---------------|----------------|------------|----------------|----------------|----------------|------------|----------------|
| | Raw material | | Chemicals | | Raw material | | Chemicals | | Raw material | | Chemicals | | Raw material | | Chemicals | | Raw material | | Chemicals | |
| | Num ber | Propo rtion | Nu mber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion | Num ber | Propo rtion |
| A | 95 | 100% | 104 | 91% | 11 | 100% | 43 | 98% | 13 | 100% | 7 | 88% | 19 | 100% | 50 | 100% | 16 | 100% | 16 | 100% |
| B | 0 | 0% | 10 | 9% | 0 | 0% | 1 | 2% | 0 | 0% | 1 | 12% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| C | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| D | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| E | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| F | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% | 0 | 0% |
| Total | 95 | 100% | 114 | 100% | 11 | 100% | 44 | 100% | 13 | 100% | 8 | 100% | 19 | 100% | 50 | 100% | 16 | 100% | 16 | 100% |

Material procurement is mainly the procurement of raw materials (yarn/cotton) and chemicals (sizing agents, dyes, auxiliaries). Suppliers of five Plants are assessed in quality, delivery, price, and ESG performance that respectively account for 50%, 20%, 20%, and 10%.

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

3. Selection of Suppliers and Extended Collaboration

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 so as to assure stable production quality and uphold customers' rights. In addition, to reduce usage of packaging, the following measures are adopted the replacement of packing method for auxiliaries whose monthly usage reaches an economical bulk—4,000 kg—with bulk packages (Capacity: 1,000 kg), and the adoption of eco-friendly/recyclable substances as raw materials for packaging. To strengthen the awareness of environmental protection and human rights policy for procurement staff. 13 staff from the procurement department were trained on environmental protection in January, 2023. 13 staff from the procurement department were trained on the human rights policy in June, 2023.

Our Company continues to promote corporate social responsibility among suppliers and contractors, requiring them to sign “Corporate Social Responsibility Commitment”. This commitment covers labor rights, health and safety, environmental protection, and ethical standards. In 2023, 42 suppliers in Taiwan signed this commitment. We evaluate suppliers and categorize them based on the assessment results to determine the frequency of evaluations. To review suppliers' ESG practices, we conducted regular evaluations in 2023 using on-site audits and surveys. A total of 22 suppliers were audited, starting with a questionnaire evaluation for all 22, and 8 of these were subjected to on-site audits. The results of the on-site audits were reported to the President. No suppliers with negative impacts were found during the audits, and no contracts were terminated as a result of the evaluation outcomes.

On-site Supplier Assessment in ESG Items and Results in 2023

| Items | Labor and Human Right | Health and Safety | Environmental Protection | Ethical Code | Management Participation |
|---|-----------------------|-------------------|--------------------------|--------------|--------------------------|
| Number of assessed suppliers | 22 | 22 | 22 | 22 | 22 |
| Number of assessed that have or may have negative impacts | 0 | 0 | 0 | 0 | 0 |

2.7 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

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

Five Dos during Refueling

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

1. 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:

● Electricity Conservation Measure:

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

Annual Performance for using energy-saving LED lights

| Year | 2011 (base year) | 2021 | 2022 | 2023 |
|---|------------------|-------|-------|-------|
| Consumed electricity (KWH/KL) | 14.0 | 10.8 | 11.0 | 11.7 |
| Proportion of conserved electricity (%) | - | -22.9 | -21.4 | -16.4 |

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

● **Water Conservation and Discharge Measures:**

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 2023, 16 petroleum stations have secured usage right for ground water and the remainder will also apply for the right successively; 33.69 megaliters of water were consumed in 2023. In 2023, 93.58 megaliters of tap water were consumed, grew by 4.98 megaliters compared with 2022 as a consequence of the increment of car washing machines. In addition, to increase the efficacy of water conservation, 54 car washing machines with water-saving effect were introduced in 2023.

Wastewater recycling and reuse systems were installed at the Wen-xinon on 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.

Aggregate Wastewater Recycling Performances

| Year | Amount of Wastewater Discharged (Ton/Month) | Consumption Water for Car Washing (Ton/Month) | Recycling Volume(Ton/Month) | Recycling Rate(%) |
|------|--|--|-----------------------------|-------------------|
| 2023 | 340.78 | 3,361.88 | 1,662.17 | 55.02 |
| 2022 | 408.55 | 2,672.79 | 1,719.5 | 75.94 |

Note. Recycling Rate(%)= Recycling Volume/(Consumption Water for Car Washing - Amount of Wastewater Discharged)

● **Energy Conservation Measures**

Overall application of the electronic invoice system to petroleum stations brought the 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 2023 consumes 1.66 million pieces of paper pre month, which can save the paper expenditure of NT\$ 10.1 thousand per month. In addition, to attain the target of energy saving and carbon reduction, FPS continues promoting the usage of carriers.

Consumed Energy Items of Vietnam and of Formosa Petroleum Stations over Past Two Years

| Year | Purchased electricity (GJ) | Total Consumption (GJ) | Unit Energy Consumption |
|------|----------------------------|------------------------|-------------------------|
| 2023 | 4,723,845 | 17,006 | 1.5 |
| 2022 | 4,650,731 | 16,743 | 1.4 |

Note: Unit Energy Consumption= GJ/NT\$ millions

● Petroleum Vapor Recovery Measures

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 2023, the EPBs conducted sampling inspection of air-to-liquid volume ratio testing of refueling guns of 15 Formosa Petroleum Stations, 99.33% of which pass testing—a rate much higher than the required 70%.

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.

● 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 2023 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 2023 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 2023 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). | | | |

2. FPS' Contributions to Society

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

- **Refueling Discounts:** Discounts vary according to payment methods—by cash or by credit card. In 2023, 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.
- **Membership Reward Points :** Applying for VIP membership enables a client to earn reward points for gift redemption.
- **Discounts on Side Products:** With smooth and autonomous channels, discounts will be irregularly given to clients on goods such as various motor oils, tissues, bottled water, cleaning supplies, and Spring Festival gift boxes.

Active participation in charities, summarized over the past two years are as follows:

| Year | Charitable Organizations | Charitable Events | Targets |
|------|--|--|--------------------------------|
| 2023 | Huei-Ming Home for Blind Children and other Associations | Assistance to the underprivileged groups | Various underprivileged groups |
| 2022 | Huashan Social Welfare Foundation and other Associations | Assistance to the underprivileged groups | Various underprivileged groups |

3. Result of Client Satisfaction Survey of FTC's Petroleum Business Division

Results (Average Points) of Client Satisfaction Survey of Year 2022/2023 of FPS (Unit: Point)

| Item | Year | Quality | Environment | Service | Average |
|----------------|------|---------|-------------|---------|---------|
| Results | 2023 | 4.41 | 4.47 | 4.5 | 4.46 |
| | 2022 | 4.38 | 4.37 | 4.38 | 4.38 |

- 210 questionnaires were sent to customers, with 210 effective collected, by Petroleum Business Division in Oct., 2023. 5 points in “Evaluation of Satisfaction Level” represent “much satisfied,” while 1 point means “much dissatisfied.”
- FPS continues to improve the service to strengthen the return rate of customers and maintain the clearness of the environment.

Chapter 3. Sustainable Environment

3.1 Air Pollutant Control

3.2 Climate Change Response

3.3 Water Resource Management

3.4 Energy Management

3.5 Waste Management

3.6 Cultivation of Green Sustainability

3.1 Air Pollutant Control

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 in Taiwan Plant (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.

Statics of the Emissions of SOx, NOx, VOCs, and PM

| Unit :Tons | Year | Taiwan Plant | Zhong-Shan Plant | Chang-Shu Plant | Long-an Plant | Dong-nai Plant |
|------------|------|--------------|------------------|-----------------|---------------|----------------|
| SOx | 2023 | 7.46 | - | - | 58.21 | 0 |
| | 2022 | 41.16 | - | - | 110.9 | 0.06 |
| Nox | 2023 | 37.6 | 9.46 | 2.75 | 67.08 | 4.31 |
| | 2022 | 65.47 | 13.11 | 1.89 | 99.44 | 5.43 |
| VOCs | 2023 | 310.79 | 192.86 | 9.79 | 535.6 | 7.42 |
| | 2022 | 252.22 | 176.14 | 10.38 | 570.19 | 9.93 |
| PM | 2023 | 6.85 | 0.28 | 0.08 | 0.51 | 0.13 |
| | 2022 | 11.45 | 0.39 | 0.06 | 1.51 | 0.16 |

- 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.
- Taiwan Plant has been proactively carrying out the energy transformation to replace several oil burners with nature gas, causing the significant reduction of SOx emission. The Company is estimated to stop using coal firing boilers since 2024.
- 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.
- hang-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. Long-An Plant will replace the old machines with new ones to gradually reduce the air pollutants.
- Dong-Nai Plant : Steam used in process is supplied by Formosa Industries Corp. (FIC) in the industrial park, while tire cord plant and dyeing and fishing plant employ natural gas and liquefied petroleum gas (LPG), respectively, for heating in process, with VOCs being discharged by one water-proof coating machine.

3.2 Climate Change Response

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. To manage the risks and opportunities arising from climate change, the Company has become TCFD supporter in Dec., 2021 and discloses the strategy and measure in response to climate change with reference to TCFD guidelines. For detailed information, please visit our website for TCFD report.

1. Governance of Climate Change

• Responsibility of the Board of Directors

The Board of Directors is the highest unit for making decisions on climate change risks and opportunities and monitoring the performance. In May, 2022, the Board of Directors approved to set up the “Sustainable Development Committee,” in charge of reviewing sustainable development policies, strategies, and management directives and supervising the implementation of sustainable development related affairs and plans. The contents reviewed by the Board of Directors in 2023 included the GHG inventory inspection status.

• Management Responsibility

The Company established the organization dedicated to promoting the sustainability, “Sustainability Committee.” The President served as the Committee chairman, and the vice presidents of various business divisions serve as the vice chairman of the Committee. The Committee also governs Environmental Sustainability Dept., Social Common Prosperity Dept., and Corporate Governance Dept.. The Environmental Sustainability Dept., constituted with the staff of each department/plant, is responsible for the environmental related issues of climate change and water resources, etc. and to identify climate related risks and opportunities, as well as to conduct assessment and analysis on the major risks and opportunities and to propose relevant response measures. The responsible person of each Group shall draft various execution plans, and report the progress and results at the meeting convened by the Committee convener on a monthly basis. In 2023, the main promotion outcome in relation to climate change topics included approval of Science-Based Targets Initiative (SBTi) and GHG emission reduction measures.

2. Climate Change Response Strategy

The Company regularly reviews relevant regulations and policies, gathers and analyzes climate change-related issues, and identifies the risks and opportunities associated with climate change. We enhance production and energy efficiency through advanced process technologies and equipment improvements, creating energy-saving benefits. We promote the use of renewable energy and the transition to low-carbon energy, implementing energy conservation and emission reduction measures. We continuously meet various international certification standards, execute energy-saving and carbon reduction projects within our facilities, and enhance the Company’s resilience to climate change. We collaborate with our supply chain partners to use eco-friendly recycled materials and develop green, low-carbon products. Additionally, we have established a comprehensive climate governance organization and formed task forces to drive various projects, raising the Company’s awareness of climate change and enhancing our sustainability competitiveness.

Climate Risks and Opportunities

| Type | Category | Climate-related issue | Time of impact | Potential financial risk/opportunity | Responsive Measures |
|---------------------|-----------------------|---|-----------------------|---|--|
| Transformation Risk | Policy and law | Carbon fee | Short-term | Assuming that the carbon fee is calculated NT\$ 100/ton, the estimated carbon fee of Taiwan Plant in 2023 was NT\$16,170,000. | Set medium and long-term reduction goals and make ongoing improvements to energy efficiency |
| | | Water consumption fees | Short-term | Since Feb., 2023, Taiwan has started imposing water consumption fees. For drought seasons, an additional water consumption fee is imposed on users with water consumption greater than 9,000 m in a single month, which will increase operating costs. In 2023, the Taiwan Plant was charged for NT\$1,150,000. | Implement water footprint inventory, water conservation measures and to boost the water usage effectiveness. |
| | | Renewable energy regulations and Climate-related policies | Medium and Long- term | Compliance-related expenditures, the transformation plan and operational cost will increase. | Evaluate the possibility to establish renewable energy equipment. |
| | Market | Environmental and low carbon products | Medium- term | If inability to satisfy customers' needs on environmental and low carbon products, it would loss revenues. | Research and develop environment-friendly, recyclable products and low-carbon products. |
| Physical Risk | Acute | Flood incidents (e.g.: heavy rainfall, typhoon, etc.) of acute climate events | Short-term | Flooding would damage equipment, affect production activities, and give rise to additional capital expenditure. | Adopt enhanced emergency response measures and implement regular inspection of the drainage system. |
| | Chronic | Extreme weather- Drought | Medium- term | Drought caused by extreme weather would affect product delivery and revenues. | Continuous investment in water recycling solutions and evaluate alternative water source projects. |
| | | Increase of average temperature | Long- term | Increased use of electricity gives rise to additional operating costs | Make ongoing improvements to energy efficiency. |
| Opportunities | Resource efficiency | AI project for factories | Current | Reduce the cost of power, water, and raw materials. | Combine big data and AI to increase the first-time success rate of the dyeing process. |
| | | Water recycling system | Current | Improve sustainability reputation, strengthen customers' trust, and increase potential revenues from sales orders. | Invest in a wastewater recycling system and increase the percentage of water recycled to minimize dependency on water |
| | Market | Opportunity to switch out fossil fuel | Current | Reduce carbon emissions | Redesign existing fuel oil heaters and transition towards low-carbon fuel for lower carbon emission. |
| | Products and services | Eco-friendly and low-carbon products | Short-term | Increase product sales in line with market trends and needs of brand customers, which also reduces product carbon emission during the stage of product usage | In collaboration with suppliers to make use of recyclable materials; invest resources into the research and development of functional and smart solutions. |

3. Climate Change Scenario Analysis

The Company regularly monitors changes in relevant regulations and policies, collects, analyzes, and summarizes information on climate change and energy risks and opportunities. We use the ISO 14001 risk assessment procedures to evaluate climate change risks and opportunities. For the Taiwan facilities, we estimate future emission scenarios using the Shared Socioeconomic Pathways (SSPs) defined in the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6). We consider four different pathways: low emission (SSP1-2.6), medium emission (SSP2-4.5), high emission (SSP3-7.0), and very high emission (SSP5-8.5). We conduct scenario analyses based on key climate change indicators from the Taiwan Climate Change Projection Information and Adaptation Knowledge Platform (TCCIP). This analysis focuses on temperature increases relative to the 1850-1900 baseline and potential medium-term period impacts (2041-2060). We combine this with disaster potential data from the National Science and Technology Center for Disaster Reduction (NCDR) to further analyze potential risks of flooding, high temperatures, drought, and landslides at various facilities. For acute flooding scenarios, we use flood simulation maps from the NCDR, assessing impacts based on a 24-hour accumulated rainfall of 650 mm. This analysis highlights the flood risks due to heavy rainfall at our Douliu Main Plant and Second Plant in Taiwan. We have reviewed the drainage capacity and emergency response procedures (typhoon response procedures, emergency response procedures) at these plants, confirming that both facilities have adequate capabilities to handle severe rainfall scenarios, thus minimizing the impact of heavy rain on production.

▼ Scenario Analysis on main Plant and Plant II in Taiwan

| Item | Analysis Description |
|--|-------------------------------------|
| Change of average temperature (Temperature change °C) | + 1.6 °C |
| Change of daily maximum high temperature (°C, average value) | + 1.6 °C |
| Heat Wave Duration Index (HWDI) (days, average value) | + 46.6 |
| Rate of change of total precipitation (% , average value) | + 7.7 % |
| 2060 Flood level overflow risk | No overflow areas within 500 meters |
| Sea level rise overflow risk | No overflow areas within 500 meters |

Values in this table are based on SSP5-8.5 scenario, the medium-term scenario of climate change (2041-2060) for extreme climate risk management.

4. GHG Emissions Management

In accordance with the specifications stipulated in the ISO 14064-1 GHG Inventory verification standards and the GHG Protocol of the World Business Council for Sustainable Development, the Company has developed the 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.

Inventory of GHG Emissions of five plants

| Unit: tons of CO ₂ e | Scope 1 | | | Scope 2 | | | Total | | |
|---------------------------------|---------|---------|--------------------|---------|--------|--------------------|---------|---------|--------------------|
| Year | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 | 2021 | 2022 | 2023 |
| Taiwan Plant | 254,887 | 192,398 | 78,690 | 93,266 | 88,692 | 83,080 | 348,153 | 281,090 | 161,770 |
| Zhong-Shan Plant | 15,945 | 15,890 | Under verification | 22,854 | 22,968 | Under verification | 38,799 | 38,858 | Under verification |
| Chang-Shu Plant | 3,165 | 2,620 | Under verification | 28,112 | 26,640 | Under verification | 31,277 | 29,260 | Under verification |
| Long-An Plant | 58,538 | 49,020 | Under verification | 32,637 | 27,060 | Under verification | 91,175 | 76,080 | Under verification |
| Dong-Nai Plant | 8,063 | 7,707 | Under verification | 106,443 | 98,640 | Under verification | 114,506 | 106,347 | Under verification |

- Since 2007, Taiwan plant started to conduct the greenhouse gas emissions inventory and the base year of Taiwan Plant is set in year 2007 to screen the status of GHG emissions and monitor the performance of carbon reducing action. In addition, the Zhong-Shan Plant, Chang-Shu Plant, Long-an Plant, and Dong-nai Plant started to conduct the greenhouse gas emissions inventory and verified by the third party since 2022.
- The inventory of GHG emissions in Taiwan Plant is verified by the third party in accordance with ISO 14064-1 required by the Ministry of Environment. For the inventory of GHG emissions in 2021 and 2022, the IPCC 2007 AR4 GWP values were applied. For the inventory of GHG emissions in 2023, the IPCC 2013 AR5 GWP values were applied.
- For the four overseas plants, the inventory of GHG emissions in 2021 was performed in accordance with ISO 14064-1; however, since 2022, they were carried out in accordance with GHG Protocol. GWP values were the same with Taiwan Plant. For the inventory of GHG emissions in 2021 and 2022, the IPCC 2007 AR4 GWP values were applied. The GHG emissions is scheduled to be verified by the third party by the end of October, 2024, and the data will be disclosed in 2024 Sustainability Report.
- The GHG emissions in 2023 of Taiwan plant is verified by the third party, and the gases included in the inventory cover CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. The GHG emissions in 2023 of Zhong-Shan, Chang-Shu, Long-An, and Dong-Nai Plant is scheduled to be verified by the third party by the end of October, 2024; the data will be disclosed in 2024 Sustainability Report.
- Inventory of scope 1 and 2 of greenhouse-gas emission by gas stations between 2018 and 2019 have been outsourced to a third party. Inventory of greenhouse gas emissions of gas stations was not verified due to its stable sources and low proportion of greenhouse gas emissions.
- Under the operational control approach, Scope 1/Scope 2 Emissions respectively account for 49%/51% of the total GHG emissions of the Taiwan Plant for 2023. The emission of Scope 1 was 78,690 tCO₂e, and the emission of Scope 2 was 83,080 tCO₂e. The Company continued to push low-carbon energy transformation such as substituting natural-gas heaters for several fuel-oil boilers to cut coal consumption and scope-1 greenhouse gas emission, and inaugurate PV power devices, to reduce external power supply, lowering greenhouse-gas emission for the third straight year.

Scope 3 Greenhouse Gas Emissions for Taiwan Plant (Unit: tons of CO₂e)

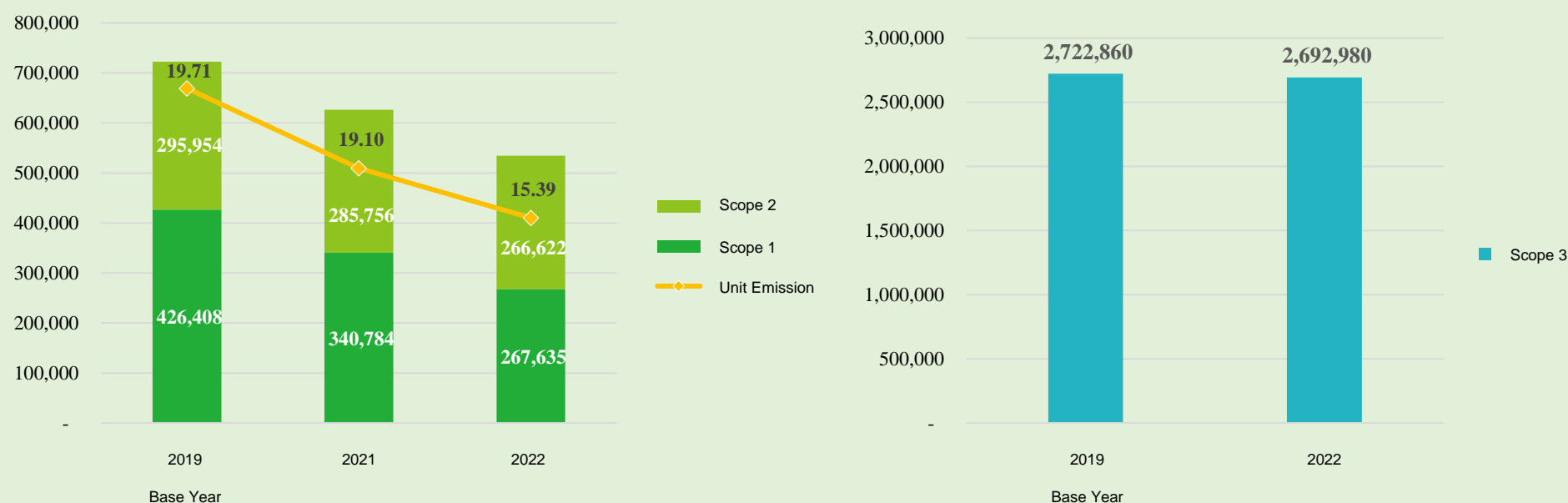
| Category | 2021 | | 2022 | | Explanation of differences |
|---|------------------|-------------|------------------|-------------|---|
| | Emissions | Proportion | Emissions | Proportion | |
| Category 1 Purchased goods and services | 373,868 | 24.39% | 667,299 | 25.95% | In 2021, only the top 80% of procurement items by amount were calculated. In 2022, calculations included all raw material procurement items (100%) and new material categories were incorporated. |
| Category 2 Capital goods | 5,943 | 0.39% | 6,421 | 0.25% | Equipment coefficients were adjusted. |
| Category 3 Fuel- and energy-related activities | 56,941 | 3.71% | 44,979 | 1.75% | The consumption of heavy oil, natural gas, and bituminous coal decreased in 2022. |
| Category 4 Upstream transportation and distribution | 6,520 | 0.43% | 10,019 | 0.39% | The calculation included all raw material items and incorporated material categories. According to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard, downstream transportation costs paid by the Company were included in the calculations. |
| Category 5 Waste generated in operations | 521 | 0.03% | 553 | 0.02% | New additions in 2022 included emissions from R-category recycling treatment. |
| Category 6 Business travel | 22 | 0.00% | 80 | 0.00% | Increased international business travel. |
| Category 7 Employee commuting | 806 | 0.05% | 800 | 0.03% | - |
| Category 9 Downstream transportation and distribution | 5,829 | 0.38% | 5,372 | 0.21% | In 2021, only the top five sales items were calculated. In 2022, all sales items were included, with downstream transportation costs paid by the Company being categorized under Category 4 according to the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. |
| Category 10 Processing of sold products | 37,333 | 2.44% | 30,976 | 1.20% | In 2021, only the top five sales items were calculated. In 2022, all sales items were calculated; SimaPro coefficients were used in 2021, while textile and apparel product carbon footprint coefficients were used in 2022. |
| Category 11 Use of sold products | 1,041,918 | 67.96% | 1,024,583 | 39.84% | Diesel and gasoline sales volumes decreased. |
| Category 12 End-of-life treatment of sold products | 3,396 | 0.22% | 7,117 | 0.28% | In 2021, only the top five sales items were calculated. In 2022, all sales items were calculated. |
| Category 13 Downstream leased assets | — | — | 129,515 | 5.04% | New calculations were added. |
| Category 15 Investments | — | — | 643,826 | 25.04% | New calculations were added. |
| Total | 1,533,097 | 100% | 2,571,540 | 100% | |

- The inventory of Scope 3 in Taiwan Plant was carried out in accordance with GHG Protocol. In 2021, the IPCC 2007 AR4 GWP values was applied. In 2022, the IPCC 2021 AR6 GWP values was applied.
- Scope 3 of GHG emission of Year 2023 is under verification by the third party, and the data will be disclosed in 2024 Sustainability Report.

5. Science Based Targets initiative (SBTi)

In response to expectation from stakeholders, the Company's carbon reduction target has been approved by Sbti in March, 2023, and the Company commits to reduce scope 1+2 GHG emissions 26.3% by 2027 from a base year 2019, and also commits to reduce scope 3 GHG emissions 20% within the same timeframe.

The GHG emissions of the whole company:



- Emissions per unit = Total Annual greenhouse gas Emissions of Scope 1 and Scope 2 (Tons of CO2e)/ Annual Consolidated Sales Revenue (NT\$ Million)
- The GHG emissions above is consistent with the boundary set in SBTi targets; among them, the 99.5% of GHG emissions was verified by the third party.
- Since GHG emissions of some plants are still being verified, the data will be disclosed in 2024 Sustainability Report.

3.3 Water Resource Management

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 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. Taiwan Plant has introduced ISO 46001, water management system to improve the efficacy of water management. In addition, the Company continues to execute various water-saving projects, improve equipment capabilities and the usage of recycled water. In 2023, the total recycled water usage of five plants was 2.62 million tons.

Water conservation themes

- **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.

■ Total Water Withdrawal of the Five Plants

Unit: megaliters

| Area | Taiwan Plant | | China Plants | | Vietnam Plants | | Total | |
|--------------------------------------|--------------|-------|--------------|-------|----------------|-------|-------|-------|
| Year | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Surface water (river water) | - | - | 2,029 | 1,260 | - | - | 2,029 | 1,260 |
| Groundwater | 5,690 | 4,108 | - | - | - | - | 5,690 | 4,108 |
| Third-party water (Tap Water) | - | - | 73 | 70 | 1,393 | 959 | 1,466 | 1,029 |
| Third-party water (Industrial Water) | - | - | - | - | 652 | 521 | 652 | 521 |
| Total water withdrawal | 5,690 | 4,108 | 2,102 | 1,330 | 2,045 | 1,480 | 9,837 | 6,918 |

- 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.
- After being verified by the third party, the water withdrawal of Year 2022 in Taiwan Plant was corrected to 5,690 megaliters.
- China Plants include Zhong-Shan Plant and Chang-Shu Plant; Vietnam Plants include Long-an Plant and Dong-nai Plant.

Effluent standards

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. In addition, in Taiwan Plant, 24-hour detection and quality analysis instruments of discharged dyeing wastewater were activated and connected to the Environmental Protection Bureaus (EPB) of Yunlin County. 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. No violation of effluent incidents happened in 2023.

▼ Table of Water Quality Control of Discharge of Five Plants in 2023

| Category | pH Value | | | COD (mg/L) | | | SS (mg/L) | | |
|------------------|------------------------|------------------------|---------------|------------------------|------------------------|---------------|------------------------|------------------------|---------------|
| | Statutory Requirements | Internal Control Value | Average Value | Statutory Requirements | Internal Control Value | Average Value | Statutory Requirements | Internal Control Value | Average Value |
| Taiwan Plant | 6~9 | 6~9 | 6.96 | 160 | 160 | 39.2 | 30 | 30 | 15.6 |
| Zhong-Shan Plant | 6~9 | 6~9 | 7.25 | <60 | <50 | 36.3 | <50 | 45 | 12 |
| Chang-Shu Plant | 6~9 | 7~7.5 | 7.2 | <200 | <100 | 61 | <100 | <50 | 21.75 |
| Long-an Plant | 6~9 | 6~9 | 6.5~7.5 | 75 | 65 | 40~60 | 50 | 50 | <10 |
| Dong-nai Plant | 5.5~9 | 6~8 | 7 | 60.75 | 50 | 42 | 40.5 | 20 | 10 |

Measures for Reducing Effluents

The Company has stipulated several operation and monitoring specifications for wastewater management and control over the quality and volume of wastewater, which includes collect, transport and pretreat wastewater generated from processes, domestic wastewater, and other wastewater as well as procurement of advanced production equipment with high performance. The total waste consumption of five plants (water withdrawal – water discharge) in 2023 was 1,114 thousand megaliters. Measures for effluents treatment of each plant 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.

Table of Wastewater Discharge

Unit: megaliters

| Area | Taiwan Plants | | China Plants | | Vietnam Plants | | Total | |
|------------------------------|---------------|-------|--------------|-------|----------------|-------|-------|-------|
| Year | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 |
| Groundwater | 4,806 | 3,420 | 1,185 | 970 | 1,882 | 1,295 | 7,873 | 5,685 |
| Third-party water | - | - | 425 | 119 | - | - | 425 | 119 |
| Total Water Discharge Volume | 4,806 | 3,420 | 1,610 | 1,089 | 1,882 | 1,295 | 8,298 | 5,804 |

- 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.
- China Plants include Zhong-Shan Plant and Chang-Shu Plant; Vietnam Plants include Long-an Plant and Dong-nai Plant.
- Taiwan Plant: 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 from processes is discharged into Xijiang River after inner bio-treatment to the extent in conformity with local discharge standards.
- Chang-Shu Plant (China): 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): With the attainment of wastewater discharge standards for the industry and for textile plants, treated wastewater was discharged into Wangudong River.
- Dong-nai Plant (Vietnam): The factory discharges its waste water, after proper treatment, to the zone's discharge channel, before flowing to song Thi Vai.

3.4 Energy Management

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

| Item | Measure |
|---------------------------------|---|
| Oil Conservation | <ul style="list-style-type: none"> • Replacing oil with natural gas as the source of boilers, and termination of the operation of co-generator equipment. • 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. |
| Air Conservation | <ul style="list-style-type: none"> • 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. |
| Gas Conservation | <ul style="list-style-type: none"> • 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. |
| Electricity Conservation | <ul style="list-style-type: none"> • 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. • Installing solar power generators to increase the usage rate of green electricity |

Consumed Energy Items over the past two years

Unit: GJ

| Plant | Taiwan Plant | | Zhong-Shan Plant | | Chang-Shu Plant | | Long-an Plant | | Dong-nai Plant | |
|--|------------------|------------------|------------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| Year | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Coal | 273,260 | 1,692,366 | - | - | - | - | 135,424 | 395,986 | - | - |
| Fuel oil | 73,947 | 208,694 | - | - | - | - | - | 15,320 | - | - |
| Diesel | - | - | 969 | 1,650 | - | - | - | - | - | - |
| Natural gas | 884,233 | 348,897 | 230,535 | 322,617 | 34,838 | 39,872 | 279,162 | 174,514 | 105,585 | 115,960 |
| Purchased electricity | 604,255 | 627,295 | 84,943 | 129,720 | 20,450 | 35,702 | 108,438 | 135,957 | 205,981 | 298,796 |
| Self-generated renewable energy: Solar Power | 11,366 | 11,844 | 2,030 | - | 4,451 | 2,616 | 13,887 | 15,817 | - | - |
| Purchased steam | - | - | - | - | 126,714 | 196,594 | - | - | 144,332 | 194,472 |
| Bio-based fuels | - | - | - | - | - | - | 108,493 | - | - | - |
| Total Energy Consumption | 1,847,031 | 2,889,096 | 318,478 | 453,987 | 186,453 | 274,784 | 645,403 | 737,594 | 455,899 | 609,229 |
| Unit Energy Consumption | 83.9 | 110.3 | 224.4 | 226.5 | 230.5 | 226.2 | 288.1 | 288.5 | 153.0 | 142.2 |

- Unit Energy Consumption (GJ/NT\$ millions of dollars).
- With reference to the converter table of GRI 3.1, 1 kilowatt hour= 0.0036 GJ, 1 diesel (metric)=43.3GJ, 1 coal (metric)=26GJ, and 1 fuel oil(metric)=40.19 GJ. The purchased steam and bio-based fuels are calculated based on the convertor of each plant.
- The CHP(combined heat and power) in Taiwan Plant was stopped using since March, 2023, replacing with natural gas as fuels, reducing the usage of coal and fossil fuels.
- The solar power system in Zhong Shan plant was established in August, 2023, reducing the usage of purchased electricity by 35% compared with 2022.
- The unit energy consumption in Chang-Shu plant increased in 2023 due to the loss of revenues.
- The energy consumption in Long-an plant compared with prior year decreased due to the adoption of LPG boiler and usage of bio-based fuels, which reduced the coal usage by 66%.
- The unit energy consumption in Dong-nai plant increased in 2023 due to the loss of revenues.

■ Achievements of Execution of Conservation Programs

Based on “Green Design and Clean Production” concepts, the energy-saving promotion team, established in 2007, was expanded and reorganized as the “Energy Management Committee” in 2015; furthermore, another circular economy and water-saving team was formed in 2019 to integrate the internal resources, increase the energy usage, and continues to promote the ISO 14001 Environmental Management System for ongoing improvement and the avoidance of potential environmental impacts. The number of improvement projects is 251 in five Plants; the self-estimated accumulated volume of reduced CO₂ emissions is 4,503.95 tons.

| Plant | Total Projects | Conserved Steam (MT/Year) | Conserved Water (MT/ Year) | Conserved Electricity (KW/ Year) | Conserved Fuel (MT/ Year) | Reduced Emissions of CO ₂ (Tons/Year) | Accumulated Amount (Thousands of NTD/Year) | Invested Amount (Thousands of NTD) |
|--------------|----------------|---------------------------|----------------------------|----------------------------------|---------------------------|--|--|------------------------------------|
| Taiwan | 100 | 600.57 | 67,026.00 | 3,725,094 | 21,600.00 | 2,531.28 | 13,477.46 | 22,886.30 |
| Zhong-Shan | 36 | 812.16 | 986.40 | 710,217 | 4,320.09 | 671.96 | 3,406.81 | 1,159.25 |
| Chang-Shu | 7 | 388.80 | 317.00 | 165,672 | 0.00 | 211.46 | 945.72 | 30.00 |
| Long-an | 75 | 1,054.08 | 101,784.60 | 591,022 | 0.00 | 661.67 | 3,494.19 | 187.80 |
| Dong-nai | 33 | 725.76 | 3,906.00 | 359,165 | 864.00 | 427.58 | 2,148.14 | 440.00 |
| Total | 251 | 3,581.37 | 174,020.00 | 5,551,170 | 26,784.09 | 4,503.95 | 23,472.32 | 24,703.35 |

- The energy-saving measure implemented include the improvement of energy-saving lights, remodel of equipment, and the optimization of operation process and so on.
- The self-estimated of reduced CO₂ emissions is as the base of the emission factor of steam in 2022, the emission factor of self-generating power in 2022, and the emission factor of purchased electricity in 2021.

3.5 Waste Management

FTC has stipulated the “Principle of Waste Management” and followed the local regulations to conduct the clearance, disposal and report of waste. In Taiwan Plant, in accordance with the Waste Disposal Act established by the government, any operation of waste disposal 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 to quarterly check and audit, make out the check and audit record in writing which shall be properly retained for five years, track the defect improvement status, and including it in the main points of the self-check and audit.

Measures for Reducing Waste:

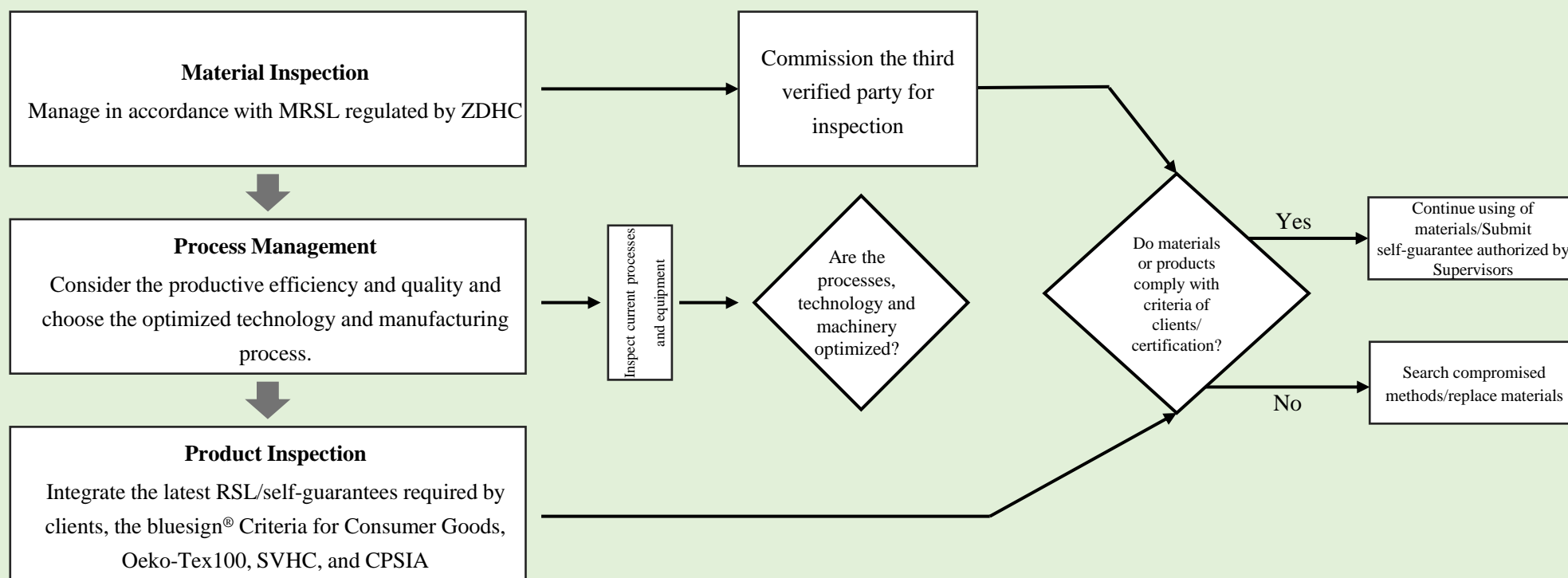
- Control: Establish waste reduction targets, record generated amount, and regularly review reduction performance of each department °
- Elimination: Review causes of the generation of waste and take steps to reduce or eliminate waste.
- Reduction: Install sludge drying equipment for cutting the moisture content of waste sludge.
- Replacement: Replace disposable materials with reusable materials.

Waste Treatment Methods of Five Plants in 2023 (Unit: Tons)

| Category | Handling Method | Taiwan Plant | Zhong-Shan Plant | Chang-Shu Plant | Long-an Plant | Dong-nai Plant |
|----------------------------|---|-----------------|------------------|-----------------|----------------|-----------------|
| Non-hazardous waste | Reuse and Recycle | 5,679.82 | 2,714.89 | 119.77 | 3,051.3 | 2,719.83 |
| | Recovery | - | - | - | 3,062.7 | 3,523.00 |
| | Incineration (without energy recovery) | 873.93 | 88.84 | 797.06 | - | - |
| | Landfill | - | - | - | 120.0 | 150.73 |
| | Thermal treatment (except incineration) | 239.24 | - | - | - | - |
| | Subtotal (A) | 6,792.99 | 2,803.73 | 916.83 | 6,234.0 | 6,393.56 |
| Hazardous waste | Reuse and Recycle | 874.3 | - | - | 123.0 | 181.33 |
| | Incineration (without energy recovery) | 38.12 | 113.42 | 17.12 | - | 466.30 |
| | Solidification | - | - | - | - | 5.04 |
| | Separation | - | - | - | - | 6.69 |
| | Landfill after incineration | - | - | - | 295.4 | - |
| | Subtotal (B) | 912.42 | 113.42 | 17.12 | 418.4 | 659.36 |
| Total (A+B) | | 7,705.41 | 2,917.21 | 933.95 | 6,652.4 | 7,052.92 |

3.6 Cultivation of Green Sustainability

FTC comprehensively reviews the chemical management and continues to develop ecofriendly products with recycled materials. In the concept of technical development, not only does FTC keep improving product quality and rethink the aspects of input and output, integrating with the spirits of ESG, to improve the resource efficiency and reduce wastes to achieve the sustainable development. The hazardous chemicals management procedures, establish standards → conduct monitoring → inspect processes on finished goods are set up to monitor raw materials, manufacturing processes and finished goods. Relevant process are as follows:



- The organization of Zero Discharge of Hazardous Chemicals (ZDHC), established by the three brands, NIKE, adidas, and PUMA, aims to promote the textile supply chain to stop using hazardous substances. Currently, 41 brands including NIKE, adidas, PUMA are the members of ZDHC.
- Substances of Very High Concern (SVHC): In January, 2023, nine substances of very high concern were newly added, announced by the European Chemicals Agency (ECHA), including Melamine and Perfluorocarboxylic acid, the total amount of SVHCs reaches to 240 at present.
- For the detailed information: <https://www.chemexp.org.tw/content/news/NewsDetail.aspx?id=4619>
- Consumer Product Safety Improvement Act (CPSIA), a United States law signed on August 14, 2008, requires manufacturers and importers to submit documentation of testing by recognized third-parties.

1. Short-, Mid-, and Long-term Plans of Chemicals Management

Short-term Management Plan

- Check the stock of Chemicals through ERP system(Item, Quantity, Lot number...)
- Establish a Chemicals 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.
- Screen and evaluate the chemicals in accordance with the chemical management regulation to choose the chemicals in line with the Acts and clients' demands.
- Adopt non-fluorine water repellency on the course of manufacturing newly-developed products, and irregularly inspect the products in line with the Acts and clients' requirements.
- Accelerate the timeline to develop water-based coating system in conformity with ZDHC.
- Commission the third party to conduct tests on if wastewater is in line with the specifications by ZDHC once per half a year.

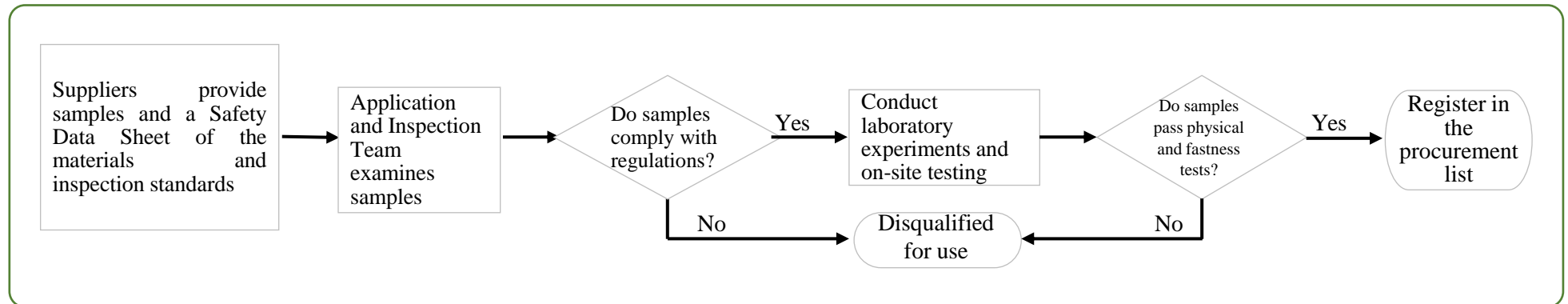
Mid and Long term Management Plan

- Develop products with the chemicals in conformity with ZDHC and environmental technology, the test results would be reported to President and notify the plant.
- Keep track on the achievement rate of chemical management (ZDHC/bluesign) on ESG meeting held on a monthly basis.
- Priority procurement of the chemicals with ZDHC or Bluesign.
- Establish production lines in eco-friendly processes
- Equip all fabric with product traceability to track detailed information of every batch of chemicals
- Gradually develop the low-carbon/bio-cased/recycled products in line with ZDHC requirements.
- Gradually develop the chemicals in compliance with specifications established by ZDHC 3.1.
- In collaboration with customers in the value chain to widely use the sustainable chemicals to promote the innovative and best practices for protecting consumers, labor and the environment with the aim of sustainable business.

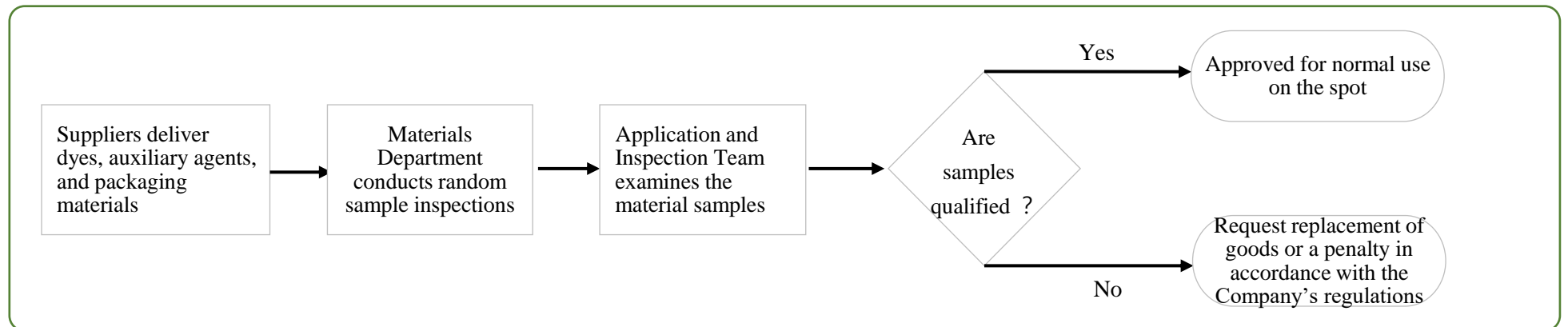
2. Management of Hazardous Chemicals

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. In addition, the Company quarterly conducts ESG assessment on suppliers and grades. The assessment records are reported to the President. The detailed information is in the chapter of supplier management- selection of Suppliers and Extended Collaboration.

➤ Establish Chemical Inventory Management



➤ Feed Material Inspection

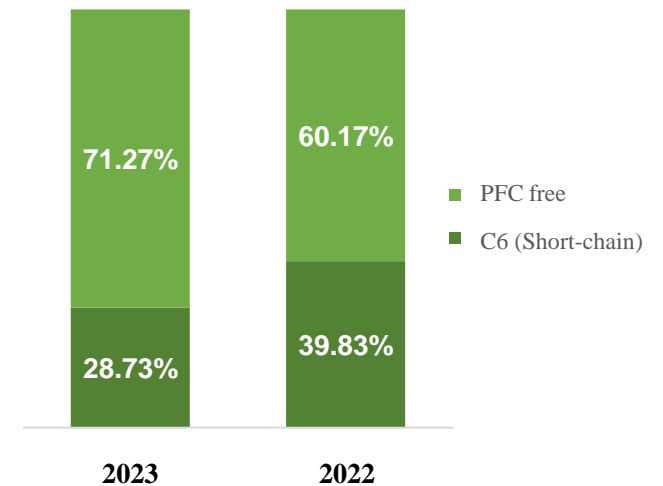


3. Green Production Processes

Adhering to the philosophy of sustainable development, the Company has made extensive use of recycled/reusable and biomass material 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 2023, the proportion of recycled fabrics to were 33.9% for polyamide and 56.1% for polyester respectively; the proportions of total amount accounted for 48.7%. (GRS Reg. No.: IDFL20-309536)
- Since 2020, long-chain Fluorochemical Water Repellents is no longer used, and the Company continues to increase the usage of Fluorine-free ones.
- Develop biomass polyamide and polyester fabrics and solution dyed fabric.
- Develop waterproof fabrics with biomass materials.
- Develop waterproof fabrics with recycled membrane.
- Develop recycled composite cross section ultralight fabric
- Use and promote organically planted cotton yarn and fabrics (GOTS: IDFL 2393175 and OCS : IDFL 22393176).
- 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.
- Develop the dyeing process with low bath ratio with the aim to the water-saving processes.
- Develop ocean-recovered polyester, recovered fishing net, and recovered oyster-thread polyester fabric.
- Introduce and implement the ZDHC project.

Comparison Table of Water Repellents
over the past Two years

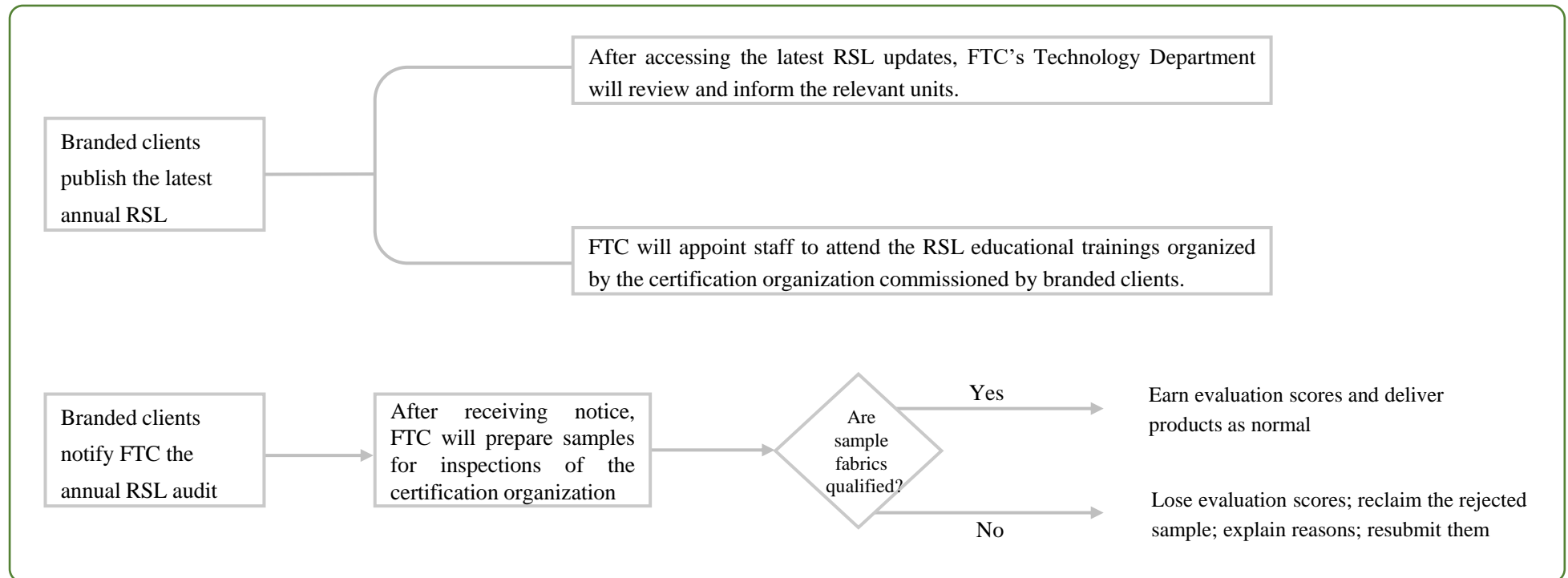


(Note: PFC free does not contain Perfluorinated chemicals.)

4. Green Product

To safeguard the customers' safety and protect the environment, the Company annually announces the RSL (Restricted Substances List) in compliance with brand clients' needs and attend supplier conferences to understand the latest contents, standard and the international management system. All fabrics products 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 2023, 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" and "standards for the development of new auxiliaries for the R&D section " 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. No incident of violating products and services occurred in 2023.

➤ Finished Product Inspection – RSL Review of Each Brand



5. 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 are all (100%) obtained ISO 14001, ISO 45001, and bluesign® Standard Certificate. The certificates obtained by Plants are summarized in the following table:

| Certification Items | 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 | ✓ | ✓ | ✓ | ✓ | ✓ |
| Energy Management System(ISO 50001:2018) | ✓ | | | | |
| International Automotive Task Force 16949 (IATF 16949) certification, 2016 | ✓ | | | | |

Chapter 4. Social Prosperity

4.1 Human Rights Protection

4.2 Workforce Structure

4.3 Employees' Remuneration and Benefits

4.4 Career Development

4.5 Occupational Health and Safety

4.6 Society Engagement

4.1 Human Rights Protection

Harmony is one of the business philosophies of the Company, indicating that 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.

Human Rights

In addition to complying with Labor Standards Act and other relevant labor regulations, the Company abides by the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the International Labor Office Tripartite Declaration of Principles Concerning Multinational Enterprise and Social Policy, in the formulation of personnel regulations and systems, providing employees relatively steady pays, board and lodging, promotion and other development system, and improved safety and hygiene, so as to protect employees' rights and help them develop multiple professional capabilities. The Company also stipulated the human rights policy provided in Chinese, English, Vietnam and Thai versions to announce that the Company complies with relevant labor Acts, including establishment an equal and friendly workplace without any harassment, discrimination, child labor, and forced labor and keeps improving the labor-management communication and protect the privacy.

▼ Human Rights Policy, its mitigation measures and Performance

| Human Rights Policy | Mitigation Measure |
|-------------------------------------|---|
| No Forced Labor | In compliance with regional labor Acts and regulations and international norms, the Company forbids any illegal way to force labor to work. To protect the freedom of employees, the Company will not retain their identity cards or passports. |
| No Child Labor | A job applicant shall provide the relevant identity certifications for the Company to check their personal information to ensure the age of employees hired comply with the regional regulations. |
| Freedom of assembly and association | To maintain the well labor-management relationship, employees may join the union or employees' welfare committee to give suggestions. |
| Protection of Personnel Privacy | “Regulations on the Management of Personal Data and Information” is established to protect the personal privacy. |
| No Harassment | The Company has stipulated the “rules on prevention, report and punishment for the sexual harassment” and formed “Sexual Harassment Appeal and Review Committee” to prevent employees from any form of harassment. |

In 2023, the Company was free from major human rights incidents such as discrimination, child labor, forced labor, obstruction of freedom of association and assembly, or punishment from the authorities.

■ Reporting Mechanism and Trainings

“Regulations Governing Grievance for Inner and Outer Stakeholders”: The Company has established various reporting channels, including suggestion boxes, reporting forms, a direct line (05-5577015), and e-mail (t1000@ftc.com.tw), etc. for employees to report a complaint at any time when they feel that their rights are being infringed or they are subject to inappropriate treatment. Three types of reporting channels—the level-by-level report, the next-level report, and the inter-departmental report—are provided. Complaint materials are handled by designated staffers in a confidential manner and complainers are well protected against any revenge afterwards. There was no complaint on employees’ interests and human rights in 2023. Suggestions on daily-life affairs were handled and responded by the administrative department immediately. To protect the confidence of complainants, the suggestion boxes were installed in places where the company cannot spy on. With most employees being labor-union members, labor-management meeting has been taken place regularly, for offering suggestions to the Company. 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. 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. To provide a friendly workplace free from any kind of discrimination and harassment, 642 new employees were all received the relevant training in 2023.

■ Employment and Retention

In personnel recruitment, the Company complies with the labor-related laws/regulations of host governments and international human-rights principles, excluding such discriminatory factors as race, social class, language, thought, religion, party affiliation, birthplace, gender, sex orientation, age, marital status, pregnancy, looks, mentally/physical handicap, horoscope, blood type, social background, political viewpoint, social status, hidden prejudice, HIV/AIDS affliction, and familial-care burden. Instead, major considerations are personal professional capabilities and education/experience and once admitted into the company, employees are entitled to fair treatment in promotion, performance evaluation, training, and award/penalty, according to corporate system/regulations. There was no case involving violation of human rights or discrimination in the Company in 2023. As of the end of December, 2023, the Taiwan plant employed 111 physically/mentally handicapped persons.

▼ Ratio and Age Group of New Formal Employees of the Company in 2023

| Plant Age Group | Taiwan Plant | | | | Taiwan FGS | | | | Zhong-Shan Plant in China | | | |
|--------------------|--------------|-------|--------|-------|------------|--------|--------|--------|---------------------------|-------|--------|-------|
| | Female | | Male | | Female | | Male | | Female | | Male | |
| | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio |
| Under 29 | 19 | 55.9% | 41 | 68.3% | 2 | 100.0% | 0 | 0.0% | 7 | 31.8% | 12 | 41.4% |
| 30~39 | 9 | 26.5% | 12 | 20.0% | 0 | 0.0% | 0 | 0.0% | 6 | 27.3% | 9 | 31.0% |
| 40~49 | 6 | 17.6% | 6 | 10.0% | 0 | 0.0% | 0 | 0.0% | 5 | 22.7% | 5 | 17.2% |
| 50~59 | 0 | 0.0% | 1 | 1.7% | 0 | 0.0% | 1 | 100.0% | 4 | 18.2% | 0 | 0.0% |
| Above 60 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 3 | 10.4% |
| Total | 34 | 100% | 60 | 100% | 2 | 100% | 1 | 100% | 22 | 100% | 29 | 100% |

| Plant Age Group | Chang-Shu Plant | | | | Long an Plant | | | | Dong-nai Plant | | | |
|--------------------|-----------------|-------|--------|-------|---------------|-------|--------|-------|----------------|-------|--------|-------|
| | Female | | Male | | Female | | Male | | Female | | Male | |
| | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio |
| Under 29 | 5 | 35.7% | 2 | 33.3% | 44 | 52.4% | 68 | 55.7% | 104 | 77.6% | 111 | 71.1% |
| 30~39 | 8 | 57.2% | 3 | 50.0% | 27 | 32.1% | 36 | 29.5% | 29 | 21.7% | 43 | 27.6% |
| 40~49 | 1 | 7.1% | 1 | 16.7% | 7 | 8.3% | 14 | 11.5% | 0 | 0.0% | 2 | 1.3% |
| 50~59 | 0 | 0.0% | 0 | 0.0% | 6 | 7.2% | 4 | 3.3% | 1 | 0.7% | 0 | 0.0% |
| Above 60 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 14 | 100% | 6 | 100% | 84 | 100% | 122 | 100% | 134 | 100% | 156 | 100% |

- 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%.

▼ Age-group Analysis of Formal Employee Resignation of the Company in 2023

| Plant Age Group | Taiwan Plant | | | | Taiwan FGS | | | | Zhong-Shan Plant | | | |
|--------------------|--------------|-------|--------|-------|------------|-------|--------|-------|------------------|-------|--------|-------|
| | Female | | Male | | Female | | Male | | Female | | Male | |
| | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio |
| Under 29 | 17 | 53.1% | 26 | 39.4% | 8 | 34.8% | 7 | 24.1% | 10 | 25.6% | 20 | 40.8% |
| 30~39 | 9 | 28.1% | 28 | 42.4% | 9 | 39.1% | 15 | 51.7% | 11 | 28.2% | 12 | 24.4% |
| 40~49 | 5 | 15.7% | 11 | 16.7% | 5 | 21.7% | 6 | 20.7% | 11 | 28.2% | 9 | 18.4% |
| 50~59 | 1 | 3.1% | 1 | 1.5% | 1 | 4.4% | 0 | 0.0% | 7 | 18.0% | 4 | 8.2% |
| Above 60 | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 1 | 3.5% | 0 | 0.0% | 4 | 8.2% |
| Total | 32 | 100% | 66 | 100% | 23 | 100% | 29 | 100% | 39 | 100% | 49 | 100% |

| Plant Age Group | Chang-Shu Plant | | | | Long an Plant | | | | Dong-nai Plant | | | |
|--------------------|-----------------|-------|--------|-------|---------------|-------|--------|-------|----------------|-------|--------|-------|
| | Female | | Male | | Female | | Male | | Female | | Male | |
| | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio | Number | Ratio |
| Under 29 | 5 | 25.0% | 8 | 30.9% | 32 | 50.8% | 48 | 48.5% | 108 | 61.7% | 140 | 64.5% |
| 30~39 | 13 | 65.0% | 13 | 50.0% | 24 | 38.1% | 36 | 36.4% | 58 | 33.2% | 74 | 34.1% |
| 40~49 | 0 | 0.0% | 3 | 11.5% | 4 | 6.3% | 10 | 10.1% | 6 | 3.4% | 3 | 1.4% |
| 50~59 | 2 | 10.0% | 1 | 3.8% | 2 | 3.2% | 3 | 3.0% | 3 | 1.7% | 0 | 0.0% |
| Above 60 | 0 | 0.0% | 1 | 3.8% | 1 | 1.6% | 2 | 2.0% | 0 | 0.0% | 0 | 0.0% |
| Total | 20 | 100% | 26 | 100% | 63 | 100% | 99 | 100% | 175 | 100% | 217 | 100% |

- The statics resignation above the table are based on voluntary resignation of formal employees, excluding informal employees and the retired, retirement, severance, death, and dismissal.
- Formula for employee resignation: total number of employee resignations for the year ÷ formal employee population as of Year-end (December) × 100%
- As part of the labor- and capital-intensive industry featuring higher turnover, the turnover rate of the Taiwan Plant reached 4.3 % in 2023, a relatively low and stable level.

4.2 Workforce Structure

To cope with difference in various ethnic groups, regulations, and culture among various areas, the Company has embraced various practices tailored to local conditions and legal requirements. As of the end of 2023, the Company has a total workforce of 7,129, of whom 4,214 are male and 2,915 are female. Among them, 5,774 are formal employees, 48.0% of whom in Taiwan, 13.0% in China, and 39.0 in Vietnam, and 1,355 are informal employees.

▼ The Table of Total Workforce in 2023

| Place | | Taiwan | | China | | Vietnam | | Total |
|--|----------|--------------|------------|------------------|-----------------|---------------|----------------|-------|
| Plant | | Taiwan Plant | Taiwan FPS | Zhong Shan Plant | Chang Shu Plant | Long-an Plant | Dong-nai Plant | |
| Formal Employees | Male | 1,555 | 242 | 267 | 136 | 671 | 549 | 3,420 |
| | Female | 747 | 227 | 261 | 100 | 540 | 479 | 2,354 |
| | Subtotal | 2,302 | 469 | 528 | 236 | 1,211 | 1,028 | 5,774 |
| Informal Employees | Male | 379 | 415 | 0 | 0 | 0 | 0 | 794 |
| | Female | 321 | 240 | 0 | 0 | 0 | 0 | 561 |
| | Subtotal | 700 | 655 | 0 | 0 | 0 | 0 | 1,355 |
| Total Employees | Male | 1,934 | 657 | 267 | 136 | 671 | 549 | 4,214 |
| | Female | 1,068 | 467 | 261 | 100 | 540 | 479 | 2,915 |
| | Subtotal | 3,002 | 1,124 | 528 | 236 | 1,211 | 1,028 | 7,129 |
| Average Years of Service of Formal Employees (years) | | 19.0 | 12.3 | 10.9 | 10.8 | 9.2 | 5.6 | - |

- Informal employees are such as contract workers, migrant workers, and part-time workers, and formal employees are all permanent employees. In 2023, there is no non-guaranteed hours employees.
- There were 511 foreign workers (237 were male; 274 were female) in Taiwan Plant, whose nationalities were Thailand (26.6%), Philippine (69.9%), and Vietnam (3.5%).
- The Petroleum Business Division in Taiwan runs gas stations. Informal employees are part-time workers.
- In 2023, there were 487 non-employee persons, including 88 at Taiwanese plant and others at overseas plants, who are mainly for equipment maintenance and renovation engineers. The statics was calculated according to the data on receiving education and training of occupational safety and hygiene.

▼ Ratio of Female to Male in different positions and age groups in 2023 (1/2)

| Item | Plant | Taiwan Plant | | | | Taiwan FPS | | | | Zhong Shan Plant | | | |
|-----------|---|--------------|------|-------|-------|------------|------|-------|-------|------------------|-------|-------|-------|
| | Gender | Female | Male | Total | Ratio | Female | Male | Total | Ratio | Female | Male | Total | Ratio |
| Position | Managerial staff (and above) | 1 | 22 | 23 | 1.0% | 0 | 1 | 1 | 0.2% | 0 | 〈 2 〉 | 〈 2 〉 | 0% |
| | 1 st and 2 nd level supervisors | 18 | 329 | 347 | 15.1% | 1 | 16 | 17 | 3.6% | 24 | 48 | 72 | 13.6% |
| | Base-level supervisors | 111 | 526 | 637 | 27.7% | 45 | 69 | 114 | 24.3% | 81 | 99 | 180 | 34.1% |
| | Base-level employees | 617 | 678 | 1295 | 56.3% | 181 | 156 | 337 | 71.9% | 156 | 120 | 276 | 52.3% |
| | Subtotal | 747 | 1555 | 2302 | 100% | 227 | 242 | 469 | 100% | 261 | 267 | 528 | 100% |
| Age Group | Under 29 | 59 | 136 | 195 | 8.5% | 22 | 53 | 75 | 16% | 23 | 31 | 54 | 10.2% |
| | 30~39 | 98 | 275 | 373 | 16.2% | 90 | 82 | 172 | 36.7% | 110 | 88 | 198 | 37.5% |
| | 40~49 | 309 | 419 | 728 | 31.6% | 81 | 64 | 145 | 30.9% | 106 | 103 | 209 | 39.6% |
| | 50~59 | 253 | 553 | 806 | 35% | 31 | 36 | 67 | 14.3% | 17 | 42 | 59 | 11.2% |
| | Over 60 | 28 | 172 | 200 | 8.7% | 3 | 7 | 10 | 2.1% | 5 | 3 | 8 | 1.5% |
| | Subtotal | 747 | 1555 | 2302 | 100% | 227 | 242 | 469 | 100% | 261 | 267 | 528 | 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 ratio of female managers is low.

▼ Ratio of Female to Male in different positions and age groups in 2023 (2/2)

| Item | Plant | Chang-Shu Plant | | | | Long an Plant | | | | Dong-nai Plant | | | |
|-----------|---|-----------------|-------|-------|-------|---------------|-------|-------|-------|----------------|-------|-------|-------|
| | Gender | Female | Male | Total | Ratio | Female | Male | Total | Ratio | Female | Male | Total | Ratio |
| Position | Managerial staff (and above) | 0 | 〈 1 〉 | 〈 1 〉 | 0% | 0 | 〈 3 〉 | 〈 3 〉 | 0% | 0 | 〈 2 〉 | 〈 2 〉 | 0% |
| | 1 st and 2 nd level supervisors | 21 | 23 | 44 | 18.6% | 29 | 21 | 50 | 4.1% | 20 | 15 | 35 | 3.4% |
| | Base-level supervisors | 47 | 59 | 106 | 44.9% | 59 | 92 | 151 | 12.5% | 59 | 86 | 145 | 14.1% |
| | Base-level employees | 32 | 54 | 86 | 36.4% | 452 | 558 | 1010 | 83.4% | 400 | 448 | 848 | 82.5% |
| | Subtotal | 100 | 136 | 236 | 100% | 540 | 671 | 1211 | 100% | 479 | 549 | 1028 | 100% |
| Age Group | Under 29 | 7 | 6 | 13 | 5.5% | 177 | 229 | 406 | 33.5% | 261 | 277 | 538 | 52.3% |
| | 30~39 | 64 | 76 | 140 | 59.3% | 180 | 223 | 403 | 33.3% | 172 | 227 | 399 | 38.8% |
| | 40~49 | 29 | 36 | 65 | 27.5% | 127 | 160 | 287 | 23.7% | 37 | 38 | 75 | 7.3% |
| | 50~59 | 0 | 18 | 18 | 7.6% | 56 | 58 | 114 | 9.4% | 9 | 7 | 16 | 1.6% |
| | Over 60 | 0 | 0 | 0 | 0% | 0 | 1 | 1 | 0.1% | 0 | 0 | 0 | 0% |
| | Subtotal | 100 | 136 | 236 | 100% | 540 | 671 | 1211 | 100% | 479 | 549 | 1028 | 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 ratio of female managers is low.

4.3 Employees' Remuneration and Benefits

To provide employees stable and reasonable living protection, the Company abides by the regulations on wage stipulated by the regional Acts, and 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. Moreover, the Company takes out the insurance for employees in compliance with the regional regulations to protect labors’ rights. Except workers whose service year is less than 3 months, appraisals of employees’ performance are conducted on monthly, quarterly and annual bases according to the “Regulations for Performance Appraisals of Employees”; the results are served as the basis for pay hike and issuance of year-end bonus, and reference for the cultivation of management trainee, promotion and job reassignment.

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 |
|------|--------------------------------------|----------------------------------|-------------------------------|
| 2023 | 564 | 493 | 2,910 |
| 2022 | 590 | 523 | 2,968 |

- Full-time employees on the table excludes upper executives, employees of subsidiary from within and outside border, foreign workers.
- Ratio of highest salary to the median salary of total annual salary of employees in Taiwan (excluding the highest salary) in 2023 was 12.4 times; the salary growth of highest salary to median salary of total annual salary of employees was -21%.

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. 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.

■ Maternal and Birth Care

To encourage the employees to keep a balance between work and family life and protect their employment rights, the Company abides by the Acts and rules. Take the Taiwan plant for example, a breastfeeding room was installed and in accordance with the “Labor Standards Act” and “Act of Gender Equality in Employment” the leave for pregnancy checkups and maternity leave are provided for pregnant employees, and their spouses can apply for the leave of pregnancy checkup accompaniment. Parental leaves are also provided for those who need to take care of the newborn babies. In 2023, a total of 3 employees, 1 male and 2 females submitted such application

To encourage childbirth, the company put forth "measures incentivizing childbirth" in July 2022, offering pregnancy and childbirth gifts and childbirth and childrearing subsidies to employees and their spouses, including NT\$10,000 childbirth subsidy and NT\$1,000 monthly childrearing subsidy, up to six years of age, with such subsidies totaling NT\$ 3,295,000 as of the end of 2023.

■ System for Job Improvement Proposal by Employees

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.“ In addition, the measures in response to the green office activities were included in the scope of IE proposal in December, 2023 to promote the concept of environmental protection and fulfill the Company’s idea of sustainable development.

▼ Statistics of Work Improvement Proposals over the Past Two Years

| Item | Number of Proposals | Reward Amount (New Taiwan Dollars) | Achievement Rewards | | |
|-----------|---------------------|---------------------------------------|---------------------|---------------------------------|--|
| | | | Number of Proposals | Rewards (New Taiwan Dollars) | Annual Benefit (New Taiwan Dollars) |
| Year 2023 | 2,538 | 289,000 | 6 | 24,756 | 6,158,996 |
| Year 2022 | 2,517 | 285,100 | 6 | 17,644 | 997,861 |

4.4 Career Development

The Company adheres to the principle of sustainable inheritance including culture, experience, and technology and encourages the employees to keep acquiring knowledge and new skills. Moreover, the Company records the training status of employees through e-learning training management system. In 2023, the Company held 1,961 trainings including 143 external trainings. The expense for external training were NT\$ 1,041,288. The total training hours of the Company in 2023 was 187,283, and the average training hour of per staff was 26.27.

To encourage employees to learn the second language and improve the language skills, the Company held TOEIC test lectures for employees in 2023. 10 employees attended these lectures; the attendance rate 97.3%[B/A], which the actual training hours were 548.

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

▼ The Statics of Training Programs Conducted in 2023

| Category | Management | Environmental Health and Safety | Continuing education programs | Quality control | Techniques | IT | Others | Special Expertise | External Training | Total |
|----------------------------------|------------|---------------------------------|-------------------------------|-----------------|------------|----|--------|-------------------|-------------------|-------|
| Number of Training Course | 656 | 557 | 182 | 53 | 254 | 5 | 81 | 30 | 143 | 1,961 |

▼ **Total Training Hours Conducted in 2023 Divided by Genders and Positions**

| Item | | Position | | |
|---------------------------------------|--------|---|------------------------|----------------------|
| | | 1 st and 2 nd level supervisors | Base-level supervisors | Base-level employees |
| The number of Total attendances | Male | 1,894 | 10,269 | 20,441 |
| | Female | 208 | 4,577 | 13,503 |
| | Total | 2,102 | 14,846 | 33,944 |
| Total Training Hours Unit: Hours | Male | 7,883 | 32,313 | 82,085 |
| | Female | 611 | 14,326 | 50,065 |
| | Total | 8,494 | 46,639 | 132,150 |
| Average training hours per attendance | Male | 4.16 | 3.15 | 4.02 |
| | Female | 2.94 | 3.13 | 3.71 |
| | Total | 4.04 | 3.14 | 3.89 |

The Definition of Position is that the first level supervisors are plant/department managers, and the second level supervisors are section managers.

▼ **The Statics of Training Hours of the Whole Company in 2023**

| Category | Male | Female | Total |
|------------------------------|---------|--------|---------|
| Total Training Hours (Hours) | 122,281 | 65,002 | 187,283 |
| Total employees | 4,214 | 2,915 | 7,129 |
| Average training hours | 29.02 | 22.30 | 26.27 |

The total employees shown the table above is as of Dec., 31, 2023, including foreign workers.

4.5 Occupational Health and Safety

Occupational Safety and Health Management System

The Company devotes to creating a health and safe workplace, five plants in three countries has obtained ISO 45001:2018 EHS management system. All employees and suppliers of five plants were received the internal/external EHS management system audit. Given widespread distribution of its gas stations in Taiwan, each with limited number of employees and small-scale independent operation, the oil product business division has gas-station chief handle safety and health affairs, as well as related education and training, adopting precautionary measures to prevent harm to station workers, either physically or spiritually, and assurance their abidance with safety and hygiene work rules of gas stations.

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 President, while the labor representatives assisting in the supervision and proposal of relevant plans account for 40% (the main plant) and 33.3% (the 2nd plant), respectively. For many years, we have adhered to our management philosophy of “Balancing Environmental Safety and Health with Economic Development” and established Occupational Safety and Health Management Plans that comply with relevant regulations and held the meeting every three month. Through the effective operation of the Occupational Safety and Health Committee and risk evaluation, the Company has incorporated hazard identification and risk management strategies for implementation. Through constant inspection and issue identification, prompt corrective measures can be taken to ensure continuous improvements and increase Safety and Health Management performance. For overseas plants, the meeting is held every month with the participation of each department director and supervisor to review the promotion of safety and hygiene affairs.

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.

Hazard Identification

Identify various hazardous factors for occupational safety and hygiene in various operations and facilities and investigation of occupational accidents °

Risk Evaluation

Carry out quantified evaluation of various hazardous factors, including exposure frequency, probability, and severity of consequence of hazards.

Risk Handling

List “risks needing handling,” based on evaluated risk grade as priority task for improvement and track progress of improvement via management program (action plan)

The company executed improvement program on handling of industrial-safety risk, including additional installation of warning lights, installation of prevention of clipping and rolling covers on coating machines, JD burning incident, installation of protective cover on laminating machines, installation of safety cover for lapping machine, and installation of safety protection device for embossing machine, expecting that no injury occurred.

| Plant | Taiwan Plant | Zhong- Shan Plant | Chang- Shu Plant | Long-An Plant | Dong-Nai Plant |
|---|--------------|-------------------|------------------|---------------|----------------|
| Number of identified/ evaluated hazards | 1,492 | 223 | 360 | 182 | 160 |
| Number of Unacceptable (High) Risk Cases After Evaluation | 12 | 1 | 8 | 22 | 17 |
| Number of Improvements with Specific Targets | 12 | 1 | 8 | 22 | 17 |
| Number of Amended/Stipulated Management Documents | 11 | 3 | 1 | 7 | 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 2023 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 2023 (1/2)

| Plant | Monitored Operating Site | Monitored Item | Monitoring Cycle | Number of Monitoring Sites for the Whole Year | Results |
|-------------------|---|---|------------------|---|--|
| 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 | 78 | First half of 2023: 72.4(dB)~95.2(dB) Second half of 2023: 69.3(dB)~96.4(dB) Outfitted with soundproof gear (earmuff, earplug) |
| | Dusty operating site | 4th Category Dust, 4th Category Respirable Dust | Once/half year | 16 | Lower than 1/10 tolerance for standard value |
| | Operating site for organic solvent | Organic Solvents | Once/half year | 121 | Lower than detectable limit-1/5 tolerance for standard value |
| | Operating site for specific chemical | Specific chemical | Once/half year | 8 | Lower than detectable limit-1/2 tolerance for standard value |
| Zhong-Shan | High temperature operating site | High temperature (°C) | Once / year | 8 | Standard 31 °C , measured temperature in summer 28.1°C |
| | Noisy operating site | Noise (dB) | Once / year | 58 | 85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug) |
| | Dusty operating site | 4 th Category Dust, 4 th Category Respirable Dust | Once / year | 5 | Lower than 1/10 tolerance for standard value |
| | Operating site for organic solvent | Organic Solvents | Once / year | 12 | Lower than detectable limit-1/4 tolerance for standard value |
| | Operating site for specific chemical | Specific chemical | Once / year | 56 | Lower than detectable limit-1/5 tolerance for standard value |

Summary of Monitored Items of Workplace in the Five Plants in 2023 (2/2)

| Plant | Monitored Operating Site | Monitored Item | Monitoring Cycle | Number of Monitoring Sites for the Whole Year | Results |
|------------------|--------------------------------------|---|------------------|---|---|
| Chang-Shu | Operating site for organic solvent | Organic solvent | Once / year | 3 | Lower than detectable limit-1/4 tolerance for standard value |
| | Operating site for specific chemical | Specific chemical | Once / year | 6 | Lower than detectable limit-1/5 tolerance for standard value |
| | Dusty operating site | 4th Category Dust, 4th Category Respirable Dust | Once / year | 2 | Lower than 1/10 tolerance for standard value |
| | Noisy operating site | Noise (dB) | Once / year | 11 | 85(dB)~95(dB) Outfitted with soundproof gear (earmuff, earplug) |
| | High temperature operating site | High temperature (°C) | Once / year | 8 | Standard 31 °C , measured temperature in summer 30.5°C |
| Long-an | Noisy operating site | Noise (dB) | Once / year | 59 | 85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug) |
| | Dusty operating site | 4th Category Dust, 4th Category Respirable Dust | Once / year | 59 | Lower than detectable limit-1/4 tolerance for standard value |
| | Operating site for organic solvent | Organic solvent | Once / year | 21 | Lower than detectable limit-1/3 tolerance for standard value |
| Dong-nai | Noisy operating site | Noise(dB) | Once / year | 42 | 85(dB)~95(dB) Outfitted with soundproof gear (earmuff, earplug) |
| | Operating site for organic solvent | Organic solvent | Once / year | 5 | Lower than detectable limit-1/3 tolerance for standard value |
| | Hazardous Gases | CO2 、SO2 、NH3 | Once / year | 5 | Lower than detectable limit-1/3 tolerance for standard value |

■ Management of Chemical Usage

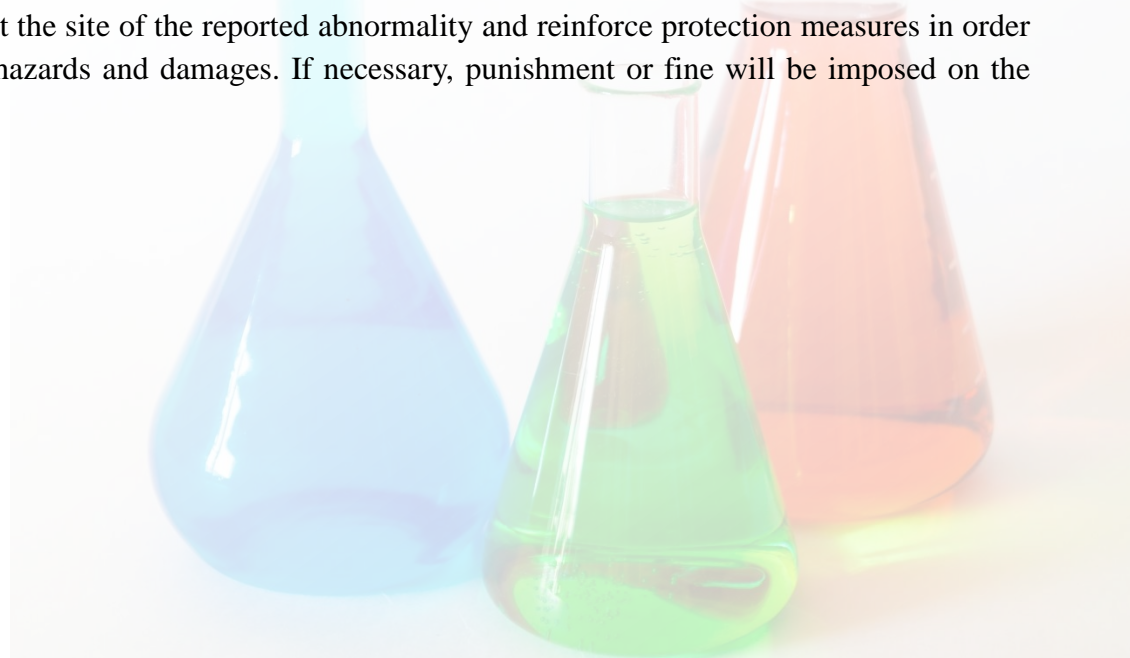
To ensure the safety of operators and equipment, such regulations governing hazardous chemical operations, labeling and general knowledge, and public hazardous objects are established to strengthen safety management, control operations, safety and health facility establishment, emergency management, and supervision inspections.

1) 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.

2) Transportation and Storage Management of Chemicals

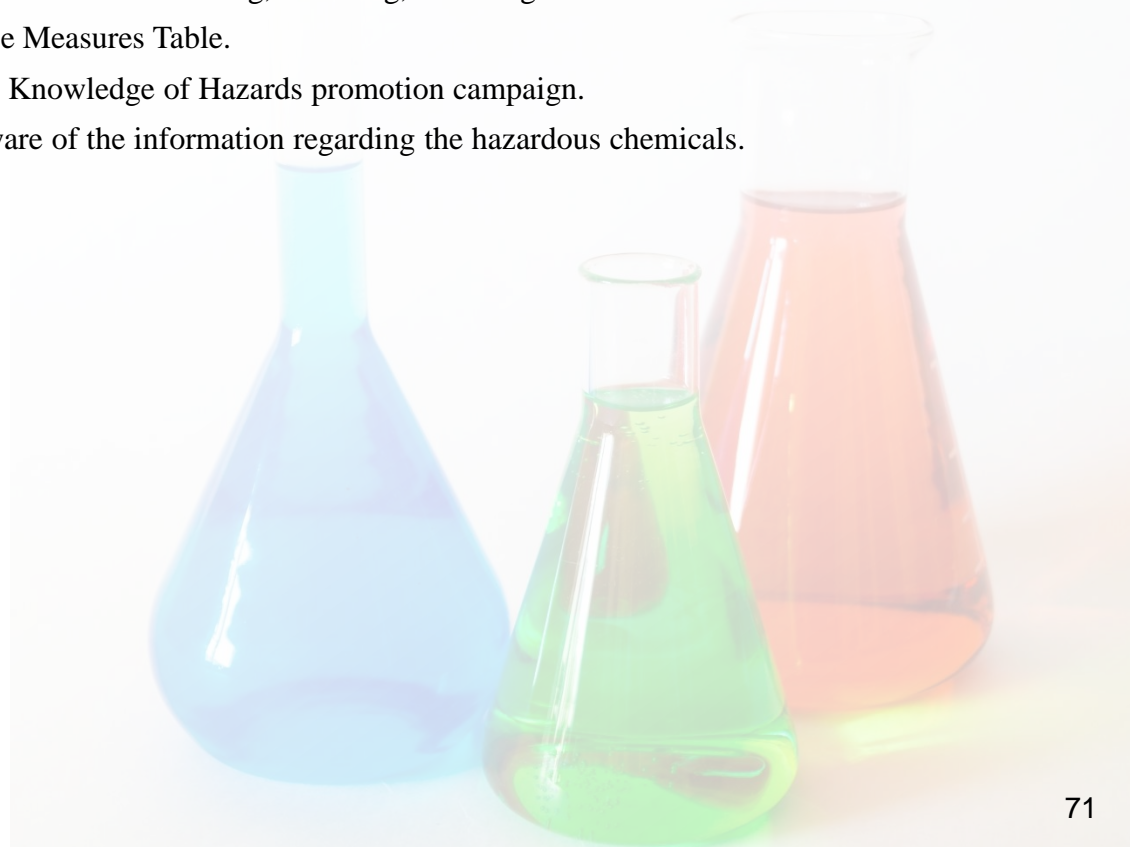
In addition to establishing clear warning signs and labels for storage in order to increase the awareness of onsite personnel regarding potential hazards and self-protection, the Company has also installed anti-overflow embankments of suitable height or leakage prevention devices with similar functions 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.



3) 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:

- Compilation and organization of the “Hazardous Chemical Inventory.”
- Preparation of the floor layout of the plant for the storage location of hazardous chemicals.
- Preparation of the labeling for hazardous chemicals.
- 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.
- Supervision of personnel training for the “General Knowledge of the Manufacturing, Handling, and Usage of Hazardous Chemicals.”
- Stipulation of the Accident Prevention and Emergency Response Measures Table.
- Assisting the Industrial Safety & Hygiene Office in the General Knowledge of Hazards promotion campaign.
- Other necessary measures to ensure that employees are fully aware of the information regarding the hazardous chemicals.



■ Health Management and Health Promotion

1) 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 table below. The Company also integrates the internal and external resources to arrange the healthy programs and lectures such as prevention of cardiovascular disease to better improve the employees’ health. For contractors, toolbox meetings are held before work begins to ensure that contractor personnel fully understand the day’s work content and scope. These meetings also inform them about potential hazards in the work area and the safety measures to be taken. Personal protective equipment checks are conducted before work starts, and assessments of physical and mental conditions, including blood pressure measurements and balance tests, are performed. Safety information and reminders about potential hazards are provided to ensure safe work practices.

| Plant | Age Groups of Employees | Physical Examination Period | Number of Examined Employees |
|------------|-------------------------------|-----------------------------|------------------------------|
| Taiwan | Under 40 years old | Once every 5 years | 684 employees in 2020 |
| | Between 40 and 65 years old | Once every 3 years | 1,650 employees in 2022 |
| | Above 65 years old | Once every year | 3 employees in 2023 |
| Zhong-Shan | New and existing operators | Once every year | 45 employees in 2023 |
| Chang-Shu | New and existing operators | Once every year | 56 employees in 2023 |
| Long-an | Workers in common environment | Once every year | 1,018 employees in 2023 |
| Dong-nai | Workers in common environment | Once every year | 993 employees in 2023 |

2) 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.

- **Special Health Examination Results in Taiwan Plant:**

The task is carried out according to “Rule on Labor Health Protection.” For the 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 Taiwan Plant in 2023 are as follows:

| Special Health Examination Items | Grade 1 (Unit: headcount) | Grade 2 (Unit: headcount) | Grade 4 (Unit: headcount) | Number of Examined Personnel (Unit: headcount) |
|----------------------------------|------------------------------|------------------------------|------------------------------|---|
| Noise (Hearing) | 352 | 381 | 6 | 739 |
| Dust | 36 | 15 | 0 | 51 |
| Dimethylformamide | 74 | 57 | 0 | 131 |
| Diisocyanate | 10 | 0 | 0 | 10 |
| Hyperthyroidism | 21 | 8 | 0 | 29 |
| Nickel and its compounds | 5 | 3 | 0 | 8 |
| Subtotal | 498 | 464 | 6 | 968 |

- **Special Health Examination Results in China Plants:**

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 China Plants in 2023 are as follows:

| Unit: headcount | Special Health Examination Items | Normal | Abnormal | Number of Examined Personnel |
|-------------------------|----------------------------------|--------|----------|------------------------------|
| Zhong-Shan Plant | Noise (Hearing) | 94 | 0 | 94 |
| | Dust | 27 | 0 | 27 |
| | Chemicals | 97 | 0 | 97 |
| | Subtotal | 218 | 0 | 218 |
| Chang-Shu Plant | Dust | 14 | 0 | 14 |
| | Toluene, Dimethylformamide | 13 | 0 | 13 |
| | Subtotal | 27 | 0 | 27 |

- **Special Health Examination Results in Vietnam Plants:**

Physical examination at Vietnamese plants: Arrange hearing ability examination in factory premises and follow-up check at qualified hospitals for those found to have hearing impairment in the initial examination. Statistics of Special Health Examination Results in Vietnam Plants in 2023 are as follows:

| Plant | Health Examination Items | Normal (Unit: headcount) | Abnormal (Unit: headcount) | Number of Examined Personnel (Unit: headcount) |
|-----------------------|--------------------------|--------------------------|----------------------------|--|
| Long-an Plant | Noise (Hearing) | 93 | 0 | 93 |
| | Dust | 8 | 0 | 8 |
| | Toluene | 18 | 0 | 18 |
| | Subtotal | 119 | 0 | 119 |
| Dong-nai Plant | Noise (Hearing) | 312 | 0 | 312 |
| | Subtotal | 312 | 0 | 312 |

■ Promoting Workers' Physical and Mental Health Activities

To establish correct health and weight loss concepts and to encourage employees to reduce body fat for better health and to prevent chronic diseases, a voluntary weight loss program was conducted from September 1 to December 31, 2023. The program targeted individuals with a Body Mass Index (BMI) over 27, and those with a BMI between 24 and 27 were encouraged to participate. At the beginning of each month, participants received regular health education and had their weight, waist circumference, BMI, and blood pressure measured and recorded. In addition, a weight loss sharing LINE group was established. Health management nurses compiled the data from before and after measurements and provided participants with a “Weight Loss Effectiveness Report”. A total of 67 people participated in the program, with an average weight loss of 2.63 kg per person and a 0.94% decrease in BMI. The top participant lost 21.7 kg. In terms of awards, they were given in categories such as “Weight Loss Ranking Award”, “Outstanding Weight Loss Award”, and “Persistence Award”, with winners receiving prizes and public recognition.

| Date | Contents | Number of Participants |
|------------------|--|------------------------|
| 2023/01/04-12/29 | Assessment for Prevention of Physical hazard of high risk employees | 18 |
| 2023/01/04-12/29 | Guidance for employee health | 435 |
| 2023/01/04-12/29 | Prevention for cardiovascular diseases | 95 |
| 2022/01/04-12/29 | Protection for Maternal Employees Health | 5 |
| 2023/08/22 | Healthy Lectures for the Three Highs: high blood pressure, high cholesterol, and high blood sugar. | 70 |
| Irregular | Subsidies for various employee clubs (19 clubs, including mountaineering clubs outing club, bike club, and dancing club) in holding outdoor activities | |

■ Emergency Response and Rescue

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. Given increasing threat of cardiovascular diseases on the health, 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.

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 |
|-----------------------------|--------------------|--------------------|-------------------------------------|
| Main Plant | 2,426 | 2 Full-time Nurses | 6 Visits / Month |
| 2nd Plant | 444 | 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.

Contractor Occupational Safety and Health Participation, Consultation, and Communication

The Company regularly conducts educational training and agreement meetings for contractor personnel, supervisors, and safety inspectors. These sessions cover the work environment, potential hazards, and the safety and health measures that should be taken during construction. Moreover, our Company handles contractor personnel and vehicle site access applications, equipment inspections, workplace inspections, and regular assessments of contractor safety and health performance. In 2023, there was one occupational accident involving a contractor, categorized as a safety incident related to exposure to high or low temperatures. To prevent recurrence, our Company has revised the “Contractor Safety, Health, and Environmental Management Measures”, enhancing toolbox meetings with contractors to ensure they fully understand changes in the work environment and preventive measures. Our Company also strengthens the promotion of relevant laws, safety regulations, and case studies to maintain a safe working environment.

Occupational Disaster (Disease) Statistics and Prevention

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 of employees of the Company in 2023, there were eighteen cases resulted from unsafe act. Occupational injuries are expected to eliminate through the occupational and safety training, conformity of Stand Operation Procedure, and supervision. In 2023, no occupational disease for employees and suppliers occurred.

Occupational Disaster Statistics (excluding traffic accidents) of five plants and gas stations over past two years

| Plant | | Taiwan Plant | | FGS | | Plants in China | | Plants in Vietnam | |
|---|--------|--------------|-----------|-----------|-----------|-----------------|-----------|-------------------|-----------|
| Year | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Number of fatalities as a result of work-related injury | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate of fatalities as a result of work-related injury | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of high consequence work-related injuries (excluding fatalities) | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Rate of high consequence work-related injuries (excluding fatalities) | Male | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Female | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Number of recordable work-related injuries | Male | 7 | 7 | 1 | 1 | 1 | 2 | 1 | 0 |
| | Female | 1 | 2 | 1 | 1 | 1 | 3 | 0 | 2 |
| | Total | 8 | 9 | 2 | 2 | 2 | 5 | 1 | 2 |
| Rate of recordable work-related injuries | Male | 1.28 | 1.23 | 0.52 | 0.45 | 0.65 | 1.05 | 0.23 | 0 |
| | Female | 0.18 | 0.35 | 0.52 | 0.45 | 0.65 | 1.57 | 0 | 0.70 |
| | Total | 1.46 | 1.58 | 1.04 | 0.90 | 1.29 | 2.62 | 0.23 | 0.70 |
| Working hours | | 5,447,520 | 5,656,391 | 1,910,873 | 2,183,691 | 1,550,256 | 1,908,474 | 4,409,192 | 2,874,648 |

- Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injury /working hours) × 10⁶.
- Rate of high-consequence work-related injuries (excluding fatalities) = Number of high consequence work related injuries (excluding fatalities)/ working hours × 10⁶.
- Rate of recordable work-related injuries = Number of recordable work-related injuries/ Number of hours worked × 10⁶.
- High-consequence work-related injuries refers that work-related injury results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six months.

■ Training on Environment, Safety and Hygiene

Due to the need of related certificates for some operations, the safety and hygiene department 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 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, as guidance for the implementation and control of various units' annual education and training on safety/hygiene/environmental protection/fire-fighting.

| Plant | Training Type | Main Training Course | Target Groups | Training Hours / Participants |
|------------|--------------------------|--|---|-------------------------------|
| Taiwan | Safety and Health | Safety and health education and training (including the use of protective equipment) | All employees | 540 hours/6,148 participants |
| | | Hazardous chemical substance labels and general knowledge training | Chemical substance operation departments | |
| | Environmental Protection | Operation personnel environmental protection training | All employees | 472 hours/7,000 participants |
| | | Chemical substance (including wastewater) leakage and handling training | Public works department, chemical substance operation departments | |
| | Fire-fighting | Air pollution, water pollution, waste and toxic operations training | All environmental protection operation departments | |
| FGS | | Firefighting education and training (including the use of protective equipment) | All employees | 193 hours/4,825 participants |
| | Safety and Health | General training on Hazardous Substances | All employees | 7 hours/3,258 participants |
| | Environmental Protection | Response on oil leakage and emergency prevention | All employees | 6 hours/3,174 participants |
| | | Drills on response to water leakage, air and land pollution | All employees | |
| Zhong-Shan | Fire-fighting | Emergency drill on earthquake and fire fighting | All employees | 8 hours/3,172 participants |
| | Safety and Health | Hazardous chemical substance labels and general knowledge training | Chemical substance operation departments | 113 hours/226 participants |
| | Environmental Protection | Drills on response to chemicals (including wastewater) leakage | Public works department, chemical substance operation departments | 136 hours/34 participants |
| | Fire-fighting | Drills on fire-fighting | All employees | 1,060hours/530 participants |

| Plant | Training Type | Main Training Course | Target Groups | Training Hours / Participants |
|-----------|--------------------------|--|---|--------------------------------|
| Chang-Shu | Safety and Health | Trainings on safe production regulations | All employees | 155 hours/237 participants |
| | | Trainings on prevention of occupational diseases | All employees | |
| | Environmental Protection | General Training on Environmental Protection Law | All employees | 12 hours/125 participants |
| | | Hazardous chemical substance labels and general knowledge training | Chemical substance operation departments | |
| | | Drill on prevention of air, water, and waste pollution | All environmental protection operation departments | |
| | Fire-fighting | Drills on emergency and fire-fighting | All employees | 實操訓練237人次 |
| Long-an | Safety and Health | Safety and health education and training (including the use of protective equipment) | All employees | 412 hours/206 participants |
| | | Hazardous chemical substance labels and general knowledge training | Chemical substance operation departments | 307 hours/307 participants |
| | | EHS trainings on Team 1,2,3,4,5,6 | All employees | 9,088 hours/1,136 participants |
| | Environmental Protection | Drills on response to chemicals (including wastewater) leakage | Public works department, chemical substance operation departments | 627 hours/209 participants |
| | | Drill on prevention of air, water, and waste pollution and hazardous chemicals | All environmental protection operation departments | 255 hours//255 participants |
| | Fire-fighting | Drills on emergency and fire-fighting | All employees | 8,624 hours/1,078 participants |
| Dong-nai | Safety and Health | Safety and health education and training (including the use of protective equipment) | All employees | 580 hours/290 participants |
| | | Hazardous chemical substance labels and general knowledge training | Chemical substance operation departments | 381 hours/127 participants |
| | | EHS trainings on Team 1,2,3,4,5,6 | All employees | 6,632 hours/826 participants |
| | Environmental Protection | Drills on response to chemicals (including wastewater) leakage | Public works department, chemical substance operation departments | 486 hours/162 participants |
| | | Drill on prevention of air, water, and waste pollution and hazardous chemicals | All environmental protection operation departments | 270 hours/90 participants |
| | Fire-fighting | Drills on emergency and fire-fighting | All employees | 6,440 hours/805 participants |

4.6 Society Engagement

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," fulfilling its corporate social responsibility and giving back to the community/ society by maintaining a good public image and corporate reputation.

Measures

1) Education

The Company has operated Formosa Taffeta Kindergarten for 43 years, which brings convenience, emotional security and benefits to parents. Besides employees' children, children living in the neighborhood also benefit from this measures; 53 children attended the kindergarten in 2023.

2) Environmental Protection

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 unit.) 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.

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.

3) Giving back to local communities

| No. | Type of Donation | Number of Events |
|-----|--|------------------|
| 1 | Temple and festival activities in neighboring communities | 17 |
| 2 | Consultation for the neighborhood volunteer civil defense force | 3 |
| 3 | Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities | 9 |
| 4 | Activities organized by community vulnerable group foundations | 5 |
| 5 | Donations to charities and events of neighboring schools and organizations | 12 |
| 6 | Sponsoring other environmental protection activities and events in neighboring communities | 1 |

Total number of sponsoring events and donations made in 2023 47

Investment in Community Relations in 2023 was NT\$ 560,000

External Industry, Academic, and Research Cooperation Projects

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 | Analysis on the adhesion on the fabrics and costing surface (or membrane) of traditional fixing agent with Bisphenol S and environmental fixing agent | 20 | 2023-2024 |
| | Development and application of replacing silver catalyst with tin palladium catalyst. | 25 | 2021~2022 |
| | Replacing Silver Activator with Sn-Pd Colloidal dispersion in Chemical Plating Copper solution and developing a new reducing agent in place of Formaldehyde | 30 | 2021~2022 |
| Taiwan Textile Research Institute | Inspection evaluation techniques on functional and protection fabrics | 35 | 2022-2023 |
| | Testing and development of functional fabrics and protective fabrics | 50 | 2014~2022 |

Appendix

GRI Index

SASB Index

Climate-Related Information of TWSE/TPEX Listed Company

Assurance Statement

GRI Index

Statement of use: FTC's 2023 Sustainability Report complies with the requirements of new GRI Standards. The scope of data and information disclosed is January 1 to December 31, 2023.

GRI 1 Used Version: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): None

| GRI Standard | Disclosure | Correspondent Chapter | Note |
|--------------|------------|-----------------------|------|
|--------------|------------|-----------------------|------|

GRI 2: General Disclosures 2021

The organization and its reporting practices

| | | | |
|-----|--|---|--|
| 2-1 | Organizational details | About this Report 1.1 About the Company | |
| 2-2 | Entities included in the organization's sustainability reporting | About this Report | |
| 2-3 | Reporting period, frequency and contact point | About this Report | |
| 2-4 | Restatements of information | 3.3 Water Resource Management | Water Withdrawal in Taiwan Plant in 2022 |
| 2-5 | External assurance | About this Report Verification Statement | |

Activities and workers

| | | | |
|-----|--|--|--|
| 2-6 | Activities, value chain and other business relationships | 1.1 About the Company 2.6 Supply Chain Management | |
| 2-7 | Employees | 4.2 Workforce Structure | |
| 2-8 | Workers who are not employees | 4.2 Workforce Structure | |

Governance

| | | | |
|------|---|--------------------------|--|
| 2-9 | Governance structure and composition | 2-1 Corporate Governance | |
| 2-10 | Nomination and selection of the highest governance body | 2-1 Corporate Governance | |
| 2-11 | Chair of the highest governance body | 2-1 Corporate Governance | |

| GRI Standard | Disclosure | Correspondent Chapter | Note |
|--------------|---|--|------|
| 2-12 | Role of the highest governance body in overseeing the management of impacts | 2-1 Corporate Governance | |
| 2-13 | Delegation of responsibility for managing impacts | 2-1 Corporate Governance | |
| 2-14 | Role of the highest governance body in sustainability reporting | 2.2 Promotion of Corporate Sustainable Development | |
| 2-15 | Conflicts of interest | 2-1 Corporate Governance | |
| 2-16 | Communication of critical concerns | 2-1 Corporate Governance | |
| 2-17 | Collective knowledge of the highest governance body | 2-1 Corporate Governance | |
| 2-18 | Evaluation of the performance of the highest governance body | 2-1 Corporate Governance | |
| 2-19 | Remuneration policies | 2-1 Corporate Governance | |
| 2-20 | Process to determine remuneration | 2-1 Corporate Governance | |
| 2-21 | Annual total compensation ratio | 4.3 Employees' Remuneration and Benefits | |

Strategy, policies and practices

| | | | |
|------|--|---|--|
| 2-22 | Statement on sustainable development strategy | President's Message | |
| 2-23 | Policy commitments | 2.3 Business Ethical 4.1 Human Rights Protection | |
| 2-24 | Embedding policy commitments | 2.3 Business Ethical | |
| 2-25 | Processes to remediate negative impacts | 2-4 Risk Management 3.1 Air Pollutant Control 3.2 Climate Change Response 3.3 Water Resource Management 3.4 Energy Management 3.6 Cultivation of Green Sustainability 4.1 Human Rights Protection 4.5 Occupational Health and Safety | |
| 2-26 | Mechanisms for seeking advice and raising concerns | 2-4 Risk Management | |
| 2-27 | Compliance with laws and regulations | 2-4 Risk Management | |
| 2-28 | Membership associations | 1.1 About the Company | |

| GRI Standard | Disclosure | Correspondent Chapter | Note |
|--|--|--|---|
| Stakeholder engagement | | | |
| 2-29 | Approach to stakeholder engagement | 1.2 Stakeholders Engagement | |
| 2-30 | Collective bargaining agreements | - | The Company has not entered into a group agreement but still takes into account the opinions of unions and labor management meetings during implementation. |
| GRI 3: Material Topic 2021 | | | |
| 3-1 | Process to determine material topics | 1.3 Identification of Material Topics | |
| 3-2 | List of material topics | 1.3 Identification of Material Topics | |
| Material Topic: Business Performance | | | |
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 2.5 Business Performance | |
| 201-1 | Direct economic value generated and distributed | 2.5 Business Performance | |
| Material Topic: Water Resource Management | | | |
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 3.3 Water Resource Management | |
| 303-1 | Interactions with water as a shared resource | 3.3 Water Resource Management | |
| 303-2 | Management of water discharge-related impacts | 3.3 Water Resource Management | |
| 303-3 | Water withdrawal | 3.3 Water Resource Management | |
| Material Topic: Information Security and Customer Privacy | | | |
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 2-4 Risk Management | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 2-4 Risk Management 2.5 Business Performance | |

| GRI Standard | Disclosure | Correspondent Chapter | Note |
|--------------|------------|-----------------------|------|
|--------------|------------|-----------------------|------|

Material Topic: Air Pollutant Control

| | | | |
|-------|---|--|--|
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 3.1 Air Pollutant Control | |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 3.1 Air Pollutant Control | |

Material Topic: Climate Change Response

| | | | |
|-------|--|--|--|
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 3.2 Climate Change Response | |
| 201-2 | Financial implications and other risks and opportunities due to climate change | 3.2 Climate Change Response 3.4 Energy Management | |
| 305-1 | Direct (Scope 1) GHG emissions | 3.2 Climate Change Response | |
| 305-2 | Energy indirect (Scope 2) GHG emissions | 3.2 Climate Change Response | |
| 305-3 | Other indirect (Scope 3) GHG emissions | 3.2 Climate Change Response | |
| 305-4 | GHG emissions intensity | 3.2 Climate Change Response | |
| 305-5 | Reduction of GHG emissions | 3.2 Climate Change Response | |

Material Topic: Energy Management

| | | | |
|-------|--|--|--|
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 3.4 Energy Management | |
| 302-1 | Energy consumption within the organization | 3.4 Energy Management | |
| 302-3 | Energy intensity | 3.4 Energy Management | |
| 302-4 | Reduction of energy consumption | 3.4 Energy Management | |

| GRI Standard | Disclosure | Correspondent Chapter | Note |
|--------------|------------|-----------------------|------|
|--------------|------------|-----------------------|------|

Material Topic: Occupational Safety and Health

| | | | |
|--------|---|---|--|
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 4.5 Occupational Health and Safety | |
| 403-1 | Occupational health and safety management system | 4.5 Occupational Health and Safety | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | 4.5 Occupational Health and Safety | |
| 403-3 | Occupational health services | 4.5 Occupational Health and Safety | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | 4.5 Occupational Health and Safety | |
| 403-5 | Worker training on occupational health and safety | 4.5 Occupational Health and Safety | |
| 403-6 | Promotion of worker health | 4.5 Occupational Health and Safety | |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 4.5 Occupational Health and Safety | |
| 403-8 | Workers covered by an occupational health and safety management system | 4.5 Occupational Health and Safety | |
| 403-10 | Work-related ill health | 4.5 Occupational Health and Safety | |

Material Topic: Hazardous Chemicals Substances Management

| | | | |
|-----|-------------------------------|--|--|
| 3-3 | Management of material topics | 1.3 Identification of Material Topics 3.6 Cultivation of Green Sustainability | |
|-----|-------------------------------|--|--|

| Theme | Indicator | Disclosure Item | Type | Chapter/Note |
|--|--------------|--|-------------------------|--|
| Management of Chemicals in Products | CG-AA-250a.1 | Discussion of processes to maintain compliance with restricted substances regulations | Quantitative | 3.6 Cultivation of Green Sustainability |
| | CG-AA-250a.2 | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products | Discussion and analysis | 3.6 Cultivation of Green Sustainability |
| Environmental Impacts in the Supply Chain | CG-AA-430a.1 | Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreements | Quantitative | 2.6 Supply Chain Management 3.3 Water Resource Management |
| | CG-AA-430a.2 | Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment | Quantitative | 2.6 Supply Chain Management 3.3 Water Resource Management |
| Labor Conditions in the Supply Chain | CG-AA-430b.1 | Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor | Quantitative | 2.6 Supply Chain Management |
| | CG-AA-430b.2 | Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits | Quantitative | 2.6 Supply Chain Management |
| | CG-AA-430b.3 | Description of the greatest labor and environmental, health, and safety risks in the supply chain | Discussion and analysis | 2.6 Supply Chain Management |
| Raw Materials Sourcing | CG-AA-440a.1 | Description of environmental and social risks associated with sourcing priority raw materials | Discussion and analysis | 2.6 Supply Chain Management |
| | CG-AA-440a.2 | Percentage of raw materials third-party certified to an environmental and/or social sustainability standard | Quantitative | 2.6 Supply Chain Management 3.6 Cultivation of Green Sustainability |
| Activity metrics | CG-AA-000.A | Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1 | Quantitative | 2.6 Supply Chain Management 3.6 Cultivation of Green Sustainability |

Climate-Related Information of TWSE/TPEX Listed Company

| Item | Description |
|---|--|
| Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities | The Board of Directors is the highest unit for making decisions on climate change risks and opportunities and monitoring the performance. In May, 2022, the BoD approved to set up the “Sustainable Development Committee,” in charge of reviewing sustainable development policies, strategies, and management directives and supervising the implementation of sustainable development related affairs and plans. To promote and foster the corporate sustainable development vision of the Company, the Company set up the “Sustainability Committee” The President serves as the chairman of the Committee; the vice chairman of the Committee was held by vice presidents of each department. A meeting is held on a monthly basis, and the head of each group has to report to the performance and progress of each project. For the detailed information, please refer to Chapter 3.2 and the Company’s 2023 TCFD Report. |
| Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). | The Company regularly monitors changes in relevant regulations and policies, collects, analyzes, and summarizes information on climate change and energy risks and opportunities. We use the ISO 14001 risk assessment procedures to evaluate climate change risks and opportunities. For the detailed information regarding the short, medium, and long financial impact, please refer to Chapter 3.2 and the Company’s 2023 TCFD Report. |
| Describe the financial impact of extreme weather events and transformative actions. | |
| Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. | |
| If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. | With reference to TCFD recommendation, the Company employs different climate-related scenarios to analyze the possible financial impacts under different scenarios. For the detailed information, please refer to Chapter 3.2 and the Company’s 2023 TCFD Report. |
| If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. | |
| If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. | |
| If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. | Regarding the internal carbon pricing and the achievement progress on climate-related target, please refer to Chapter 3.2 and the Company’s 2023 TCFD Report. |

The Situation of GHG emissions Inventory and Verification in Recent Two Years

| Year | Scope of data coverage | Scope 1 | | Scope 2 | | Assurance agency | Description |
|------|---|--|---|--|---|------------------|------------------------------|
| | | Amount of Emissions (tCO ₂ e/million) | Emission intensity (tCO ₂ e/million) | Amount of Emissions (tCO ₂ e/million) | Emission intensity (tCO ₂ e/million) | | |
| 2023 | Parent Company, Formosa Development Co., Ltd. | 78,689.0 | 3.57 | 83,080.0 | 3.77 | SGS Taiwan Ltd. | Please Refer to the Appendix |
| 2022 | Parent Company, Formosa Development Co., Ltd. | 192,398.0 | 7.35 | 88,692.0 | 3.39 | | |
| | Formosa Taffeta (Zhong Shan) Co, Ltd. | 15,889.6 | 7.93 | 22,968.3 | 11.46 | | |
| | Formosa Taffeta (Changshu) Co., Ltd. | 2,620.2 | 2.16 | 26,639.6 | 21.92 | | |
| | Formosa Taffeta Vietnam Co., Ltd. | 49,019.7 | 19.17 | 27,060.3 | 10.58 | | |
| | Formosa Taffeta (Dong Nai) Co., Ltd. | 7,707.3 | 1.80 | 98,640.3 | 23.02 | | |

- The data in the table above is verified by SGS Taiwan Ltd.
- The GHG emissions of overseas plants are scheduled to be verified by the third party by the end of Sep, 2024.
- Emission intensity = emissions (tCO₂e) of the plant/NT\$ million of the plant.
- Regarding the target, strategy, and specific action of GHG emissions, please refer to the Chapter 3.2 and the Company's 2023 TCFD Report.

Verification Statement of GHG emissions in 2023 and 2022 of Taiwan Plant

▼ Verification Statement of GHG emissions in 2023 of Taiwan Plant

SGS

Statement TW24/00263GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2023 of
FORMOSA TAFFETA CO., LTD.


No. 317, Shiliu Rd., Douliou City, Yunlin County, Taiwan (R.O.C.)


has been verified in accordance with ISO 14064-3:2006 as
meeting the requirements of

ISO 14064-1:2018


Direct emissions
78,689.5520 tonnes of CO₂e
Indirect emissions
83,080.9436 tonnes of CO₂e
Direct emissions and indirect emissions
161,770.496 tonnes of CO₂e

Authorized by


Stephen Pao
Business Assurance Director
Date: 10 May 2024
Version 1


Validation and Verification
VB002

TGP56A-15-6 2207
SGS Taiwan Ltd.
No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
New Taipei City 24803, Taiwan
t (02) 22993279 f (02)22999453 www.sgs.com



Page 1 of 6

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

▼ Verification Statement of GHG emissions in 2022 of Taiwan Plant

SGS

Statement TW23/00133GG

Greenhouse Gas Verification Statement

The inventory of Greenhouse Gas emissions in year 2022 of
FORMOSA TAFFETA CO., LTD.

No.317, Shu Liu Rd., Tou Liu City, Yun Lin Hsien, Taiwan, R.O.C.

has been verified in accordance with ISO 14064-3:2006 as
meeting the requirements of

ISO 14064-1:2006

Direct emissions
192,397.7306 tonnes of CO₂e
Energy indirect emissions
88,692.4727 tonnes of CO₂e
Direct emissions and energy indirect emissions
281,090.203 tonnes of CO₂e

Authorized by


Stephen Pao
Knowledge Deputy General Manager
Date: 21 May 2023
Version 1


Validation and Verification
VB002

TGP56A-15-1 2207
SGS Taiwan Ltd.
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Page 1 of 5

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Verification Statement of GHG emissions in 2022 of Overseas Plants


▼ Verification Statement of GHG emissions in 2022 of Overseas Plants (1/2)



Statement TW23/00475GG

Greenhouse Gas Verification Statement


The inventory of Greenhouse Gas emissions in year 2022 of
Formosa Taffeta Co., Ltd.
 No.317, Shu Liu Rd., Tou Liu City, Yun Lin Hsien, Taiwan, R.O.C.
 has been verified in accordance with ISO 14064-3:2006 as
 meeting the requirements of



WBCSD/WRI Greenhouse Gas (GHG) Protocol









Direct emissions
267,634.5886 tonnes of CO₂e
 Indirect emissions
264,000.9218 tonnes of CO₂e
 Other indirect emissions
NA tonnes of CO₂e
 Total GHG emissions
531,635.510 tonnes of CO₂e

Authorized by



Stephen Pao
 Knowledge Deputy General Manager
 Date: 09 September 2023
 Version 1


TGP56A-15-6 2309
 SGS Taiwan Ltd.
 No. 136-1, Wu Kung Road, New Taipei Industrial Park, Wu Ku District,
 New Taipei City 24803, Taiwan
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This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

Page 1 of 6

▼ Verification Statement of GHG emissions in 2022 of Overseas Plants (2/2)



Statement TW23/00475GG, continued

| Operational boundaries | | GHG Emissions (tonnes of CO ₂ e) |
|---|-------------|--|
| Inventory categories | Description | |
| Category 12: End-of-life treatment of sold products | NA | — |
| Category 13: Downstream leased assets | NA | — |
| Category 14: Franchises | NA | — |
| Category 15: Investments ¹ | NA | — |
| Other | NA | — |
| Direct emissions and indirect emissions | | 531,635.510 |

The emission of each site is described as below :

| Site | Scope 1 (tonnes of CO ₂ e) | Scope 2 (tonnes of CO ₂ e) | Scope 3 (tonnes of CO ₂ e) | Total GHG emissions (tonnes of CO ₂ e) |
|----------------------------|--|--|--|--|
| FORMOSA TAFFETA | 178,463.7959 | 46,056.0078 | — | 224,519.804 |
| FORMOSA TAFFETA plant 2 | 13,933.9347 | 42,636.4649 | — | 56,570.400 |
| Formosa Taffeta Dong Nai | 7,707.3478 | 98,640.3142 | — | 106,347.662 |
| Formosa Taffeta Vietnam | 49,019.7353 | 27,080.2642 | — | 76,080.000 |
| Formosa Taffeta Zhong Shan | 15,889.6231 | 22,968.3039 | — | 38,857.927 |
| Formosa Taffeta ChangShu | 2,620.1518 | 26,639.5668 | — | 29,259.719 |

Confidentiality

The reports and attachments may contain relevantly confidential information of the clients. In addition to being submitted as governmental application or certification documents, the reports and attachments are not allowed to be edited, duplicated, or published without the clients' agreement in written form.

¹ If the reporting company is an initial sponsor or lender of a project, also account for the projected lifetime emissions of relevant projects financed during the reporting year and report those emissions separately from scope 3.

This Statement is not valid without the full verification scope, objectives, criteria and findings available on the Statement.

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ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD.'S SUSTAINABILITY FOR 2023

NATURE AND SCOPE OF THE ASSURANCE

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by FORMOSA TAFFETA CO., LTD. (hereinafter referred to as FTC) to conduct an independent assurance of the Sustainability Report for 2023. The scope of assurance is based on the SGS Sustainability Report Assurance methodology and AA1000 Assurance Standard v3 Type 1 Moderate level to assess whether the text and data in accompanying tables contained in the report presented and complies with the GRI Standards and AA1000 Accountability Principles (2018) during assurance (2024/04/02–2024/05/07) in FTC headquarter. The assurance process did not include the evaluation of specific performance information outside the scope, such as climate-related financial disclosures (TCFD) and sustainability accounting standards (SASB).

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 Sustainability Report of 2023 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 Sustainability Report.

Our responsibility is to express an opinion on the report content within the scope of assurance 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 and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organization's reporting practices and other organizational detail, GRI 3 2021 for organization's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards.

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) |
| B | AA1000ASv3 Type 1 Moderate (AA1000AP Evaluation only) |

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of adherence to the following reporting criteria:

Reporting Criteria Options

| | |
|---|---|
| 1 | GRI Standards (in Accordance with) |
| 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) is conducted at a moderate level of scrutiny, and therefore the reliability and quality of specified sustainability performance information is excluded.
- The evaluation of the report against the requirements of GRI Standards, includes GRI 1, GRI 2, GRI 3, 200, 300 and 400 series claimed in the GRI content index as material and is conducted in accordance with the standards.

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts, Task Force on Climate-related Financial Disclosures (TCFD) and SASB related disclosure 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 assurance, 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 organization, 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 10121, 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.

ASSURANCE / VERIFICATION OPINION

On the basis of the methodology described and the assurance work performed, we are satisfied that the disclosure with inclusivity, materiality, responsiveness, and impact information in the scope of assurance is reliable, has been fairly stated and has been prepared, in all material respects, in accordance with the reporting criteria. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting.

ADHERENCE TO AA1000 ACCOUNTABILITY PRINCIPLES (2018)

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, 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 and fairly 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. Measurement and evaluation of its impacts related to material topic were in place at target setting with combination of qualitative and quantitative measurements.

GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, FTC's Sustainability Report of 2023, is adequately in accordance with the GRI Universal Standards 2021 and complies with the requirements set out in section 3 of GRI 1 Foundation 2021, where the significant impacts on the economy, environment, and people, including impacts on their human rights are assessed and disclosed following the guidance defined in GRI 3: Material Topic 2021, and the relevant 200/300/400 series Topic Standard related to Material Topic have been disclosed. The report has properly disclosed information related to FTC's contributions to sustainability development. For future reporting, it is recommended to have more descriptions on how the organization has applied due diligence as a method for the identification and the evaluation of its impacts on the economy, environment, and people, as well as the role of the highest governance body in overseeing these processes. Moreover, it is encouraged to disclose more details about how the organization has managed the impacts of material issues.

Signed:

For and on behalf of SGS Taiwan Ltd.



Stephen Pao
Business Assurance Director
Taipei, Taiwan
12 June, 2024
WWW.SGS.COM



AA1000
Licensed Report
000-8/V3-NQAW4

