



福懋興業股份有限公司
FORMOSA TAFFETA CO., LTD.

2022
Sustainability
Report

福懋興業股份有限公司
永續報告書

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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.

Overview

Release date of previous (2021) Sustainability Report: June, 2022.

Current version (2022) release date: June, 2023.

Release date of next (2023) Sustainability Report: 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 2022, faced with the challenges of rapidly changing business environment, climate change, and geopolitical conflict, we retained its environmental and social care, in line with the management philosophy of "global deployment, sustainable development," while pursuing corporate profit, for the sake of sustainable corporate development.

Creating Sustainable Culture, Raising Employee Awareness

In response to the global ESG (Environmental, Social, Governance) current, the board of directors resolved to institute the "Sustainable Development Committee" at a meeting in May 2022, assisting the board of directors in overseeing sustainability-related affairs and strengthening corporate governance.

In order to push and consolidate the vision of sustainable corporate development, the Company has also set up an ESG implementation unit, under the jurisdiction of the sustainable development committee, consisting of the three groups of environmental sustainability (E), social co-prosperity (S), and corporate governance (G), in order to instill ESG elements in daily corporate operation. The ESG implementation unit convenes monthly, when various section chiefs would report the progress and achievements of various implementation plans, thereby raising sustainability awareness among all the employees, continuing communications with stakeholders, and reviewing sustainability strategy and adjusting implementation target, so as to attain joint growth with stakeholders and augment corporate sustainability competitiveness.

Carrying Out Low-Carbon Actions, Marching Towards Carbon Neutrality

Faced with the increasing threat from climate change and extreme weather, many countries have put forth carbon-emission reduction measures and pledge, making energy conservation and carbon abatement a global current. Out of the spirit of "environmental friendliness," we have been endeavoring to strengthen its resilience in coping with climate change issue, disclose the climate change-related strategy to stakeholders, according to TCFD (Task Force on Climate-Related Financial Disclosures) directive, and actively engage in various energy-transformation actions, including introduction of AI, enhancement of production and energy-utilization efficiency, equipment renovation, reduction of fuel-coal consumption, development of low-carbon process, and promotion of renewable energy, such as installation of PV power devices on its Douliu (Taiwan), Changshu (mainland China), and Longan (Vietnam) plants.

In addition, we were officially approved to join the Science-Based Targets Initiative (SBTi) in March 2023, and commit 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, in order to attain carbon neutrality by 2050.

Employee care, Making a well-being workplace

Employees are key corporate assets, indispensable for sustainable corporate development. Therefore, the Company has spared no effort in employee care, such as setup kindergarten on its Douliu plant, in operation for over 40 years, so that employees can engage in works without the distraction of childcare.

In July 2022, the Company put in place childbirth incentive, offering monthly childcare subsidy up to six years of age, on top of childbirth gift. In addition, the Company also provide scholarships for employees' children offered by the employee welfare committee afterwards.

Social Giveback, Fulfillment of Corporate Social Responsibility

Based on the spirit of "give back to the society what you take from the society," the Company has been actively engaged in various public services, including events benefitting neighboring communities, such as road cleaning for the neighborhood and public-toilet cleaning.

50th anniversary in 2023

On the occasion of its 50th anniversary in 2023, based on the vision "We live, We create," we expect employees to take environmental sustainability into account during production process, utilizing recycled materials and developing green products to address climate-change issue, leaving next generation a clean earth and materialize employee and social care in quest for corporate profit, contributing to the formation of harmonious and co-prosperous society.

Lee, Ming-Chang

April, 2023



Chapter 1 Corporate Culture and Governance

1.1 Corporate Profile

Information of the Company

Founded by Formosa Chemicals & Fibre Corp. and a few of business figures, the Company was incorporated on April 19, 1973, initially named "Formosa Fiber Co., Ltd.," for engagement in the weaving, dyeing, finishing, and printing of polyamide and polyester filament woven taffeta fabric. Renamed as Formosa Taffeta Co., Ltd. in Jan. 1979, the Company was listed in Dec., 1985 on Taiwan Stock Exchange, which has been enlarged in subsequent years, via several capital increments with earnings to fund business diversification. The Company's registered capital reached NT\$16,846,646,370 since August, 2006.

Major products cover filament polyamide/polyester dyeing-and-finishing fabric, fabrics for down-proof jacket, water-proof with vapor permeable fabric, composite organic fabric, multi-function smart temperature-control fabric, umbrella fabric, staple woven/ knitted yarn, tire cord, PE. bag, bullet/stab-proof fabric, flame-retardant fabric for military/police/firefighters, medical/ protective fabric, anti-static barrier for clean room garment/ anti-bacterial fabric, conductive fabric, carbon-fiber fabric and composite materials, and gas stations. Formosa Taffeta Co., Ltd. has become a world-class manufacturer, in terms of both production scale and quality, of polyamide and polyester filament woven fabric, notably in the fields of sportswear and outdoor functional clothes, progressing in sync with fashion current and the development of major international textile brands.

Formosa Taffeta Co., Ltd.	
Date of Establishment	April 19, 1973
Date of Listing	December 24, 1985
Capital	NT\$ 16,846,646,370
Consolidated turnover in 2021	NT\$ 34.7 billion
Headquarters	317, Shuliou RD., Douliou 640, Taiwan
Global Operation Location	Taiwan, China, Vietnam

Business Philosophy

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.

Vision and Core Value



Harmony
 With integrity, individuals, departments, our Company, clients, subcontractors, the community, industries, and local society are developing in harmony.


Service
 The Company is a service provider with rapid cycles, which is beneficial for getting a foothold in the industry, and we require all employees to be accommodating and altruistic to meet clients' needs with thoughtful services.


Innovation
 To enable the Company to achieve excellence and users to enjoy more utility, we motivate talents' potential and develop products with better intentions by proactively providing.


Contribution
 We endeavor to align goals of the Company with social humanitarian needs across borders to establish a connection with the world by providing quality products, promoting industry prosperity, improving quality of life, and continuing reaching out to society.

Honors and Awards in 2022



Awards and Honors

- FTSE4GOOD
- TIP Taiwan ESG Index
- CDP/ climate change A, the highest honor
- CDP/ water security Leadership
- Taiwan Employment Creation 99 index
- 9th Corporate Governance Evaluation of TWSE/TPEX listed companies 6~20%
- Best enterprise for voluntarily energy conservation and carbon reduction

1.2 Overview of Products

Application of Products

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

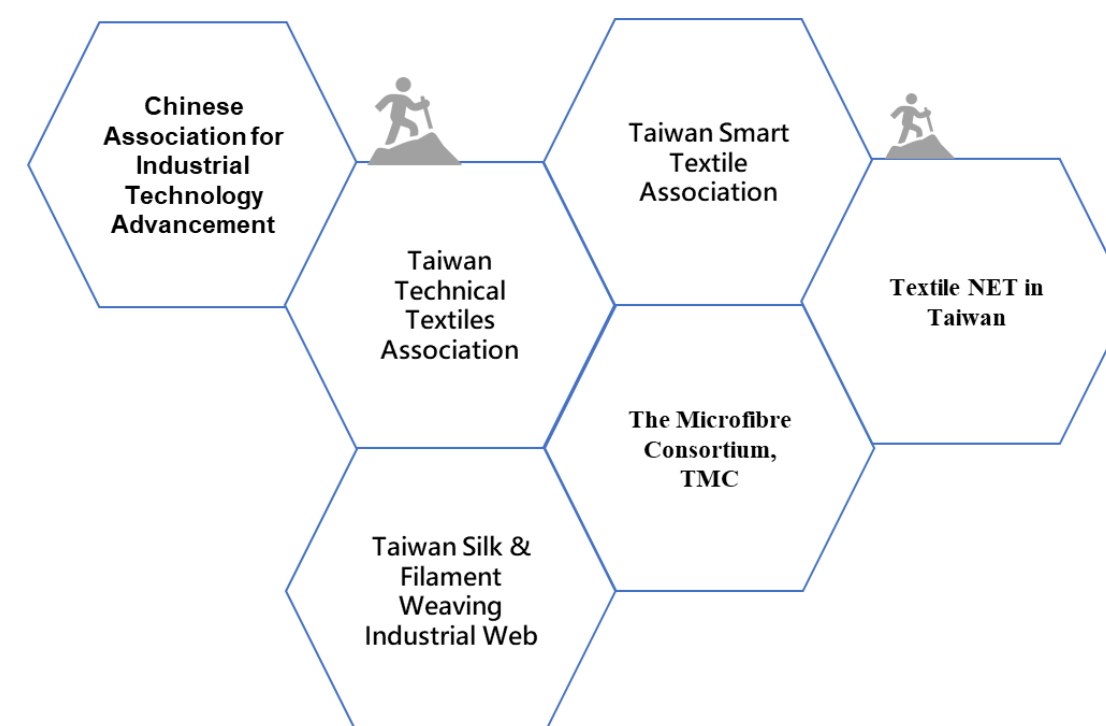
Product	Scope of Application
Carbon fiber fabrics as composite materials	Sports equipment, bicycles, motorcycles, automobiles, aerospace industry, electronic products, industrial mechanical arms and mechanisms, construction reinforcement, wind turbine blades, etc.
Super diesel/98,95+,92 unleaded gasoline various motor oil / car wash service	Retails of vehicle fuel, generator oil, motor oil, and lubrication oil

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 2022 annual report.

1.3 Participation in External Associations

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



1.4 Stakeholders Engagement

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

Communication Channel and Frequency with Stakeholders:

The importance of stakeholders to FTC	Topics of Concern	Frequency and Methods of Communication	2022 Negotiation results and performance
Clients Creating a sound and healthy supply and demand relationship is an important management theme for sustainable development.	<ul style="list-style-type: none"> Product Liability Water Resource Management Climate Action 	【1 time/year】 • Satisfactory Survey 【Irregularly】 • Phone / e-mail/ meeting	<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 questionnaire in CDP. Awarded as the leadership on Water Security questionnaire in CDP.
Investors FTC continues to seek long-term benefits for our shareholders and investors based on sustainable development.	<ul style="list-style-type: none"> Corporate Governance Business Performance Risk Management Climate Action 	【1 time/year】 • Shareholders' Meeting 【2 times/year】 • IR conference 【Irregularly】 • Phone / e-mail	<ul style="list-style-type: none"> 8th Corporate Governance Evaluation of TWSE/TPEX listed companies 6~20%. Awarded as the leadership on Climate Change and Water Security questionnaire in CDP. Invited to attend 2 IR conference meeting.

The importance of stakeholders to FTC	Topics of Concern	Frequency and Methods of Communication	2022 Negotiation results and performance
Suppliers FTC continues to create a harmony relationship and grow up with suppliers.	<ul style="list-style-type: none"> Quality of Raw Materials ESG assessment of Suppliers 	【Irregularly】 • Phone / e-mail/ meeting	<ul style="list-style-type: none"> 383 suppliers in Taiwan has signed the CSR commitment. On-site verification on 13 suppliers in Taiwan Plant
Employees Talent is the most valuable asset for enterprises; therefore, it is important to offer a safe and healthy workplace and trainings to improve employees' cohesiveness.	<ul style="list-style-type: none"> Protection of Labor Human Rights Protection of Labor Rights Occupational Safety and Healthy 	【Irregularly / Every Two Month】 • e-mail/Suggestion Box/Labor Organizations /Regular Union Meetings	<ul style="list-style-type: none"> Four times Labor-Management Meetings were held. Two times Union Meetings were held. Taiwan Employment Creation 99 index.
Community and Organization We strive to create a harmony relationship with the community.	<ul style="list-style-type: none"> Community Engagement Pollutant Control 	【Irregularly】 • Phone / e-mail/ meeting	<ul style="list-style-type: none"> For the detailed, please refer to the chapter of society prosperity.

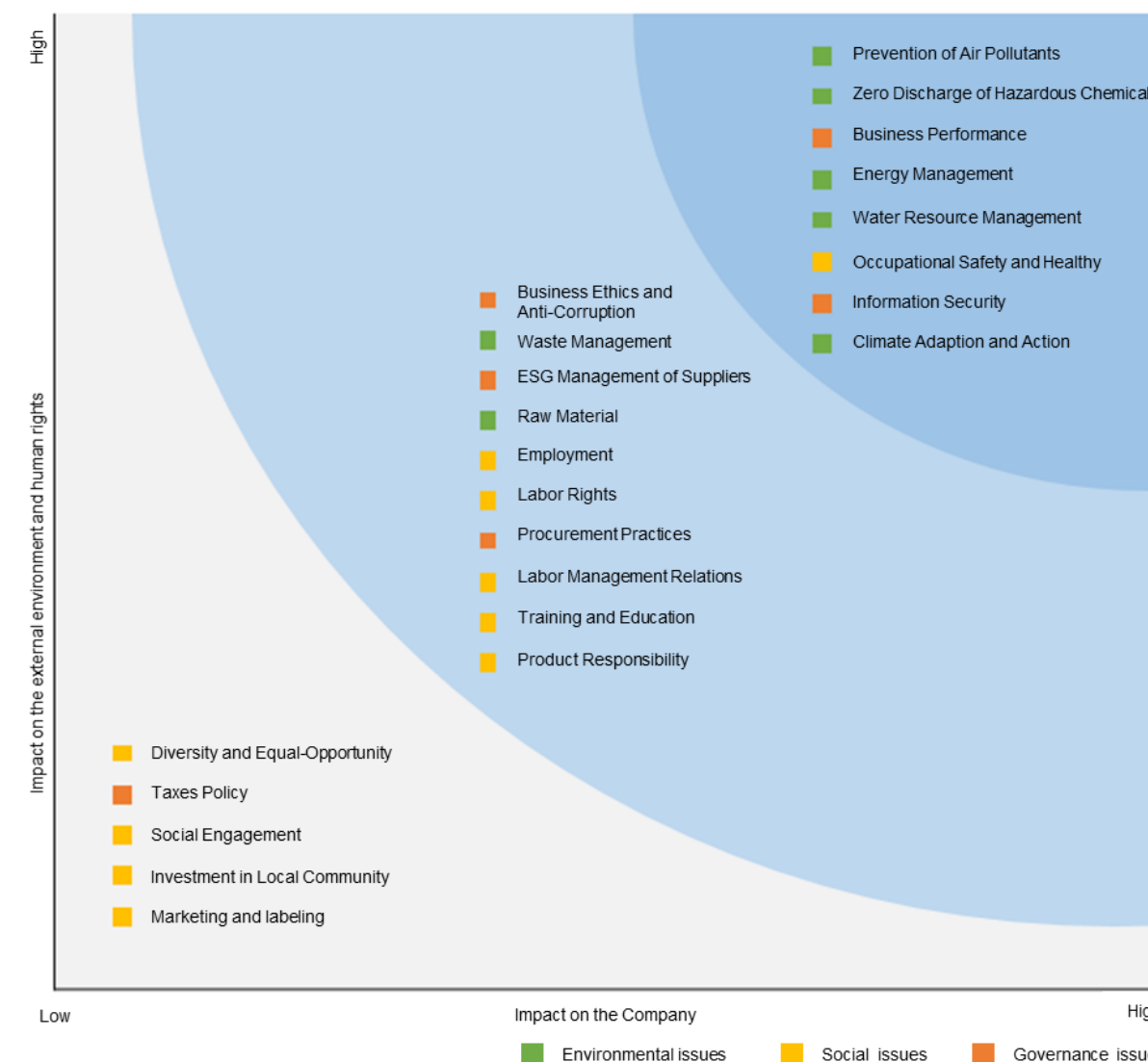
1.5 Material Topics Analysis

In line with GRI Standards: 2021, the Company used "extent of impact" as the base for evaluating material topics. Through collecting concerned topics via internal and external communications channels, the Company evaluated the extents of impact of various topics via the following flow to identify the Company's material topics for the year.

Procedure of Material Topics Identification

Flow	Description
Step 1. Collection and identification of concerned issues	According to international norms and industrial standards (such as GRI directive, SASB, ISO 26000 CSR directive, and UN sustainability target), plus reference of peers' topics and stakeholders' concerned issues, collected via domestic and external channels (such as mails and interviews), 31 concerned issues of the company have been determined following panel discussion.
Step 2. Analysis of extents of concern and impact	As there was no major change in stakeholders and their concerned issues in 2022 than 2021, survey of the extents of their concern was carried out with a questionnaire similar to 2021, and concerned issues were integrated into 23 sustainability topics. Then, sustainability committee members and related implementation staffers filled in the questionnaire for analysis of the extents of impact (seriousness and possibility) of various topics on "corporate operation" and "environment and human rights."
Step 3. Sequencing and drawing of material-topic matrix	Integrate impact scores from questionnaire for drawing sustainability-topic matrix, with those with impact scores of "corporate operation" and "environment, human rights" both exceeding 3.6 being defined as "highly material topics." Plus consideration of positive impact, stakeholders' feedback, and results of 2021 questionnaire survey of extents of stakeholders' concern, eight highly material topics were selected as disclosure focus for 2022.
Step 4. Confirmation of materiality and setup of management	After panel discussion on the extent of impact and confirmation of highly material topics, establish management guidelines and targets, followed by regular review of progress in target attainment and report on proceedings of various operations.

Analytical Matrix of Material Topics



Explanation of changes in material topics

- Corporate governance: Explanation of corporate governance-related information was made in general disclosure of GRI Universal Standards 2021, which no longer has the distinction of "core" and "comprehensive" options.
- "Work ethics and anti-corruption" and "Labor-employer relationship," are material topics in 2021. After discussion, the two topics have established complete management measures and communication channels, with the extent of their impact being kept within a controllable scope. Consequently, the two topics retained as medium ones and the Company will keep monitoring their impacts on the Company.
- Integrate 2021 material topics, namely "business performance," "profitability," and "maintenance of customer relationship," into the topic of "business performance" for 2022 sustainability report, as well as integration of the two topics of "occupational health and safety" and "disease prevention and treatment" into "occupational health and safety."

Impact Description on Value Chain of Material Topics

Material Topics	Value Chain						Description of Impacts	In Response to SDGs
	Upstream	Operation		Downstream				
	Procurement of Raw Material	Production	Product Development	Sales	Services			
Business Performance	V	V	V	V	V		+ In pursuit of the continuous growing momentum, the Company continues to generate profits for employees and investors and maintain well relationship with customers and suppliers to move towards the corporate sustainable operation.	SDGs 8
Information Security		V	V	V	V		+ The Company enhances the management and the operation performance through improving information technology. - Cyberattacks would cause the Company to leak or lose import files/data, impacting the customers’ rights and operation.	-
Climate Adaption and Action	V	V	V	V			+ Executing various carbon reducing measures and GHG emissions inventory lowers the damage on the environment and enhances the management. - GHG emissions produced during the manufacture process would harm the environment and accelerate the climate change.	SDGs 13
Prevention of Air Pollutants		V					+ If the air pollutants produced during the manufacturing process is not treated well, it would harm to the environment and local community.	SDGs 13
Water Resource Management		V					+ Adopting water resource management measures could reduce the environmental impacts and enhance water resource usage and improve business operation. - Water is an indispensable resource in the textile industry. If improperly treated, it will cause the growing cost and harm to the environment.	SDGs 6
Energy Management		V					+ Equipment enhancement could lower the harm to the environment and improve the energy efficiency. - Overproduce would increase the operating cost and harm to the environment.	SDGs 7
Zero Discharge of Hazardous Chemicals	V	V	V		V		+ Stipulation of the regulations on hazardous chemicals in compliance with the Acts from procurement to discharge could reduce the impacts on the environment. ° - Inability to manage hazardous chemicals may influence the Company’s reputation and the revenue.	SDGs 12
Occupational Safety and Healthy		V					+ Establishment of well occupational safety regulations and a health and safe workplace would improve employees’ satisfactory. - Hurt of employees and suppliers during the manufacturing process would affect the Company’s production operation.	SDGs 8

⊕ Positive Impact ⊖ Negative Impact

Managing Guidelines

KPI	Performance in 2022	Target in 2023	Mid-and Long-Term Target
Business Performance: To deepen the cooperation with customers and improve production technology and product development enables the business performance to grow.			
Technology Development	Acquisition 2 patents in Taiwan.	Strengthen product competition and production technology.	
Customers' Satisfactory	Average Score of 1 ST Business Segment: 5.20	Deepen the cooperation with customers to improve the satisfactory rate.	
	Average Score of Tire Cord Department: 5.25		
	Average Score of FPS:4.38		
Information Security: The Company stipulates information security policy and requires all employees to comply with the Acts; in addition, irregularly promotes the knowledge of information security to the staff to enhance the awareness.			
Information Leakage Incident	0(Target: 0)	0	0
Information Management Enhancement	Establishment of Chief Information Security Officer	Obtain ISO: 27001 in Taiwan Plant	
Air Pollutant Control: The Company stipulates Air Pollutant control regulations to monitor and screen of the air pollutant and continues to improve equipment to reduce air pollutant.			
Violation Incident	1 (Target: 0)	0	0
Climate Adaption and Action : The Company promotes various carbon reduction measures and conducts GHG emission inventory to review the performance.			
GHG Emission	The emissions of scope 1+2 of Taiwan Plant was 281,090 tons of CO ₂ e.	The Company sets to 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	
Water Resource Management: Promoting water-saving projects and the increase in the usage of recycled water enables to increase the water efficiency; in addition, establish the wastewater discharge management complies with the regional Acts.			
Recycled water usage rate	36% (Target: 20%)	30%	Increase the recycle water usage rate.
CDP- Water Security	Leadership	Leadership	

KPI	Performance in 2022	Target in 2023	Mid-and Long-Term Target
Energy Management: Promoting various energy-saving projects and the usage of renewable energy enables to increase the energy usage.			
Renewable Energy Usage	Taiwan Plant installed PV system with 2,600 KWH.	Implement the transition to low-carbon energy and evaluate the possibilities to increase the renewable energy (solar power) generators and energy saving system.	
	Chang-Shu Plant installed PV system with 1.56 MWP.		
	Long-an Plant installed PV system with 3.45 MWP.		
Zero Discharge of Hazardous Chemicals: The Company stipulates the hazardous chemicals regulations and tracks the international norm.			
Violation Incident against Products and Services	0 (Target: 0)	0	
Occupational Safety and Healthy: In line with ISO 45001:2018, the Company builds up a safe and health workplace and promote the management of manufacturing process to mitigate the potential harms.			
recordable work-related injuries	1.43 (Target <2.0)	< 2.0	Zero work injury, zero disaster
Work-related ill health	0 (Target: 0)	0	0



Chapter 2 Business Performance

2.1 Corporate Governance

The Company abides by the regulations and Acts and establishes the guidelines such as "Sustainable Development Principles," "Ethical Operation Principles," "Corporate Governance Principles," and so on to manage and implement various measures in sustainable development and regularly review the performance. In addition, the Company keeps enhancing corporate governance system and internal control measures to improve the efficacy and ensure the rights of stakeholders in line with the sustainable development.

2.1.1 Operation of the Board of Directors and other functional committee

Overview of Board of Directors

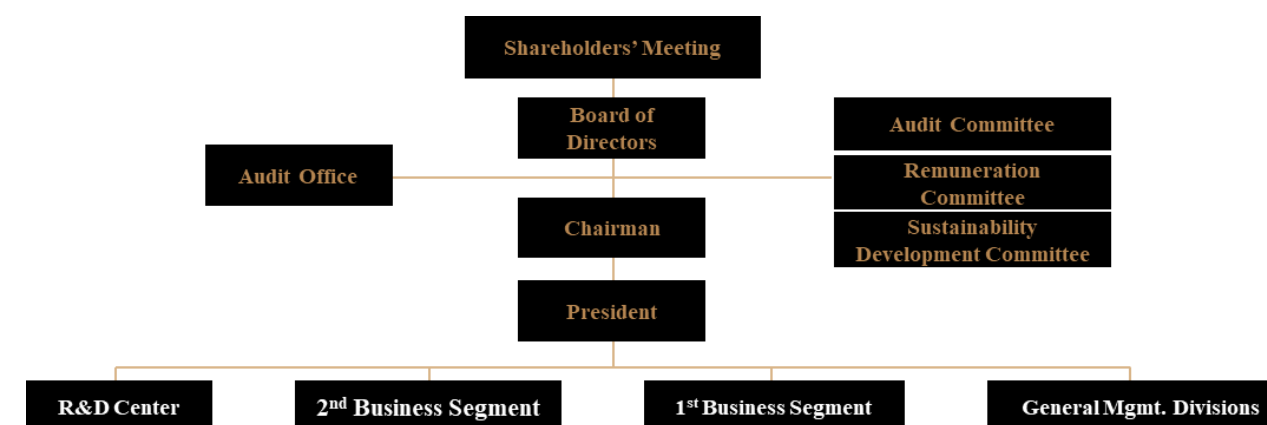
The Board of Directors is the highest governance unit of FTC. To ensure clear responsibilities in the organizational structure and the independence of company operations, the Chairman does not hold any managerial positions. The main duty of BoD is to resolve the major operation decision, provide the transparent public information, abide by the law, appoint the senior management, monitor the operation of the Company. For the reporting and discussion items of each BoD meeting in 2022, please refer to the Company's 2022 Annual Report and the minutes on our website.

Constitution of the Board of Directors		
Title	Name	Gender
Chairman	Representative of Formosa Chemicals & Fibre Corp.(FCFC): Wong, Wen-yuan	Male
Independent Director	Lin, Sheng-chung	Male
Independent Director	Kuo, Nein-hsiung	Male
Independent Director	Kuo, Chia-chi	Female
Director	Representative of FCFC: Hong, Fu-yuan	Male
Director	Representative of FCFC: Lee, Ching Fen	Male
Director	Representative of FCFC: Lee, Ming-chang	Male
Director	Representative of FCFC: Lee, Chien-Kuan	Male
Director	Representative of Lai Shu-wang Foundation: Lee, Man-chun	Male
Director	Hsieh, Ming-der	Male
Director	Representative of Kai-Fu Co., Ltd.: Vacancy *	-

Note1. The data listed above is as of the end of April, 2023.

Note2. Representative of Keyford Development Co., Ltd., Hsieh, Shih-ming, passed away on January 10, 2022. The replacement was not submitted as of April 18, 2023.

Organizational Structure



Please visit our website for the detailed organizational structure.

The Board of directors has stipulated the "Sustainable Development Principles" to ensure the environmental sustainability, economic growth, and social benefits during the operation, fulfilling corporate social responsibility and listing to stakeholders' opinions to attain the goal of corporate sustainable development. In addition, authorized high-level managerial positions reported to the status of implementation to the Board according to the analysis of material guidelines.

FTC's directors are elected to three-year terms via the candidate nomination system in accordance with the Articles of Incorporation of the Company. The Corporate Governance Best Practice Principles was established to ensure that the Board of Directors diversity policy is implemented and that directors have the knowledge, skills, competencies, and conflicts of interest avoidance mechanisms required to perform their duties. The Company also arranges lectures to help directors to acquire new knowledge annually. For the detailed information such as the background, independency, and the continuing education of directors, please refer to the Company's 2022 annual report.

To establish the well performance of the Board and governance system, the Company formulated "Rules of Procedure for the Board of Directors' Meeting" to require directors to avoid any discussion and vote for those proposals with regard to their own self-interest. Additionally, "Codes of Ethical Conducts for Directors and Managers" is formulated to demand relevant personnel to stick to the ethical guidelines to prevent any doing from damaging the Company or shareholders' interest. The Company also conducts performance evaluation on the Board and functional committee on a yearly basis in accordance with the "Rules for Performance Evaluation of the Board." Among the evaluation items, the engagement of the Company's business operation includes the monitoring of the Company's actual and potential risks and performance of launching corporate governance. The performance evaluation of the Board and each director in 2022 were rated as excellent, and the results were reported to the Board on Dec., 9, 2022.

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 2022, the Committee held 4 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 2022, 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.

Operating Status of the Sustainability 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 2022, a meeting was held by the Sustainable Development Committee, with the actual attendance rate reaching to 100%.

2.1.2 Promotion of Corporate Sustainable Development

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.

Each group of the sustainability committee collects the data and information to compile the Sustainability Report. The Report is assured and verified by the third party, to ensure the reasonability and authenticity of the contents. The Report has to be reported to the Sustainable Development Committee and approved by the Board prior to the public disclosure.

Main Points of the Sustainable Promotion Team

Task Group	Main points of each group's responsibility
Environmental Sustainability	<ul style="list-style-type: none"> · Executing various energy-saving and carbon reduction plans to reduce the impacts on the environment. · Utilizing water recycling system to improve the water resource efficiency.
Social Prosperity	<ul style="list-style-type: none"> · Executing various employees care benefits to protect labor rights. · Participating in community activities to live with society with prosperity.
Corporate Governance	<ul style="list-style-type: none"> · Strengthening the operation of Board of Directors and functional committee. · Improving information transparency to protect the stakeholders' rights.

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

- Prohibition on business dealings with parties with an unethical record(s) to ensure the fairness and transparency of commercial activities.
- Prohibition on direct/indirect bribery and fraud, directly/indirectly providing illegal campaign funding, false charitable donations, unreasonable gifts, entertainment, or other unjust enrichment.
- Requirements of establishment of effective accounting and internal control systems, regular/irregular internal audit of all personnel's compliance, and periodical submission of written audit reports.
- Requirements of strengthening information disclosure of ethical management implementation. Additionally, requirements of stipulation of relevant SOPs and regulations to facilitate ethical management and establishment of reporting and punishment mechanisms.

Anti-Corruption

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

- "Corporate Governance Principles," "Ethical Corporate Management Best Practice Principles," and "Codes of Ethical Conduct," etc., are widely applicable to the self-discipline and recusal of directors, audit members, managerial officers, and personnel involved in trading, accounting, and warehousing.
- The Audit Office submits audit reports that specifies a material weakness and/or an abnormality, if any, to the independent directors and the audit committee for review, and further follows up on or conducts investigations into the weakness/abnormality in accordance with instructions; it also quarterly and annually reports its findings to the Board of Directors.

No corruptive incidents reported in 2022, and the relevant operation status were submitted and reported to the Board of Directors. To view more details of what above, please refer to the "Status for implementation of ethical management and measures" section in FTC's Annual Report on its website.

Transparent Information

The Company has stipulated "Internal Audit Managing Points for the avoidance of Internal Trade" to prevent the employees from using undisclosed information to 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.

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.

Ethical and Anti-Inside Trade Training

FTC has enacted "Ethical Code Conduct," requiring that employees shall avoid any treat such as banquet or gift from the work related stakeholders. In 2022, the Company invited lecturers to give courses regarding anti-corruption, audit and risk management to employees. The Participants includes the management and the employees from sales, accounting, procurement departments, in Taiwan plant, with 98.3% of total attendance rate. The number of participants, training course and training hours are illustrated as table below:

Name of Lecture	Training Hours	Number of Participants	Planned Training Hours of Participants	Actual Training Hours of Participants	Attendance Rate
Prevention from money laundering and information security	3	20	60	60	100 %
Anti-corruption and Whistleblower Protection	3	20	60	60	100 %
Anti-Insider Training	3	20	60	57	95%

2.2 Risk Management

To maintain the well operation of the Company, promote the sustainable development 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.

1. Intellectual-property management

Dedicated to the development of innovative technology and circular economy, the Company, in addition to setup of an R&D center, has introduced a digitalized management system, actively developing Industry 4.0 and AI smart production. The Company has also taken great pains in patent and trademark management, renewing patent and trademark protection period, tracking progress of related cases, and establishing complete business secret system, so as to safeguard the company's innovation and R&D results. In 2022, the Company obtained two patents in Taiwan. The Company's regulations and measures on business-secret management are summarized as follows:

- (1) Employees should keep highly confidential all the data or technological information they obtain or access during or before their services, shunning unauthorized usage or leakage in any form. In addition, they should return all the related technological data upon request by the company or departure from the jobs, rather than retaining them in any manner.
- (2) All the documents on patents, operating activities, and technologies are subject to the regulation on the management of confidential papers, which should not be carried outside the office or lent or shown to others. Such papers should be put in proper custody and shouldn't retrieved without application for proper authorization.

2. Risks of international and regional economy, trade, and politics

To mitigate the impact of geopolitical conflict or regional tension on the global economy and corporate operation, the Company has been closely monitoring the global regulations, policies, and economic status and endeavoring to consolidate existing supply chain to avoid disruption of materials supply, and assure normal operational of regional capacities and make capacity adjustment.

3. Legal compliance

Formulate various operational and environmental management systems and strictly require various unit to abide by laws/regulations in business activities, on top of tracking changes in laws/regulations closely. Cases involving over NT\$1 million fined by the regulator or serious effect on corporate operation are defined as material events. In 2022, the Company was fined by the regulator eight times, totaling NT\$3,482,628, and a case was with the largest fine exceeding NT\$1 million for a building project, which broke ground before approval, in violation of the Building Act.

4. Information Security

The Internet allows the operation of business to be more flexible and much faster. To ensure the security and safety and prevent the inability to operation of the Company from the abnormal of information system and data damage. The Company has established the well information security measure, as summarized below:

Item	Action	Performance in 2022
Avoidance of the external information threat and establishment of physical safety protection	<ul style="list-style-type: none"> To build firewalls, intrusion prevention systems, malicious URL filtering and advanced persistent threat defense. To set up management system to prevent improper disclosure or leakage of personal and sensitive information; regularly to require password changes to strengthen authentication for system logins. To install anti-virus software, establish security access policies, and control the connection and access of USB devices to strengthen endpoint detection and response capabilities. 	In 2022, the Company has not had any major information security events.
Enhancement of information security awareness	<ul style="list-style-type: none"> To enhance the training and awareness of information security. To irregularly promote the precaution and prevention for any IT incidents. 	<ul style="list-style-type: none"> - A total of 17 people completed the MIS center's internal training course on "information security management principles." - In 2022, six promotions on information security were conducted.
Training of talents	<ul style="list-style-type: none"> To cultivate the capability of IT personnel. 	- In 2022, 4 Employees were designated to attend the training of "guidelines to introduce the information security management," and an employee was assigned to seminar of "practices on checking the information operation."
Compliance with Acts	<ul style="list-style-type: none"> To Review security measures and regulations annually, pay attention to security issues and its developments, and draw up response plans to ensure its appropriateness and effectiveness. 	Establishment of Chief Information Security Officer

In July, 2022, the Board resolved to establish Chief Information Security Officer in responsible for stipulating Information Security Policy and screening the implementation of the relevant projects. A special unit was formed for IT security and managed the relevant affairs for the avoidance of the threats from cyberattacks. For the detailed performance of information security, please refer to 2022 annual report – Chapter 5 Business Overview- Management of Information Security.

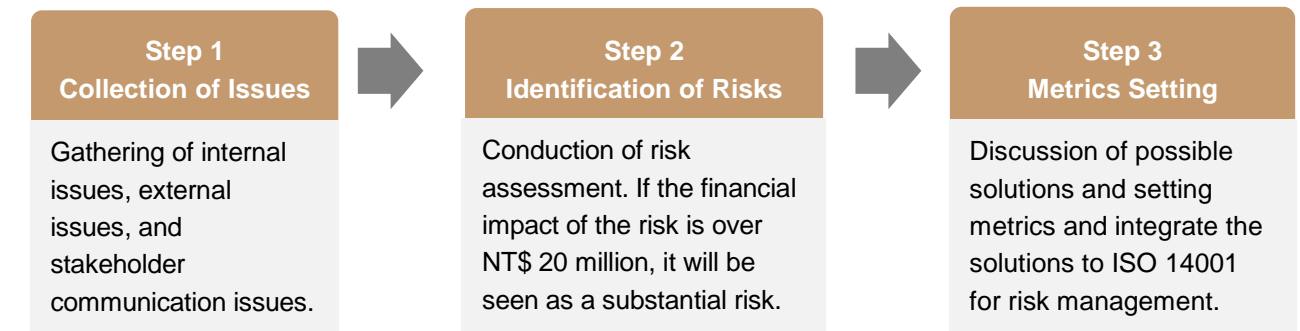
5. Climate Risks

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.

Structure for Managing the Climate Change	
Governance	<ul style="list-style-type: none"> Board of Directors is the highest unit for making decisions and screening for climate-related issues and affairs. Sustainable Development Committee is responsible for reviewing the sustainable policy and managing guidelines and monitoring the progress of sustainable projects. Sustainable Promotion Organization consists with three groups, Environmental Sustainability, Society Prosperity, and Corporate Governance. The Sustainable Environment Group is formed by the relevant staff from each division to conduct the correspondences to climate change, and the progress of each project is reported to the President once every month.
Strategy	<ul style="list-style-type: none"> Transition to low-carbon energy: To promote the measure of replacing coal with fuel, and eliminate the old boilers. Increase in renewable energy: To install the solar power generator system. Introduce AI technology to increase the efficacy of production and energy usage. Other carbon reduction measures: Utilize the recycled material to develop the low-carbon products.
Risk Management	<ul style="list-style-type: none"> Taiwan Climate Change Projection Information and Adaptation Knowledge Platform is employed to perform online simulations for RCP2.6, RCP4.5, RCP6.0, and RCP8.5 (each representing a different concentration level) and establish an understanding of the worst results that may happen. With respect to the changes in temperature and rainfall, the scenario for the most significant change in temperature is RCP8.5, which will increase by 2.6°C from 2041 to 2060. The scenario for the most significant increase in total rainfall is RCP8.5 between 2041 and 2060, in which the daily rainfall increases by 1.95mm (annual rainfall as 711.8mm). The scenario for the most significant decrease in total rainfall is RCP8.5 between 2041 and 2060, in which the daily rainfall decreases by 0.74mm (annual rainfall as 270.1mm). The Company regularly review and track the relevant Acts and analyze the risks and opportunities from climate change; in addition, through ISO 14001 risk assessment procedure, the opportunities and risks caused by the climate change are identified.
Metrics and Targets	<ul style="list-style-type: none"> The Company sets to 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*. The GHG emissions are verified by the third party in accordance with ISO 14064 standards.

Note : The emissions of Scope 1+2 of five plants in 2019 was 722,362 tons of CO₂e; and the emissions of Scope 3 in 2019 was 2,722,860 tons of CO₂e.

Procedure for Analyzing the Climate Risk Issues



Climate Risks and Measurement

Risk Type	Item	Relevant Issues	Time of Impact	Potential Financial Risk	Measurement
Transformation	Policy and legal	Carbon Tax	Short-term	Assuming that the price is NT\$100/tonCO ₂ e, NT\$ 30 million will be charged as the emissions in 2021 of Taiwan Plant based.	<ul style="list-style-type: none"> ➤ Set the carbon reduction targets. ➤ Implementation of energy-saving and carbon reduction projects.
		Renewable energy policy and net zero goal	Mid-and Long-term	Cost of transition of low-carbon energy and operation.	<ul style="list-style-type: none"> ➤ Installation of renewable energy (solar power).
	Market	Environmental products	Mid-term	If unable to satisfy the customers' demand, it will influence the revenue.	Continue investment into the R&D of smart/environment-friendly products. For the detailed, please refer to 2022 annual report.
Physical	Acute	Flood from acute weather events	Short-term	Flooding of the plant would damage equipment, affect production activities and increase the costs.	Adopt enhanced emergency response measures, and regular inspection/cleanup of the drainage system
	Chronic	Drought	Mid-term	Affects product delivery; increases the risk of contract breach and penalties.	Continue investment into water recycling solutions

Climate Opportunities

Type	Description
Resource efficiency	Introduction of AI technology to improve production efficiency and reduce the cost of electricity, water and raw materials
Products and services	Collaboration with suppliers to make use of recyclable materials; invest resources into the research and development of functional and smart solutions. °
Market	Redesign production processes and transition towards low-carbon fuel for lower carbon emission.

2.3 Business Performance

The consolidated revenue grew by 5.86%, from NT\$ 32,799.01 million in 2021 to NT\$ 34,722.66 million in 2022, an increase of NT\$ 1,923.65 million. The consolidated pretax profit grew by 55.24%, from NT\$ 2,387.36 million in 2021 to NT\$ 3,706.21 million in 2022, an increase of NT\$ 1,318.85 million. For more information, please refer to the financial statements on our website.

Unit: NT\$1,000

Item	Basic Element	Year 2022
Direct economic value generated (A)	Revenue (note 1)	37,159,044
Economic value distributed (B)	Operating Cost	29,863,520
	Employee wages and benefits,	3,589,310
	Payments to providers of capital	1,684,665
	Payments to government (note 2)	301,233
	Community investments (note 3)	656
Economic value retained (A-B)		1,719,660

Note 1. Revenue includes operating income and Income from non-operating activities.

Note 2. Payments to government refers to the Income Tax.

Note 3. Community investments refers to the expenses on charity affairs.

Customer Relationships Maintenance

Creating a Sound and Healthy Growing Supply and Demand Relationship: The more an enterprise and its clients can mutually benefit, the better extent of co-prosperity they can reach. Therefore, for an enterprise, creating a sound and healthy supply and demand relationship is an important management theme for sustainable development. In view of the emphasis on the long-term development and maintenance of the industry supply chain and dependence on the international marketing of clients, the Company has devoted to transaction integrity, reasonable pricing, fair trade, stable supply and demand, long-term cooperation, mutual benefits, co-prosperity while cooperating with clients in a manner of mutual trust in the long-run.

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.

Client Satisfaction Investigation

▼ 2021-2022 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	2022	7.3	6.4	3.4	2.9	4.5	4.0	5.0	3.7	4.65
	2021	7.4	6.1	3.2	2.2	5.1	3.7	4.8	3.5	4.50
Evaluation of Satisfaction Level	2022	5.3	5.0	5.0	5.5	5.0	5.1	5.1	5.6	5.20
	2021	5.3	5.0	5.1	5.4	4.9	5.1	5.3	5.7	5.23

* Twenty-nine 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. The results were reported to the President.

* 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 and coloring; therefore, the Company applied AI and introduced AOI to improve the production efficacy and reduce the costs. In addition, the Company continues to strengthen the product development to satisfy our customers.

▼ 2021/2022 Result of Client Satisfaction Survey of FTC's Tire Cord Business Division

Item	Year	Quality	Delivery Punctuality	Complaint Handling	Packaging	New Product Development	Service	Total	Average
Significance to Business Development	2022	5.7	5.0	3.4	3.1	2.9	3.5	22.7	3.78
	2021	5.3	4.8	3.3	3.1	2.6	2.9	22.0	3.67
Evaluation of Satisfaction Level	2022	5.4	5.0	5.3	5.3	5.0	5.5	31.5	5.25
	2021	5.3	4.3	5.0	5.0	4.7	5.3	29.6	4.93

* Fifty-eight questionnaires were sent to customers, with 26 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."

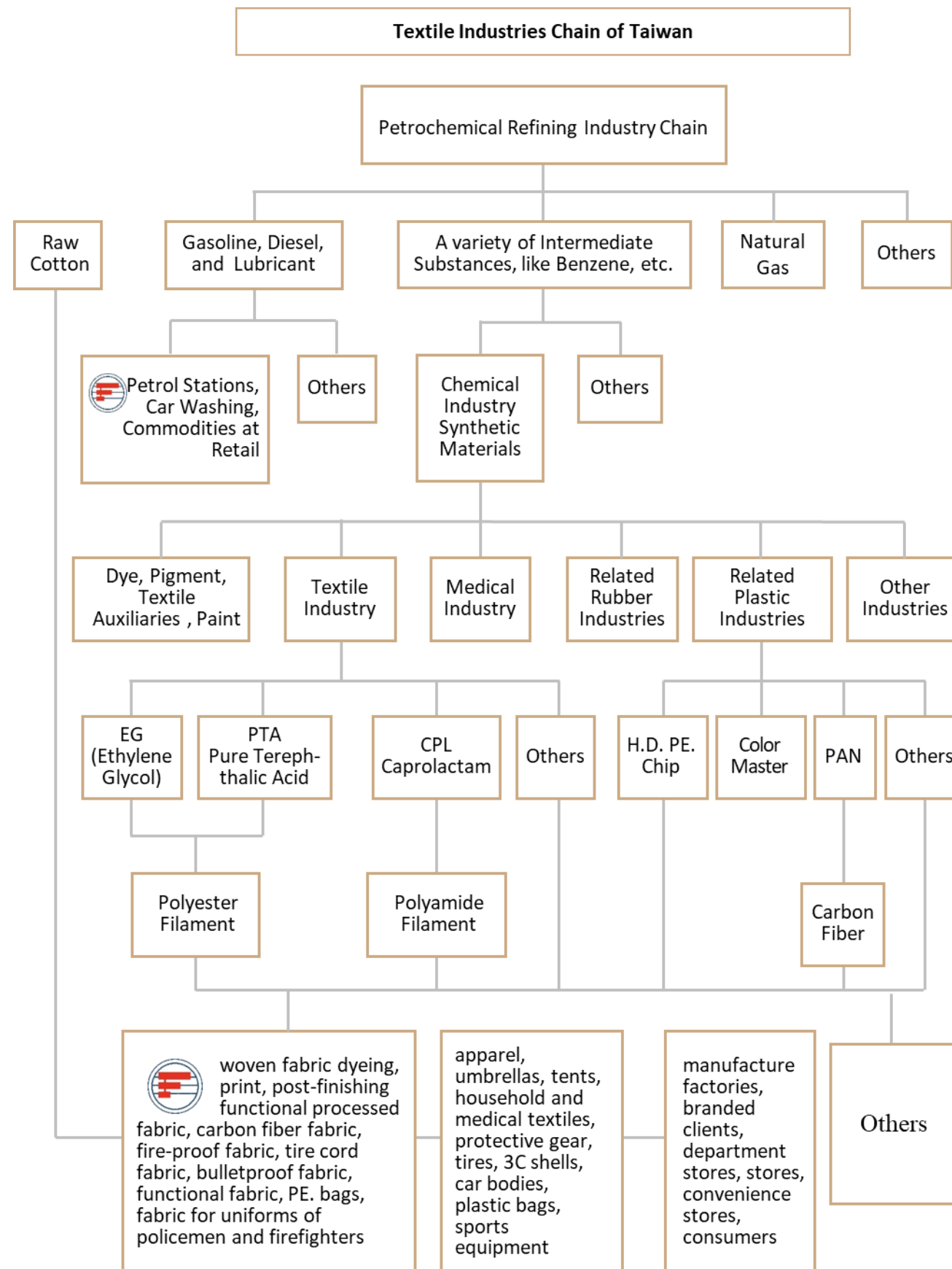
* For the well-known branded clients without a great deal of transactions, the Company should dig into the reasons and strive for their trust, trial orders and satisfactions.

Enterprise Risk Ratings

The overall 2022 rating assessed by the Taiwan Ratings is as follows:

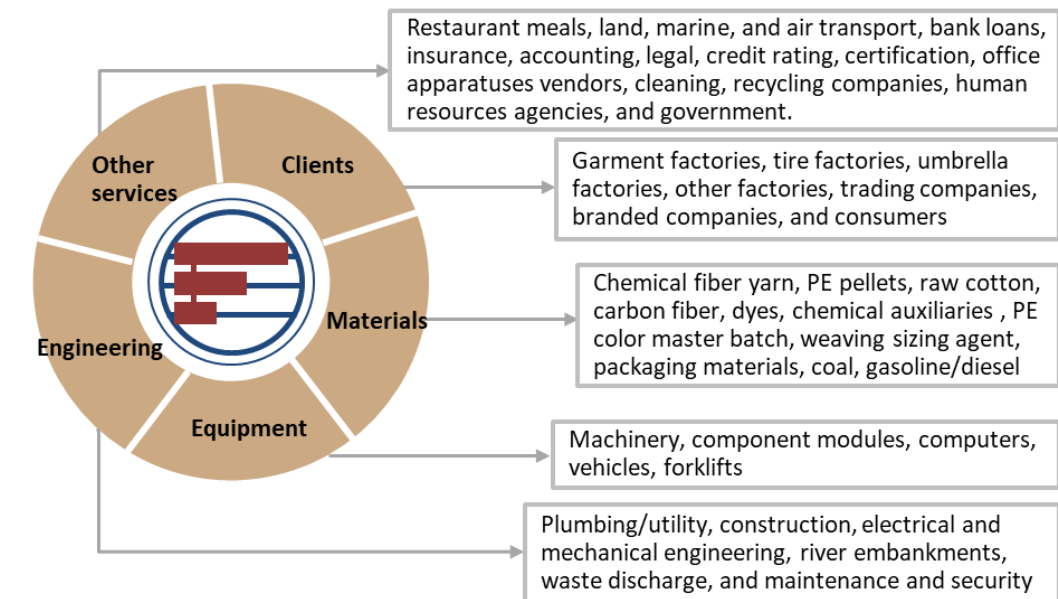
Year	Long-term Rating	Short-term Rating	Rating Outlook
2022	twA	twA-1	Stable

2.4 Supply Chain Management



2.4.1 Overview of the Supply Chain

As a midstream player in the textile industry, the Company must rely on not only a large number of clients' orders but also the cooperation of the entire industry chain in multi-lateral and multiple trade/services, such as the construction of plants, the arrangement of production line equipment, regular maintenance, the procurement of raw materials, the provision of before- and after-sales services, etc., to maintain the required energy for daily operations.



Proportion of Local Suppliers and that of Spending on them

1) The amount and proportion of local procurement of five plants in 2022

Plant	Amount (NT\$)	Proportion (%)
Taiwan Plant	16,486,717,027	76.2%
Zhong-Shan Plant	416,832,208	53.9%
Chang-Shu Plant	617,451,075	93.8%
Long-an Plant	458,985,800	45.5%
Dong-nai Plant	431,498,217	15.7%

* "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.

2) The number of local suppliers and proportion as of December 31st, 2022 is shown 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 (%)	76.5%	100%	100%	96.7%	90%
Zhong-Shan Plant	Number of Total Supplier	19	6	19	43	87
	Proportion of Local Supplier (%)	47.3%	0%	78.9%	74.4%	64.3%
Chang-Shu Plant	Number of Total Supplier	-	-	16	25	41
	Proportion of Local Supplier (%)	-	-	87.5%	76.0%	80.5%
Long-an Plant	Number of Total Supplier	15	7	16	37	75
	Proportion of Local Supplier (%)	26.7%	0%	43.8%	29.7%	29.3%
Dong-nai Plant	Number of Total Supplier	30	7	14	19	70
	Proportion of Local Supplier (%)	16.7%	14.3%	57.1%	52.6%	34.3%

3) Table of Local Sourcing Rate of Main Sources over the Past Two Years

Local Sourcing Rate of Yarn for Weaving and Dyeing, Sizing Agent, Dye and Auxiliaries								
Item	Yarn for Weaving and Dyeing		Sizing Agent		Dye		Auxiliaries for Weaving and Dyeing	
Year	2022	2021	2022	2021	2022	2021	2022	2021
Taiwan Plant	71.9%	76.9%	100%	100%	100%	100%	96.7%	98.8%
Zhong-Shan Plant	44.7%	40.9%	0%	0%	74.9%	82.7%	84.7%	83.3%
Chang-Shu Plant	No woven plant				82.7%	82.8%	91.6%	93.6%
Long-an Plant	59.3%	69.4%	0%	0.8%	32.9%	28.7%	29.2%	23.0%
Dong-nai Plant	13.3%	20.9%	6.6%	2.0%	61.2%	52.0%	46.5%	33.3%

- * 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.

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
2022	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%	-	-	-	-
2021	Tire Cord Plant in Taiwan	100%	0%	99.8%	100%	100%	100%	100%
	Carbon Fiber Plant in Taiwan	-	-	-	-	-	-	-
	Plastic Plant in Taiwan	-	-	-	-	-	-	-
	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 Plant and that in Dong-nai of Vietnam, that is, no local sourcing takes place, since it is not produced locally.

2.4.2 Material Management and Assessments of Suppliers' ESG Performance

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 comfort 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.
- 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%; the results in 2022 are shown as table of 2022 Suppliers' Rating of five Plants.

▼ The results of 2022 Suppliers' Rating in five Plants:

Plant	Grade		A	B	Total
Taiwan Plant	Raw material	Number	64	0	64
		Proportion (%)	100%	0%	100%
	Chemicals	Number	108	6	114
		Proportion (%)	94.7%	5.3%	100%
Zhong-Shan Plant	Raw material	Number	11	0	11
		Proportion (%)	100%	0%	100%
	Chemicals	Number	26	3	29
		Proportion (%)	89%	11%	100%
Chang-Shu Plant	Raw material	Number	11	0	11
		Proportion (%)	100%	0%	100%
	Chemicals	Number	24	8	32
		Proportion (%)	75%	25%	100%
Long-an Plant	Raw material	Number	19	0	19
		Proportion (%)	100%	0%	100%
	Chemicals	Number	50	0	50
		Proportion (%)	100%	0%	100%
Dong-nai Plant	Raw material	Number	20	0	20
		Proportion (%)	100%	0%	100%
	Chemicals	Number	20	0	20
		Proportion (%)	100%	0%	100%

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

* In 2022, no supplier was rated Grade C (under score of 79) or below Grade C.

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	
F	Below 59	Termination of inquiries

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 2022, the amount of procured products certified with the Green Mark in Taiwan was NT\$ 652,640.

Proportion of Yarn Made from Reclaimed Materials Procurement in 2022			Unit : tons/%
Item	The amount of Yarn Made from Reclaimed Materials Procurement (A)	The amount of raw material (B)	Proportion of Procurement (A/B)
Taiwan Plant	3,548.2	8,302.9	42.7%
Zhong-Shan Plant	1,900.4	4,435.3	42.8%
Chang-Shu Plant	No woven plant		
Long-an Plant	2,309.5	4,960.1	46.6%
Dong-nai Plant	5,105.8	7,307.0	69.9%

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

2.4.3 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. 14 staff from the procurement department were trained on environmental protection in January, 2022. 15 staff from the procurement department were trained on the human rights policy in June, 2022.

FTC has been promoting the corporate social responsibility to suppliers and requires them to sign "supplier corporate social responsibility commitment," covering labor and human right, health and safety, environmental protection, ethical code, management participation, and friendly inspection. As of the end of 2022, 383 suppliers have already signed the commitment. The Company has irregularly conducted on-site audit or submitted questionnaire on suppliers to review each ESG performance of suppliers to create a sustainable value chain. In 2022, no negative impacts were found during the on-site visits on 13 suppliers. Besides, no suppliers were ended the business partnership due to the audit result.

Supplier Assessment Aspects and Number of Suppliers in 2022					
Item	Labor and Human Right	Health and Safety	Environmental Protection	Ethical Code	Management Participation
Number of assessed suppliers	13	13	13	13	13
Number of assessed that have or may have negative impacts	0	0	0	0	0

2.5 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.

2.5.1 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:

Energy Conservation Measures:

Overall application of the electronic invoice system to petroleum stations was attained on December 12, 2017, which 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 2022 consumes 1.7 million pieces of paper pre month, which can save the paper expenditure of NT\$ 10.4 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		
Item	Year 2022	Year 2021
Purchased electricity (GJ)	16,743	16,577
Total Consumption (GJ)	16,743	16,577
Unit Energy Consumption	1.4	1.5

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

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)	2020	2021	2022
Consumed electricity (KWH/KL)	14.0	10.4	10.8	11.0
Proportion of conserved electricity (%)	-	-26.4	-22.9	-21.4

Note 1: Electricity consumption= consumed electricity / the amount of sales (kiloliter)

Note 2: 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 2022, 15 petroleum stations have secured usage right for ground water and the remainder will also apply for the right successively. 32,144 tons of water were consumed in 2022.

Due to increase of car washing services, total water consumption grew by 3,569 tons, from 85,033 tons in 2021 to 88,602 tons in 2022. Till 2022, 48 water-saving car-washing machines in total were introduced for greater water conservation. 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(%)
2022	408.6	2,672.8	1,719.5	75.94
2021	405.9	2,018.6	1,764.8	109.43

Underground Pollution Prevention Measures

Prevention Measures	Item	Description
Declaration of Equalization Control over Total Oil-Input/Output Quantity	Implementation Contents	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.
	Implementation Cycle	Complete total oil quantity control form/ daily Declaration / every 4 months
	Implementation Effectiveness	The 2022 declarations of all petroleum stations have been verified that no abnormalities take place by respective local EPBs.
Underground Pollution Monitoring	Implementation Contents	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 2022 is Top Team Professional Co., Ltd.
	Implementation Cycle	Outsourced inspections / every 4 months Declaration / once every January, May, September
	Implementation Effectiveness	Ditto. Both PID and FID* meet criteria; no need for further inspections of soil or groundwater.
Self-Inspections of Operation Equipment	Implementation Contents	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.
	Implementation Cycle	Periodical circular sample inspections / daily, monthly, biannually
	Implementation Effectiveness	Results of 2022 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).

Petroleum Vapor Recovery Measures

- 1) According to the provisions of paragraph 3, Article 22 of the Air Pollution Control Act, air-to-liquid volume ratio testing and vapor leak testing shall be performed by professional testing personnel twice a year and once every two years respectively. To avoid vapor leak, all refueling islands are equipped with refueling guns with gasoline vapor recovery facilities, refueling guns are replaced regularly, and the residue gasoline within guns is cleaned. Each area is equipped with gasoline vapor recovery detectors, and monthly self-inspections are conducted to calibrate gasoline vapor recovery pumps to the optimal ratio of 1:1 to sustain the stability of gasoline vapor ratio and extend the service life of equipment. In 2022, the EPBs conducted sampling inspection of air-to-liquid volume ratio testing of refueling guns of 7 Formosa Petroleum Stations, 99.04% of which pass

testing—a rate much higher than the required 70%.

- 2) FPS requests its employees to conform to refueling principles—the five Dos and five Don'ts, conduct frequent equipment checks, trigger timely notification for any abnormality, and replace damaged or malfunctioned equipment. To ensure safety and increase the vapor recycling rate, routine inspections that must be performed include checks on connectivity between a oil tank car and a vapor recycling pipe in the daily first stage oil unloading, functionality of vapor recycling motors, signals and/or noises for motor abnormalities, existence of oil residues in the rubber tubes of the pump nozzles, etc.

2.5.2 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:

- 1) Refueling Discounts: Discounts vary according to payment methods—by cash or by credit card. In 2022, 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.
- 2) Membership Reward Points : Applying for VIP membership enables a client to earn reward points for gift redemption.
- 3) 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.

FPS is also active in participating in charities, summarized as follows			
Year	Charitable Organizations	Charitable Events	Targets
2022	Huashan Social Welfare Foundation and other Associations	Assistance to the underprivileged groups	Various underprivileged groups
2021	Hondao Senior Citizen's Welfare Foundation and other Associations	Assistance to the underprivileged groups	Various underprivileged groups

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

Results (Average Points) of Client Satisfaction Survey of Year 2021/2022 of FPS (Unit: Point)				
Year	Quality	Environment	Service	Average
2022	4.38	4.37	4.38	4.38
2021	4.38	4.41	4.50	4.47

- 212 questionnaires were sent to customers, with 212 effective collected, by Petroleum Business Division in Oct., 2022. 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 Prevention of Air Pollutants

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

Statics of the Emissions of SO_x, NO_x, VOCs, and PM

SO _x , NO _x , VOCs, PM Emissions between 2021 and 2022 (Unit :Tons)					
Plant	Year	SO _x	NO _x	VOCs	PM
Taiwan Plant	2022	41.16	65.47	252.22	11.45
	2021	45.52	85.07	356.42	13.58
Zhong-Shan Plant (China)	2022	-	13.11	176.14	0.39
	2021	-	12.94	287.62	0.39
Chang-Shu Plant (China)	2022	-	1.89	10.38	0.06
	2021	-	1.50	7.53	0.05
Long-an Plant (Vietnam)	2022	110.90	99.44	570.19	1.51
	2021	65.92	26.64	559.56	1.85
Dong-nai Plant (Vietnam)	2022	0.06	5.43	9.93	0.16
	2021	0.23	7.46	11.55	0.23

- Information of Taiwan Plant is from the data declared to EPA of Executive Yuan by Formosa Taffeta Co., Ltd. (Taiwan Plant). Due to absence of requirements for declaration and charges by host governments, voluntary inventories and disclosure of information on emissions of sulfur oxide (SO_x), nitrogen oxide (NO_x), volatile organic compound (VOCs), and particulate matter (PM) of the four overseas Plants have been made under the assistance of the industrial safety and hygiene office of Taiwan Plant.
- Taiwan Plant has been proactively carrying out the energy transformation to replace several oil burners with nature gas, causing the significant reduction of SO_x emission. The modification of equipment will continue in 2023.
- Zhong-Shan Plant : SO_x pollutant was not generated since both setting machines and gas fired boilers use natural gas. VOCs emissions is mainly due to three water-proof coating machine.
- Chang-Shu Plant : There is no SO_x 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 SO_x 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.

Management of Ozone Depleting Substances (ODS)

The management of ozone depleting substances is implemented in accordance with the Air Pollution Management Regulations of the Company, "Regulations Governing Restricted Chemical Substances listed in the Montreal Protocol", and "Regulations Governing Hydrochlorofluorocarbon Consumption" of the EPA. In response to the current demands of legal regulations and social responsibilities, the Company will gradually replace machine models/equipment, generating Chlorofluorocarbons (CFC), Hydrochlorofluorocarbons (HCFC), etc., for zero ODS emissions. ODS is only used in a few of chillers and old air conditioners. The status of usage in 2022 is summarized in the following table:

Plant	Refrigerant	Purpose	Filling Volume (tons)	Value of ODP	ODP (tons)
Taiwan Plant	R-22	chillers, office air conditioners	0.0555	0.034	0.0019
	R-410a	chillers, office air conditioners	0.0030	0.02	0.0001
Zhong-Shan Plant	R-134a	company cars,	0.0040	0	0
Chang-Shu Plant	R-32	maintenance, repair, and replenishment of refrigerant equipment	0.0040	0	0
	R-410a	maintenance, repair, and replenishment of refrigerant equipment	0.0030	0	0
	R-22	maintenance, repair, and replenishment of refrigerant equipment	0.0450	0.034	0.0015
	R-134a	company cars,	0.0005	0	0
Long-an Plant	R-22	maintenance, repair, and replenishment of refrigerant equipment	0.0040	0.034	0.0001
Dong-nai Plant	R-22	chillers, office air conditioners	0.0910	0.034	0.0031

- Source of factors is referred from IPCC AR5 (2013) and ASHRAE 2017 Fundamentals Handbook.
- Calculation of ODP = Activity Data (filling volume) * value of ODP.

3.2 Climate Change Adaptation and Action

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.

Scope 1 and Scope 2 of Greenhouse Gas Emissions

Since the year 2007, the Taiwan plant started to conduct the greenhouse gas emissions inventory and had enough data of greenhouse gas emissions for reference; therefore, 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, since the year 2022, 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.

Unit: tons of CO₂e

Plant	Taiwan			Zhong-Shan	Chang-Shu	Long-An	Dong-Nai
Year	2020	2021	2022	2021	2021	2021	2021
Scope 1	309,658	254,887	192,398	15,945	3,165	58,538	8,063
Scope 2	72,661	93,266	88,692	22,854	28,112	32,637	106,443
Total emissions of Scope 1 and Scope 2	382,319	348,153	281,090	38,799	31,277	91,175	114,505
Unit Emissions	17.76	14.22	10.74	22.18	22.91	38.75	26.52

- Information of Taiwan Plant was based on what declared to EPA, and Global-warming Potential (GWP) refer to the IPCC Fourth Assessment Report, 2007.
- Emissions per unit = Total Annual greenhouse gas Emissions of Scope 1 and Scope 2 (Tons of CO₂e)/ Annual Sales Revenue of the Plant (NT\$ Million).
- The GHG emissions in 2007 of Taiwan Plant was 686,176 tCO₂e (The emission of scope 1 was 485,988 tCO₂e, and the emission of scope 2 was 200,188 tCO₂e).
- 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 in 2022 was not conducted due to its stable sources of greenhouse gas emissions and the amount of greenhouse gas emissions has low proportion accounting for the Douliu plant.
- The data of GHG inventory shown in the table above is calculated based on ISO 14064-1: 2016. Taiwan plant annually conducts the greenhouse gas emissions inventory and obtained the third-party verification, and the gases included in the inventory cover CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, and NF₃. In response to the transition of international norm, the GHG emission of Year 2021 in Zhong-Shan, Chang-Shu, Long-An, and Dong-Nai Plant was verified in accordance with ISO 14064-1: 2018 by the third party and obtained the certificate and the inventory of GHG emission of Year 2022 by the third party in overseas four plants was scheduled to be completed by the end of September; the data will be disclosed in 2023 Sustainability Report.

Under the operational control approach, Scope 1/Scope 2 Emissions respectively account for 68%/32% of the total GHG emissions of the Taiwan Plant for 2022. The emission of Scope 1 was 192,398 tCO₂e, and the emission of Scope 2 was 88,692 tCO₂e.

The Company continued to push low-carbon energy transformation in 2022, substituting natural-gas heaters for several fuel-oil boilers, inactivate one co-generator, 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 of GHG emissions

Data of Scope 3 Emissions in Taiwan Plant between 2020 and 2021 Unit: Tons of CO₂e

Category		Year 2020		Year 2021	
		Amount	Portion (%)	Amount	Portion (%)
Category 1	Purchased Goods and Services-Purchased Goods	390,703	23.43	373,868	24.39
Category 2	Capital goods	13,349	0.80	5,943	0.39
Category 3	fuel- and energy-related activities	62,954	3.78	56,941	3.71
Category 4	upstream transportation and distribution	7,017	0.42	6,520	0.43
Category 5	Waste Generated in Operations	567	0.03	521	0.03
Category 6	Business Travel-Air Travel	62	0.00	22	0.00
Category 7	Employee commuting-Automobile travel	832	0.05	806	0.05
Category 9	downstream transportation and distribution	6,196*	0.37*	5,829	0.38
Category 10	Processing of sold products	46,982	2.82	37,333	2.44
Category 11	Use of sold products	1,134,090	68.02	1,041,918	67.96
Category 12	End of life treatment of sold product	4,480	0.27	3,396	0.22
Total		1,667,231*	100	1,533,097	100

- Due to discovery of repetitive calculation for some transportation distances in "category 9-downstream transportation and delivery" in 2020 edition resulting in sharp increase in emission volume during verification of 2021 scope-3 greenhouse-gas emission in 2021, 2020 scope-3 certificate was revised and updated following discussion with third-party verification body.
- Scope 3 of GHG emission of Year 2022 in Taiwan Plant is under verification by the third party, and the data will be disclosed in 2023 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 2022, the total recycled water usage of five plants in three places was 3,528 thousand 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

Plant	Year	Groundwater	Surface water (river water)	Third-party water		Total water withdrawal
				Tap Water	Industrial Water	
Taiwan Plant	2022	5,888	-	-	-	5,888
	2021	6,110	-	-	-	6,110*
Zhong-Shan Plant	2022	-	1,645	35	-	1,680
	2021	-	1,760	25	-	1,785
Chang-Shu Plant	2022	-	383	38	-	421
	2021	-	332	39	-	371
Long-an Plant	2022	-	-	1,297	-	1,297
	2021	-	-	1,432	-	1,432
Dong-nai Plant	2022	-	-	95	652	747
	2021	-	-	106	644	750

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

Note 2: After being verified by the third party, the water withdrawal of Year 2021 in Taiwan Plant was corrected to 6,110 megaliters.

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.

▼ Table of Water Quality Control of Discharge of Five Plants in 2022

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	6.93	160	<160	36.42	30	<30	15.16
Zhong-Shan Plant	6~9	6.5-8.5	7.46	60	54	45	50	45	19.4
Chang-Shu Plant	6-9	7-7.5	7.2	<200	<120	99.78	<100	<50	33
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	6.5-7.5	121.5	90	40-60	81	50	<20

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 2022 was 1,735 thousand megaliters.

Measures for Effluents Treatment :

- 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 of the Five Plants from 2021 to 2022

Unit: megaliters

Category	Year	Groundwater	Third-party water	Total Water Discharge Volume
Taiwan Plant	2022	4,806	-	4,806
	2021	5,190	-	5,190
Zhong-Shan Plant	2022	1,185	-	1,185
	2021	1,428	-	1,428
Chang-Shu Plant	2022	-	425	425
	2021	-	389	389
Long-an Plant	2022	1,168	-	1,168
	2021	1,214	-	1,214
Dong-nai Plant	2022	714	-	714
	2021	671	-	671

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

Explanation of Wastewater Discharge of the Five Plants

- 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	• 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	• 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	• 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	• 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	
Year	2022	2021	2022	2021	2022	2021
Coal	1,692,366	2,207,088	-	-	-	-
Fuel oil	208,694	430,693	-	-	-	-
Diesel	0	610	1,650	1,534	-	-
Natural gas	348,897	266,027	322,616	319,192	39,872	53,742
Purchased electricity	627,295	668,839	129,720	127,035	35,702	40,276
Self-generated renewable energy: Solar Power	11,844	-	-	-	2,616	-
Purchased steam	-	-	-	-	188	183
Total Energy Consumption	2,889,096	3,573,257	453,986	447,762	78,378	94,201
Unit Energy Consumption	110.3	145.9	226.5	256.0	64.5	69.0

Plant	Long-an Plant		Dong-nai Plant	
Year	2022	2021	2022	2021
Coal	395,986	533,948	-	-
Fuel oil	15,320	69,717	-	-
Diesel	135	91	25,752	22,994
Natural gas	135,957	145,407	298,796	314,161
Self-generated renewable energy: Solar Power	15,817	5,220	-	-
Purchased steam	-	-	194,472	212,558
Total Energy Consumption	563,215	754,383	519,020	549,713
Unit Energy Consumption	220.3	320.6	121.1	127.3

➤ 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 natural gas (kilostere) = 39.01 GJ, 1 diesel (metric)=43.3GJ, 1 coal (metric)=26GJ, and 1 fuel oil(metric)=40.19 GJ. The purchased steam is calculated based on the convertor of each plant.

Explanation of Energy Consumption of Five Plants in 2022:

- Taiwan Plant: In 2022, 2,600KW solar power system was installed, with generating 3,289 thousand KWh, therefore, the purchased electricity dropped by 6% compared with 2021.
- Zhong-Shan Plant: Due to the production increase in 2022, the energy consumption increased compared with 2021.
- Chang-Shu Plant: The solar power system was installed in July, 2022; therefore, the purchased electricity decreased by 11% compared with 2021.
- Long-an Plant: Since June, 2022, the usage of coal in the LPG boiler decreased and the oil was not used as the source of the boiler. In addition, 3.45 MWP solar power system was installed; therefore, the purchased electricity dropped by 6.5% compared with 2021.
- Dong-nai Plant: Due to the operation of production, the energy consumption decreased.

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 272 in five Plants; the self-estimated accumulated volume of reduced CO2 emissions is 10,686.34 tons.

▼ Table of Achievement of Energy Improving Projects in 2022

Plant	Total Projects	Effectiveness of Completed Conservation Projects						Invested Amount (Thousands of NTD)
		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)	
Taiwan	176	2,333	37,138	6,149,952	396.23	6,038.6	23,032	56,689
Zhong-Shan	23	2,810	7,693	724,118	0.42	1,419.52	544	1,410
Chang-Shu	8	259	2,639	525,830	0	449.95	189	9
Long-an	28	377	3,447	786,655	15.42	669.67	281	909
Dong-nai	37	5,504	9,997	444,010	0	2,108.6	873	1,904
Total	272	11,283	60,914	8,630,565	412.07	10,686.34	24,919	60,921

➤ 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 2021, the emission factor of self-generating power in 2021, and the emission factor of purchased electricity in 2020.

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

Measurement	Description
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, such as optimizing processes, eliminating poor processes or materials, reusing materials through asking suppliers to recycle packing materials, auxiliary agent containers, etc.
Reduction	Install sludge drying equipment for cutting the moisture content of waste sludge.
Replacement	Replace disposable materials with reusable materials, such as printing on the other side of recycled paper and using reusable covers to replace PE plastic.

▼ Waste Generation of Five Plants in 2022 (Unit: Tons)

Category	Taiwan Plant	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
Non-hazardous waste	17,143.58	3,947.91	1,710.075	7,005.0	8,923.03
Hazardous waste	2,508.41	114.94	28.2019	2,534.5	849.00
Total	19,651.99	4,062.85	1,738.2769	9,539.5	9,772.03

▼ Waste Treatment Methods of Five Plants in 2022 (Unit: Tons)

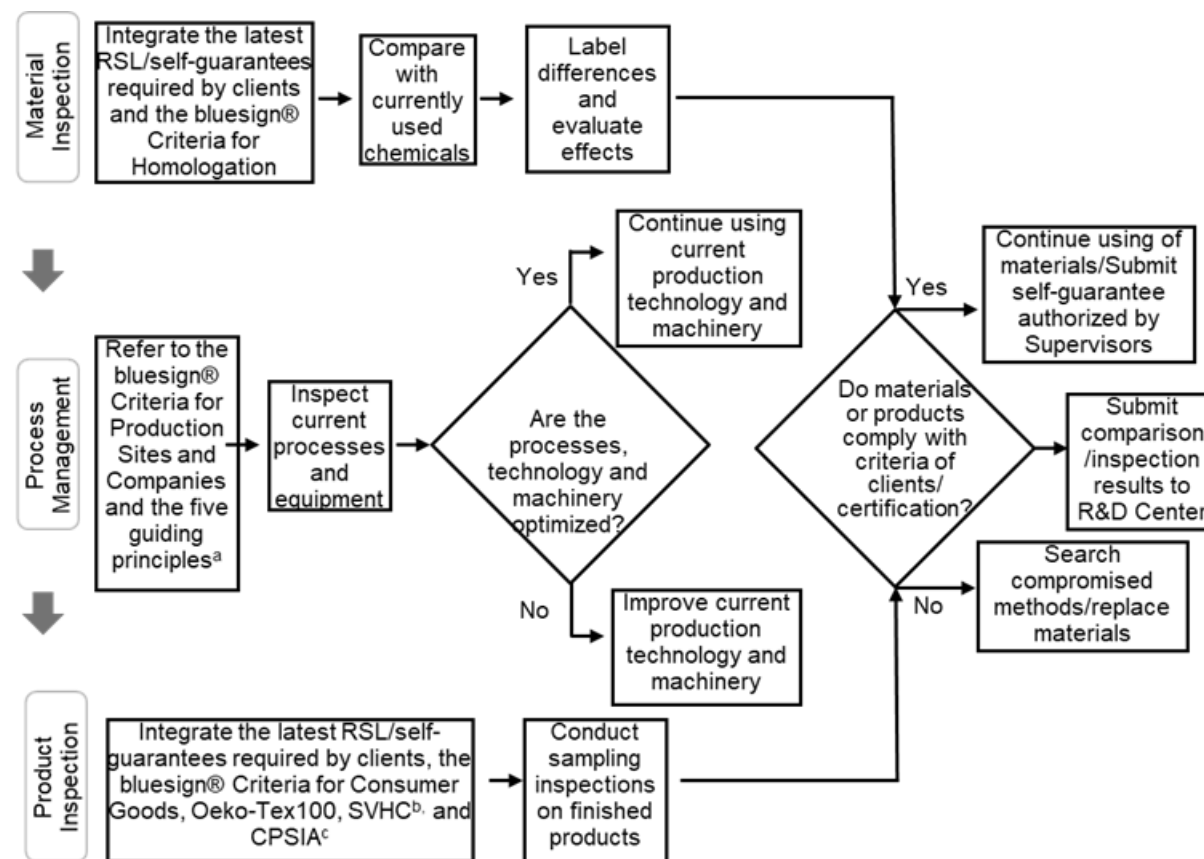
Category	Handling Method	Taiwan	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
non-hazardous waste	Reusing	14,893.13	-	212.095	93.4	4,187.99
	Recycling	-	3,842.62	-	5,461.6	-
	Recovery	-	-	-	1,298.7	-
	Incineration (with energy recovery)	-	105.29	-	-	-
	Incineration (without energy recovery)	1,546.44	-	1,497.98	-	-
	Landfill	-	-	-	151.3	4,735.04
	Thermal treatment(except incineration)	704.01	-	-	-	-
	Subtotal	17,143.58	3,947.91	1,710.075	7,005.0	8,923.03
hazardous waste	Reusing	2,457.46	-	0.96	-	-
	Recycling	-	-	-	158.4	227
	Incineration (without energy recovery)	50.95	114.94	26.3	-	604.6
	Solidification	-	-	-	-	4.28
	Separation	-	-	-	-	13.12
	Physical chemistry	-	-	0.9419	-	-
	Landfill after incineration	-	-	-	2,376.1	-
	Subtotal	2,508.41	114.94	28.2019	2,534.5	849
Total		19,651.99	4,062.85	1,738.2769	9,539.5	9,772.03

3.6 Cultivation of Green Sustainability

3.6.1 Zero Discharge of Hazardous Chemicals (ZDHC)

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

For the hazardous chemical management, the Company conducted with the procedure, standard stipulation -> management -> screening, the details are shown measure includes three phases and two themes shown below:



- ❖ 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.
- ❖ Substances of Very High Concern (SVHC): 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 233 at present.
- ❖ 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.

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

Short-term Plans

- Check the stock of Chemicals
- 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 select the incoming chemicals in line with ZDHC
- Increase gradually utilization ratio of eco-friendly water repellent agents.
- 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 Plans

- Decrease adopted categories and the consumption of chemicals and increase reuse
- Compare toxicity of chemicals in procurement and request comparison reports with ZDHC level 3 or bluesign as priority, followed by ZDHC Report from suppliers
- Establish production lines in eco-friendly processes
- Equip all fabric with product traceability to track detailed information of every batch of chemicals
- Manufacture all products in compliance with eco-friendly and non-poisonous discharge criteria of ZDHC
- Gradually develop the chemicals in compliance with specifications established by ZDHC 3.0
- 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.

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.

3.6.2 Green Production Processes and Green Products

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 2022, the proportion of recycled fabrics to were 27.1% for polyamide and 65.1% for polyester respectively; the proportions of total amount accounted for 51.4%. (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.
- Use and promote organically planted cotton yarn and fabrics (GOTS and OE Reg. No.: CU809578).
- Use Halogen-free and Antimony-free flame retardants for all fireproof processing.
- Introduce dyeing & finishing chemicals extracted from morally planted plants that generate no negative impacts on food crops to reduce the consumption of petrochemical feedstock.
- Develop and introduce water-free water repellent processes; progress towards entirely water-free processes.
- 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

Year	C6 (Short-chain)	PFC free
2022	39.83%	60.17%
2021	40.35%	59.65%

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

Green Products

All fabrics of five plants in three countries meet international quality standards, those of local governments, and branded clients' control criteria on hazardous substances. Products need annually inspected not only by accredited third-party certification bodies but also by branded clients; as of 2022, all samples passed branded clients' sampling inspections. Oeko-Tex® Standard 100 is another certification for the assurance of the product quality. Furthermore, materials (including new dyes and auxiliaries) in conformity with bluesign® criteria are given the priority for use. The formulation of "regulations governing chemicals (510-20-M003)" and "standards for the development of new auxiliaries for the R&D section " 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.

3.7 Description of Material Environmental Issues

Huweixi Stream waste-water discharge incident

On Jan. 6, 2021, the company's head factory in Douliu City of Yunlin Country discharge reddish waste water, affected by red dyes used in process, into Huwei Stream. Upon discovery of the pollution, the factory shut down operation of related equipment instantly and carried out water-quality spot check, according the instruction of the local environmental protection bureau. Although testing results showed that chromaticity and other numerical values of the discharged waste water all met legal standards, the company, in addition to intensified personnel training, employed the following measures, in order to prevent recurrence of similar incidents:

➤ Designated machine for designated usage, centralized treatment:

Designation of 12 dyeing machines at designated dyeing and finishing plant for red dyeing and concentration of discharged thick red waste water at a temporary storage tank for subjection to first decolorization processing, followed by transport to waste-water treatment system for further treatment and increase of decolorization efficiency.

➤ Decolorization treatment and comparison verification :

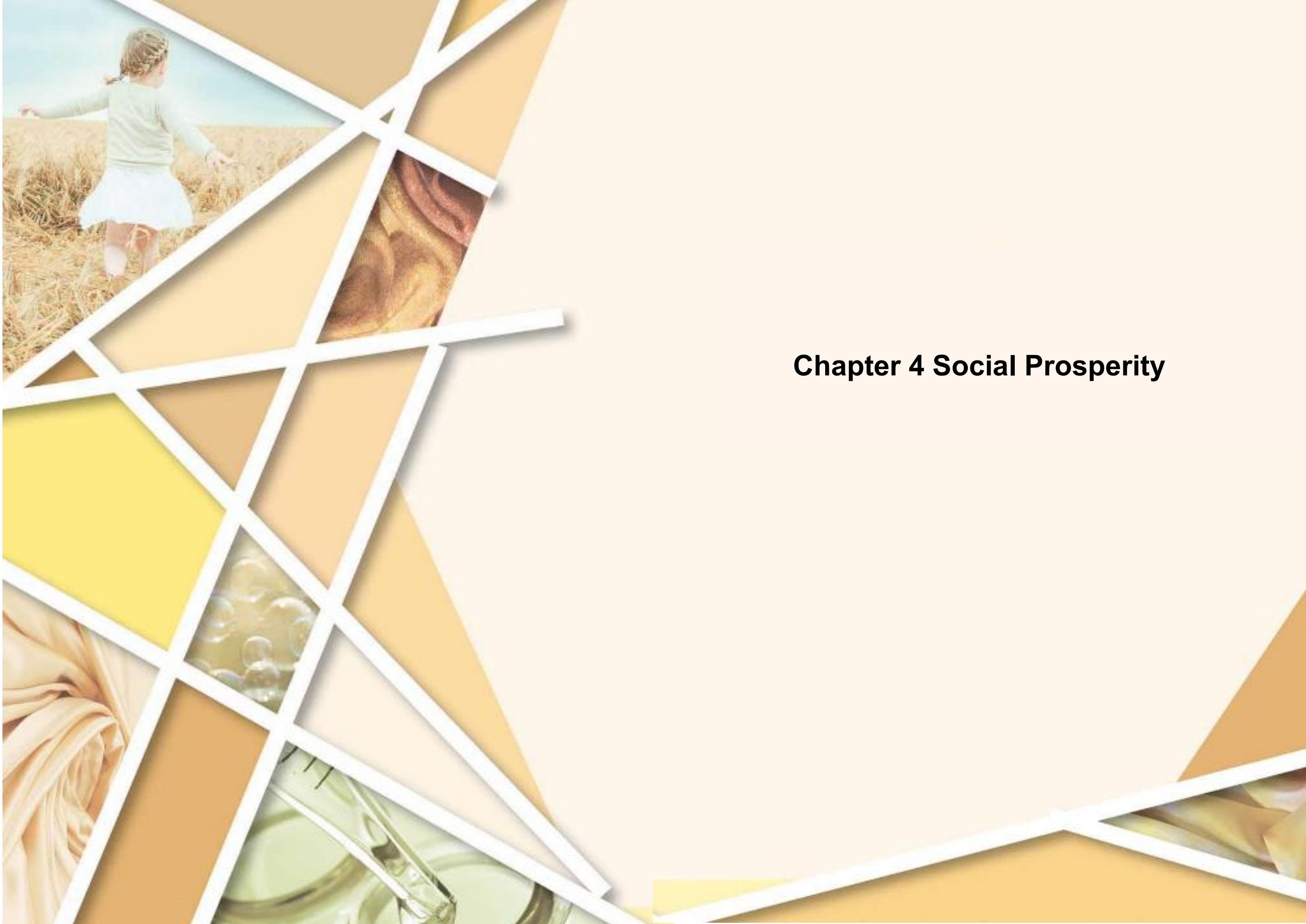
Put decoloring agent into red waste-water storage tank for decolorization and compare decolored waste water with standard decolored-waste water picture for determination of further decolorization or discharge into temporary waste-water storage pool.

➤ Designated inspector, emergency response :

Cut level of operating liquid in the equalization basin #2 of waste-water treatment works to 50%, from original 80%, enabling storage of abnormal waste water for over one day to facilitate emergency treatment. Intensify daily inspection, with the dyeing and finishing plant dispatching staffer to inspect the color of temporary waste-water treatment pool and other related status once every four hours, instantly channeling abnormal discharged waste water into the equalization basin #2 for subsequent treatment to assure conformance of final discharged waste water to standards.

➤ Real-time chromaticity, last defense line :

Purchase online chromaticity detection system for installation at waste-water discharging pool for around-the-clock monitoring. The system would notify responsible operator and chief, once the monitored figure exceeds the internal control value, set at 80 (much lower than standard 400), then the operator would come to check the pool instantly, judging whether it needs to channel the discharged water into the equalization basin for subjection to extra treatment by the waste-water treatment system.



Chapter 4 Social Prosperity

4.1 Happiness Workplace

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.

4.1.1 Human Rights Protection

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; in addition, the Company continues to improve the labor-management communication and protect the privacy.

Human Rights Policy, its mitigation measures and Performance

Human Rights	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 2022, 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. 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. In 2022, the Company received a complaint case regarding sexual harassment and has been addressed in accordance with the procedures established by the Company.

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. In 2022, the Company held four labor-management meetings.

To provide a friendly workplace free from any kind of discrimination and harassment, 262 new employees (including foreign workers) in Taiwan were all received the relevant training in 2022. In addition, to strengthen the communication and coordination for the management at chief level, a lecture concerning communication skill was held in July, 2022 with the expectation to create a harmony workplace.

Lecture on Communication Skills				
Training Hours	Number of Participants	Planned Training Hours of Participants (A)	Actual Training Hours of Participants (B)	Attendance Rate (A/B)
3 hrs	40	120 hrs	120 hrs	100%

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 2022. The Taiwan plant employed 122 physically/mentally handicapped persons, 2.7 times the mandatory level. Meanwhile, in line with the spirit of inclusiveness, the employed 22 aborigines as of the end of 2022.

▼ Ratio and Age Group of New Formal Employees of the Company in 2022

Plant	Age Group	Female		Male	
		New Employees of the age group	Ratio	New Employees of the age group	Ratio
Taiwan Plant	Under 29	19	67.9%	41	69.5%
	30~39	8	28.6%	14	23.7%
	40~49	1	3.6%	4	6.8%
	50~59	0	0.0%	0	0.0%
	Subtotal	28	100%	59	100%
Taiwan FGS	Under 29	1	50.0%	2	40.0%
	30~39	1	50.0%	2	40.0%
	40~49	0	0.0%	1	20.0%
	50~59	0	0.0%	0	0.0%
	Subtotal	2	100%	5	100%
Zhong-Shan Plant in China	Under 29	22	28.9%	60	47.6%
	30~39	31	40.8%	36	28.6%
	40~49	21	27.6%	27	21.4%
	50~59	2	2.6%	3	2.4%
	Subtotal	76	100%	126	100%

Plant	Age Group	Female		Male	
		New Employees of the age group	Ratio	New Employees of the age group	Ratio
Chang-Shu Plant in China	Under 29	2	13.3%	5	41.7%
	30~39	10	66.7%	3	25.0%
	40~49	2	13.3%	3	25.0%
	50~59	1	6.7%	1	8.3%
	Subtotal	15	100%	12	100%
Long-an Plant in Vietnam	Under 29	87	71.9%	97	60.2%
	30~39	32	26.4%	48	29.8%
	40~49	2	1.7%	15	9.3%
	50~59	0	0.0%	1	0.6%
	Subtotal	121	100%	161	100%
Dong-nai Plant in Vietnam	Under 29	167	82.7%	207	77.0%
	30~39	26	12.9%	58	21.6%
	40~49	7	3.5%	3	1.1%
	50~59	2	1.0%	1	0.4%
	Subtotal	202	100%	269	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 2022

Plant	Age Group	Female		Male	
		Number of resignations	Ratio	Number of resignations	Ratio
Taiwan Plant	Under 29	22	52.4%	33	45.8%
	30~39	11	26.2%	22	30.6%
	40~49	7	16.7%	13	18.1%
	50~59	2	4.8%	1	1.4%
	Over 60	0	0.0%	3	4.2%
	Subtotal	42	100%	72	100%
Taiwan FGS	Under 29	21	58.3%	17	45.9%
	30~39	5	13.9%	15	40.5%
	40~49	7	19.4%	4	10.8%
	50~59	3	8.3%	1	2.7%
	Subtotal	36	100%	37	100%
Zhong-Shan Plant in China	Under 29	12	22.6%	28	35.0%
	30~39	24	45.3%	22	27.5%
	40~49	15	28.3%	25	31.3%
	50~59	2	3.8%	4	5.0%
	Over 60	0	0.0%	1	1.3%
	Subtotal	53	100%	80	100%
Chang-Shu Plant in China	Under 29	4	25.0%	6	40.0%
	30~39	9	56.3%	6	40.0%
	40~49	2	12.5%	2	13.3%
	50~59	1	6.3%	1	6.7%
	Subtotal	16	100%	15	100%
Long-an Plant in Vietnam	Under 29	53	57.6%	68	51.9%
	30~39	31	33.7%	45	34.4%
	40~49	3	3.3%	15	11.5%
	50~59	4	4.3%	3	2.3%
	Over 60	1	1.1%	0	0.0%
	Subtotal	92	100%	131	100%
Dong-nai Plant in Vietnam	Under 29	125	73.1%	148	69.8%
	30~39	33	19.3%	62	29.2%
	40~49	12	7.0%	2	0.9%
	50~59	1	0.6%	0	0.0%
	Subtotal	171	100%	212	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 4.7 % in 2022, a relatively low and stable level

4.1.2 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 2022, the Company has a total workforce of 7,429, including the five factories in three places and gas stations in Taiwan. Among them, 6,042 are formal employees, 48.1% of whom in Taiwan, 14.1% in China, and 37.8 in Vietnam, and 1,387 are informal employees.

Compared with the total number of employees in 2021, there is no significant change in 2022. The total number of workforce in 2021 was 7,258, with 5,950 formal employees and 1,308 informal ones.

▼ The Table of Total Workforce in 2022

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	1,627	265	304	158	647	603	3,604
	Female	776	241	281	106	517	517	2,438
	Subtotal	2,403	506	585	264	1,164	1,120	6,042
Informal Employees	Male	347	390	0	0	0	0	737
	Female	432	218	0	0	0	0	650
	Subtotal	779	608	0	0	0	0	1,387
Total	Male	1,974	655	304	158	647	603	4,341
	Female	1,208	459	281	106	517	517	3,088
	Total	3,182	1,114	585	264	1,164	1,120	7,429
Average Years of Service of Formal Employees (years)		18.7	11.5	9.4	9.4	9.1	5.0	-

- Informal employees are such as contract workers, migrant workers, and part-time workers, and formal employees are all permanent employees. In 2022, there is no non-guaranteed hours employees.
- There were 541 foreign workers (247 were male; 294 were female) in Taiwan Plant, whose nationalities were Thailand (33.6%), Philippine (62.7%), and Vietnam (3.7%).
- The Petroleum Business Division in Taiwan runs gas stations. Informal employees are part-time workers.

Non-employee workers

In 2022, there were 478 non-employee persons, including 101 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 2022

Item	Plant	Taiwan Plant				Taiwan FPS				Zhong Shan Plant			
	Gender	F	M	Total	Ratio	F	M	Total	Ratio	F	M	Total	Ratio
Position	Managerial staff (and above)	0	19	19	0.8%	0	1	1	0.2%	0	〈3〉	〈3〉	0%
	1 st and 2 nd level supervisors	19	342	361	15%	1	16	17	3.4%	21	48	69	11.8%
	Base-level supervisors	98	522	620	25.8%	40	71	111	21.9%	85	99	184	31.5%
	Base-level employees	659	744	1403	58.4%	200	177	377	74.5%	175	157	332	56.8%
	Subtotal	776	1627	2403	100%	241	265	506	100%	281	304	585	100%
	Under 29	68	153	221	9.2%	37	65	102	20.2%	33	49	82	14%
	30~39	113	286	399	16.6%	99	93	192	37.9%	120	107	227	38.8%
Age Group	40~49	328	462	790	32.9%	72	62	134	26.5%	108	109	217	37.1%
	50~59	246	573	819	34.1%	31	39	70	13.8%	16	39	55	9.4%
	Over 60	21	153	174	7.2%	2	6	8	1.6%	4	0	4	0.7%
	Total	776	1627	2403	100%	241	265	506	100%	281	304	585	100%

Item	Plant	Chang Shu Plant				Long-an Plant				Dong-nai Plant			
	Gender	F	M	Total	Ratio	F	M	Total	Ratio	F	M	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	18	19	37	14%	32	19	51	4.4%	20	15	35	3.1%
	Base-level supervisors	49	64	113	42.8%	55	93	148	12.7%	57	85	142	12.7%
	Base-level employees	39	75	114	43.2%	430	535	965	82.9%	440	503	943	84.2%
	Subtotal	106	158	264	100%	517	647	1164	100%	517	603	1120	100%

Item	Plant	Chang Shu Plant				Long-an Plant				Dong-nai Plant			
	Gender	F	M	Total	Ratio	F	M	Total	Ratio	F	M	Total	Ratio
Age Group	Under 29	8	17	25	9.5%	175	234	409	35.1%	296	341	637	56.9%
	30~39	72	90	162	61.4%	178	225	403	34.6%	176	227	403	36.0%
	40~49	24	29	53	20.1%	122	139	261	22.4%	37	29	66	5.9%
	50~59	2	22	24	9.1%	41	48	89	7.6%	8	6	14	1.3%
	Over 60	0	0	0	0%	1	1	2	0.2%	0	0	0	0%
	Total	106	158	264	100%	517	647	1164	100%	517	603	1120	100%

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

4.1.3 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.

Year	Average Salary (thousands of NTD)	Median Salary (thousands of NTD)	Number of full-time employees
2022	590	523	2,968
2021	567	507	3,065

- 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 (excluding the highest salary) in 2022 was 11.6 times; the salary growth of highest salary to median salary of total annual salary of employees was 53%.

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 2022, a total of 19 employees, 4 males and 15 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\$1,363,000 in 2022.

Subsidies for electric scooter

In addition, to encourage energy conservation and carbon abatement, the company put forth NT\$10,000 subsidy for new purchase of electric scooters and NT\$16,000 for substitution of e-vehicles for gasoline-fueled ones by employees, giving out NT\$268,000 of total subsidy for purchase of 22 e-motorcycles in 2022.

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."

Statistics of Work Improvement Proposals over the Past Two Years			
Year		2022	2021
Number of Proposals		2,517	2,705
Reward Amount (New Taiwan Dollars)		285,100	287,200
Achievement Rewards	Number of Proposals	6	1
	Rewards (New Taiwan Dollars)	17,644	4,107
	Annual Benefits (New Taiwan Dollars)	997,861	346,992

4.1.4 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.

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

To encourage employees to learn the second language and improve the language skills, the Company held TOEIC test lectures in 2022. The status of the training was shown as the table below:

Training Hours	Number of Participants	Planned Training Hours of Participants (A)	Actual Training Hours of Participants (B)	Attendance Rate (B/A)
60 hours	26	1,560 hours	1,464 hours	93.8%

The Training Status of the Whole Company in 2022

In 2022, the Company held 1,925 trainings including 107 external trainings. The total training hours of the Company in 2022 was 131,367, and the average training hour of per staff was 17.68.

▼ The Statics of Training Programs Conducted in 2022

Category	Number of Training Course	Category	Number of Training Course
Management	663	IT	11
EHS	513	Others	72
CEP	186	Special Expertise	33
QC	59	External Training	107
Techniques	281	Total	1,925

* EHS = Environmental Health and Safety, CEP =Continuing education programs, QC= Quality control

▼ Total Training Hours Conducted in 2022 Divided by Genders and Positions

Position		1 st and 2 nd level supervisors	Base-level supervisors	Base-level employees
Item	Male	1,355	9,613	14,533
	Female	142	3,852	9,050
	Total	1,497	13,465	23,583
Total Training Hours Unit: Hours	Male	6,108	32,001	54,960
	Female	403	10,460	27,435
	Total	6,511	42,461	82,395
Average training hours per attendance	Male	4.51	3.33	3.78
	Female	2.84	2.72	3.03
	Total	4.35	3.15	3.49

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 2022

Category	Male	Female	Total
Total Training Hours (Hours) (A)	93,069	38,298	131,367
Total employees (B)	4,341	3,088	7,429
Average training hours (A/B)	21.44	12.40	17.68

The total employees shown the table above is as of Dec., 31, 2022, including foreign workers.

4.2 Occupational Health and Safety

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 in three countries 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.

Environment, Health and Safety Policy of the Company

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

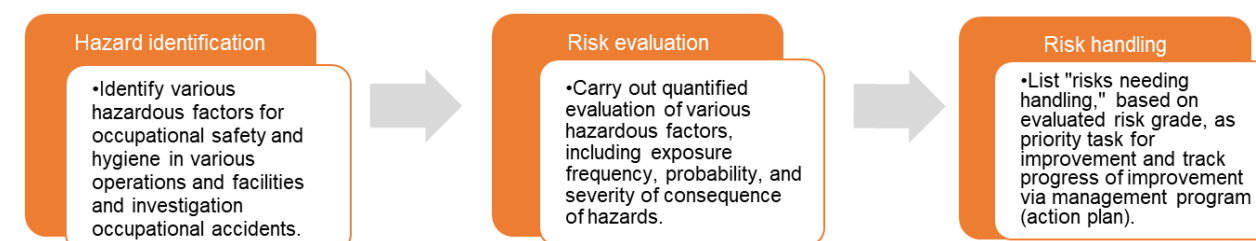
Occupational Safety and Health Management Plans

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.

Procedures of Hazard Identification and Risk Evaluation



Hazard Identification and Risk Evaluation of five plants in three places conducted in 2022 and Countermeasures

The company executed improvement program on handling of industrial-safety risk, including JD burning incident, prevention of PF and FS cutting incident, prevention of PF and FS winding incident, prevention of burning incident of heat exchanger of dyeing machine, installation of optical stop device for impregnating machine, installation of safety cover for lapping machine, and installation of safety protection device for embossing machine, expecting that no injury occurred.

Plant	Number of identified/evaluated hazards	Number of Unacceptable (High) Risk Cases After Evaluation	Number of Improvements with Specific Targets	Number of Amended/Stipulated Management Documents
Taiwan Plant	1,492	12	12	11
Zhong- Shan Plant	262	3	3	1
Chang- Shu Plant	360	7	7	2
Long-An Plant	110	22	22	30
Dong-Nai Plant	580	17	17	10

Hazard identification and risk evaluation and management for contracting operations

The Company regularly implements education and training for contractors' construction personnel, overseers, and safety supervisors and holds meetings convened by a consultative organization for joint operations to notify the work environment, potential hazardous elements, and required safety and health regulations to the contractors and their construction personnel. Additionally, the Company conducts entrance control over contractors' construction personnel and equipment, inspect the workplace and guidance/assistance in improvement in deficiencies in safety and periodically evaluates contractors' safety and health performances.

Management of Operating Environment

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

Summary of Monitored Items of Workplace in the Five Plants in Three Places in 2022

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Doulin Plant (Taiwan)	Indoor central air-conditioned operating site	CO ₂	Once/half year	38	Lower than 1/5 tolerance for standard value

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
	Noisy operating site	Noise (dB)	Once/half year	76	First half of 2022: 72.4(dB)~97.3(dB) Second half of 2022: 72.0(dB)~101.8(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4th Category Dust, 4th Category Respirable Dust	Once/half year	20	Lower than 1/10 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once/half year	121	Lower than detectable limit-1/5 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once/half year	8	Lower than detectable limit-1/2 tolerance for standard value
Zhong-Shan Plant (China)	High-temperature operating site	High temperature (°C)	Once / year	7	Standard 31 °C , measured temperature in summer 28.1°C
	Noisy operating site	Noise (dB)	Once / year	61	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4th Category Dust, 4th Category Respirable Dust	Once / year	4	Lower than 1/10 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once / year	13	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once / year	50	Lower than detectable limit-1/5 tolerance for standard value

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Chang-Shu Plant (China)	Operating site for organic solvent	Organic Solvents	Once / year	3	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once / year	6	Lower than detectable limit-1/5 tolerance for standard value
	Dusty operating site	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 Plant(Vietnam)	Noisy operating site	Noise (dB)	Once / year	45	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4th Category Dust, 4th Category Respirable Dust	Once / year	45	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once / year	11	Lower than detectable limit-1/3 tolerance for standard value
Dong-nai Plant (Vietnam)	Noisy operating site	Noise (dB)	Once / year	42	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Operating site for organic solvent	Organic Solvents	Once / year	5	Lower than 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) Employees Safety and Health and Materiality Protection

In line with the "Occupational Safety and Health Act," factory dispensary and the safety and hygiene office jointly pushed program for protecting physical and mental health of laborers in 2022. The activities held for promoting employees' health in 2022 were summarized as the table below:

Date	Contents	Number of Participants
2022/01/03-12/30	Assessment for Prevention of Physical hazard of high risk employees	4
2021/01/03-12/30	Guidance for employee health	430
2022/01/03-12/30	Prevention for cardiovascular diseases	96
2022/01/03-12/30	Protection for Maternal Employees Health	5
Irregular	Subsidies for various employee clubs (19 clubs, including mountaineering clubs outing club, bike club, and dancing club) in holding outdoor activities	

In addition, to protect physical and mental health of maternal laborers and female laborers in pregnancy, after child birth, or in breast feeding, the Company has established the breastfeeding room and held lectures on the health of such female laborers in 2022, which were attended by 5 persons. Contents of the lectures included principles for diet during pregnancy, fundamental knowledge and noticeable points for life and health maintenance during pregnancy, pregnancy-induced diabetes, preparation for child birth, labor symptoms, breast feeding, post-child birth diet, post-child birth exercise, methods for alleviating maternity blue, and consumption of non-staple food. Health status of the attendees were recorded and put in file for follow-up tracking.

2) General Health (Physique) Examination

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

Plant	Age Groups of Employees	Physical Examination Period	Number of Examined Employees
Taiwan Plant	Under 40 years old	Once every 5 years	684 employees in 2020
	Between 40 and 65 years old	Once every 3 years	1,650 employees in 2022
	Above 65 years old	Once every year	3 employees in 2022
Zhong-Shan Plant	New and existing operators	Once every year	78 employees in 2022
Chang-Shu Plant	New and existing operators	Once every year	55 employees in 2022
Long-an Plant	Workers in common environment	Once every year	983 employees in 2022
Dong-nai Plant	Workers in common environment	Once every year	1,075 employees in 2022

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

3) 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 2022 Unit: headcount				
Special Health Examination Items	Grade 1	Grade 2	Grade 4	Number of Examined Personnel
Noise (Hearing)	558	252	3	813
Dust	30	18	0	48
Dimethylformamide	79	51	0	130
Diisocyanate	14	5	0	19
Hyperthyroidism	16	17	0	33
Nickel and its compounds	3	6	0	9
Subtotal	700	349	3	1,052

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
2 nd 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.

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 2022 Unit: headcount				
Plant	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Zhong-Shan	Noise (Hearing)	113	0	113
	Dust	21	0	21
	Chemicals	67	0	67
	Subtotal	201	0	201

Statistics of Special Health Examination Results in China Plants in 2022 Unit: headcount				
Plant	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Chang-Shu	Dust	10	0	10
	Toluene, Dimethylformamide	15	0	15
	Subtotal	25	0	25

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 fund to have hearing impairment in the initial examination.

Statistics of Special Health Examination Results in Vietnam Plants in 2022 Unit: headcount				
Plant	Health Examination Items	Normal	Abnormal	Number of Examined Personnel
Long-an	Noise (Hearing)	194	0	194
	Dust	29	0	29
	Toluene	34	0	34
	Subtotal	257	0	257
Dong-nai	Noise (Hearing)	307	1	308
	Subtotal	307	1	308

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.

To protect the employees' health and prevent the disruption of production arising from the pandemic, the Company tracks and adjusts the regulations of pandemic prevention measures in line with the authorities' policies and promotes the general knowledge of hygiene to the staff. Take the Taiwan plant for example, the Company adjusts the prevention regulations in line with the policies announced by the Taiwan Center for Disease Control:

- Close contacts with confirmed cases and arriving travelers use at-home COVID-19 rapid test kits only when the symptoms are developed during the period of self-initiated.
- Relaxing the policy on wearing face masks indoors and suggest the staff to wear masks while taking the public transportation.
- Face masks were required to wear during the period of self-health management.

Occupational Disaster 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 2022, 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 2022, there was no accident nor injury occurred on suppliers; and no occupational disease for employees and suppliers occurred in 2022.

▼ 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		2022	2021	2022	2021	2022	2021	2022	2021
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

Plant		Taiwan Plant		FGS		Plants in China		Plants in Vietnam	
Year		2022	2021	2022	2021	2022	2021	2022	2021
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	3	1	3	2	2	0	2
	Female	2	4	1	0	3	0	2	0
	Total	9	7	2	3	5	2	2	2
Rate of recordable work-related injuries	Male	1.23	0.50	0.45	1.39	1.05	0.83	0	0.51
	Female	0.35	0.67	0.45	0	1.57	0	0.70	0
	Total	1.58	1.17	0.90	1.39	2.62	0.83	0.70	0.51
Working hours		5,656,391	5,987,769	2,183,691	2,162,967	1,908,474	2,414,955	2,874,648	3,889,827

- ❖ Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injury / working hours) × 10⁶.
- ❖ Rate of high-consequence work-related injuries (excluding fatalities) = Number of high consequence work related injuries (excluding fatalities)/ working hours × 10⁶.
- ❖ Rate of recordable work-related injuries = Number of recordable work-related injuries/ Number of hours worked × 10⁶.
- ❖ 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	1,743.5 hours/ 5,962 participants
		Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
	Environmental Protection	Operation personnel environmental protection training	All employees	612 hours/ 5,280 participants
		Chemical substance (including wastewater) leakage and handling training	Public works department, chemical substance operation departments	
		Air pollution, water pollution, waste and toxic operations training	All environmental protection operation departments	
	Fire-fighting	Firefighting education and training (including the use of protective equipment)	All employees	186 hours/ 4,595 participants
FGS	Safety and Health	General training on Hazardous Substances	All employees	9 hours/ 2,127 participants
	Environmental Protection	Response on oil leakage and emergency prevention	All employees	12 hours/ 2,116 participants
		Prevention and response to water, air and land pollution	All employees	
	Fire-fighting	Emergency drill on earthquake and fire fighting	All employees	12 hours/ 2,124 participants
Zhong-Shan	Safety and Health	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	132 hours/ 264 participants
	Environmental Protection	Drills on response to chemicals (including wastewater) leakage	Public works department, chemical substance operation departments	100 hours/ 50 participants
	Fire-fighting	Drills on fire-fighting	All employees	114 hours/ 572 participants
Chang-Shu	Safety and Health	Trainings on safe production regulations	All employees	266 participants (Online Test)
		Trainings on prevention of occupational diseases		
	Environmental Protection	General Training on Environmental Protection Law	All employees	

Plant	Training Type	Main Training Course	Target Groups	Training Hours / Participants
		Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	23 participants
		Drill on prevention of air, water, and waste pollution	All environmental protection operation departments	120 hours/ 35 participants
	Fire-fighting	Drills on emergency and fire-fighting	All employees	266 participants
Long-an	Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	557 hours/ 227 participants
		Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	320 hours/ 320 participants
		EHS trainings on Team 1,2,3,4,5,6	All employees	8,848 hours/ 1,106 participants
	Environmental Protection	Drills on response to chemicals (including wastewater) leakage	Public works department, chemical substance operation departments	438 hours/ 146 participants
		Drill on prevention of air, water, and waste pollution and hazardous chemicals	All environmental protection operation departments	404 hours/ 404 participants
	Fire-fighting	Drills on emergency and fire-fighting	All employees	8,120 hours/ 1,015 participants
Dong-nai	Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	552 hours/ 276 participants
		Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	372.5 hours/ 149 participants
		EHS trainings on Team 1,2,3,4,5,6	All employees	6,632 hours/ 829 participants
	Environmental Protection	Drills on response to chemicals (including wastewater) leakage	Public works department, chemical substance operation departments	455 hours/ 174 participants
		Drill on prevention of air, water, and waste pollution and hazardous chemicals	All environmental protection operation departments	75 hours/ 25 participants
	Fire-fighting	Drills on emergency and fire-fighting	All employees	6,632 hours/ 829 participants

4.3 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.

➤ 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; 58 children attended the kindergarten in 2022.

➤ 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 of the 26 units.) According to the "Disposal Directions on Review of Air Pollutant Emission Increase offset for Development Activities by the EPA, Executive Yuan," promulgated on July 28th 2009, the amount of the annual reduced particulate and dust is 13.634 tons.

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.

➤ Giving back to local communities

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

Participation in social charities events in 2022

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	15
2	Consultation for the neighborhood volunteer civil defense force	5
3	Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities	12
4	Activities organized by community vulnerable group foundations	4
5	Donations to charities and events of neighboring schools and organizations	8
6	Sponsoring/Donations to cultural art events or cultural innovation industry	3
7	Sponsoring other environmental protection activities and events in neighboring communities	2
Total number of sponsoring events and donations made in 2022		49

Investment in Community Relations in 2022 was NT\$ **656,000**

➤ **Support in Cultural Development**

Support for charity public performance of children's plays



The company sponsored the charity performance of children's plays totaling 14 sessions by the Song Song Song Children's & Puppet Theatre, organized by the World Peace Association, in order to instill goodness and ethics in the minds of children, welcoming children from poor families to enjoy the performance free of charge and using revenue from ticket sales to subsidize their meals during summer vacation.

Support for setup of Yunlin baseball team

The company has sponsored the establishment of "Leilung" baseball team by "Yunlin communal care and development association," contributing to the spread of baseball sport in Taiwan.

Support for charity singing concert

The company has sponsored the annual charity singing concert, organized by the Yunlin station of Cheng Sheng Broadcasting Corp., offering a stage for performance by the physically and mentally handicapped with musical talent.

➤ **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	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
National Chung Hsing University	Development of conducting textiles (II)	35	2020~2021
Taiwan Textile Research Institute	Development of Photocatalyst system and testing for the protection and durability of Photocatalyst clothing	60	2020~2021
	Testing and development of functional fabrics and protective fabrics	50	2014~2022

Over the recent five years, FTC has contributed nearly NT\$ 30 million to collaboration among Industry-Government-Academy. Not only does it help the academy to apply research and development to the industry but also assist the Company to produce new products.

Appendix

Appendix I 、GRI Index

Statement of use	The 2022 FTC Sustainability Report complies with the requirements of new GRI Standards. The scope of data and information disclosed is January 1 to December 31, 2022.
GRI 1 Used Version	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard and Disclosure		Correspondent Chapter or Page	Note
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	1.1 Corporate Profile	
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	Scope 3 GHG emissions in 2022 Water withdrawal in 2021 of Taiwan Plant	
2-5	External assurance	About this Report 2.1 Corporate Governance Appendix V	
Activities and workers			
2-6	Activities, value chain and other business relationships	1.1 Corporate Profile 2.4 Supply Chain Management	
2-7	Employees	4.1 Harmonious Workplace	
2-8	Workers who are not employees	4.1 Harmonious Workplace	
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	

GRI Standard and Disclosure		Correspondent Chapter or Page	Note
2-11	Chair of the highest governance body	2.1 Corporate Governance	
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	2.1 Corporate Governance	
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	4.1 Harmonious Workplace	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	President's Message	
2-23	Policy commitments	2.1.3 Business Ethical 4.1 Harmonious Workplace	
2-24	Embedding policy commitments	2.1.3 Business Ethical	
2-25	Processes to remediate negative impacts	2.2 Risk Management	
		3.1 Prevention of Air Pollutants	
		3.2 Climate Change Adaptation and Action	
		3.3 Water Resource Management	
		3.4 Energy Management	
		3.6.1 Zero Discharge of Hazardous Chemicals	
		4.1 Harmonious Workplace	
		4.2 Occupational Health and Safety	

GRI Standard and Disclosure		Correspondent Chapter or Page	Note
2-26	Mechanisms for seeking advice and raising concerns	2.2 Risk Management	
2-27	Compliance with laws and regulations	2.2 Risk Management	
2-28	Membership associations	1.3 Participation in External Associations	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	1.4 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 Topics 2021			
3-1	Process to determine material topics	1.5 Material Topics Analysis	
3-2	List of material topics	1.5 Material Topics Analysis	
Material Topic: Business Performance			
3-3	Management of material topics	2.3 Business Performance	
201-1	Direct economic value generated and distributed	2.3 Business Performance	
Material Topic: Water Resource Management			
3-3	Management 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	
303-4	Water discharge	3.3 Water Resource Management	
303-5	Water consumption	3.3 Water Resource Management	
Material Topic: Information Security			
3-3	Management of material topics	2.2 Risk Management	

GRI Standard and Disclosure		Correspondent Chapter or Page	Note
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No breach of customer privacy or loss of customer data in 2022.	
Material Topic: Climate Change Adaptation and Action			
3-3	Management of material topics	2.2 Risk Management 3.2 Climate Change Adaptation and Action	
305-1	Direct (Scope 1) GHG emissions	3.2 Climate Change Adaptation and Action	
305-2	Energy indirect (Scope 2) GHG emissions	3.2 Climate Change Adaptation and Action	
305-3	Other indirect (Scope 3) GHG emissions	3.2 Climate Change Adaptation and Action	
305-4	GHG emissions intensity	3.2 Climate Change Adaptation and Action	
305-5	Reduction of GHG emissions	2.2 Risk Management 3.2 Climate Change Adaptation and Action	
Material Topic: Prevention of Air Pollutants			
3-3	Management of material topics	3.1 Prevention of Air Pollutants	
305-6	Emissions of ozone-depleting substances (ODS)	3.1 Prevention of Air Pollutants	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	3.1 Prevention of Air Pollutants	
Material Topic: Energy Management			
3-3	Management 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 and Disclosure		Correspondent Chapter or Page	Note
Material Topic: Occupational Health and Safety			
3-3	Management of material topics	4.2 Occupational Health and Safety	
403-1	Occupational health and safety management system	4.2 Occupational Health and Safety	
403-2	Hazard identification, risk assessment, and incident investigation	4.2 Occupational Health and Safety	
403-3	Occupational health services	4.2 Occupational Health and Safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	4.2 Occupational Health and Safety	
403-5	Worker training on occupational health and safety	4.2 Occupational Health and Safety	
403-6	Promotion of worker health	4.2 Occupational Health and Safety	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	4.2 Occupational Health and Safety	
403-8	Workers covered by an occupational health and safety management system	4.2 Occupational Health and Safety	
403-9	Work-related injuries	4.2 Occupational Health and Safety	
403-10	Work-related ill health	4.2 Occupational Health and Safety	
Material Topic: Zero Discharge of Hazardous Chemicals			
3-3	Management of material topics	3.6.1 Zero Discharge of Hazardous Chemicals	

Appendix II · SASB Index

Theme	Indicator		Indicator Type	Page/Chapter
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Description and Analysis	3.6.1 Zero Discharge of Hazardous Chemicals
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Description and Analysis	3.6.1 Zero Discharge of Hazardous Chemicals
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	3.3 Water Resource Management 2.4 Supply Chain 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	
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of Tier 1 supplier facilities and supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	2.4 Supply Chain Management
	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	

Theme	Indicator		Indicator Type	Page/Chapter
	CG-AA-430b.3	Description of the greatest labor and environmental, health, and safety risks in the supply chain	Description and Analysis	2.4 Supply Chain Management
Raw Materials Sourcing	CG-AA-440a.1	List of priority raw materials; for each priority raw material: environmental and/or social factor(s) most likely to threaten sourcing, discussion on business risks and/or opportunities associated with environmental and/or social factors, and management strategy for addressing business risks and opportunities	Description and Analysis	2.4 Supply Chain Management
	CG-AA-440a.2	Amount of priority raw materials purchased, by material, and amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Quantitative	2.4 Supply Chain Management
	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	2.4 Supply Chain Management

Appendix III Climate-Related Information of TWSE/TPEX Listed Company

▼ Implementation of Climate-Related Information

Item	Description
Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities	Regarding the management of climate-related risks and opportunities as well as the verification of greenhouse gas emissions of the Company, please refer to page 21-22 and 3.2 climate adaption and action of this Report. For the detailed scenario analysis of climate risks and management, please refer to the Company's 2022 TCFD Report.
Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
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.	

Item	Description
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.	
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.	

Greenhouse Gas Inventory and Assurance Status in 2022

Basic information of the company

- Capital of NT\$10 billion or more, iron and steel industry, or cement industry
- Capital of NT\$5 billion or more but less than NT\$10 billion
- Capital of less than NT\$5 billion

Minimum required disclosure under the Sustainable Development Roadmap for TWSE/TPEX Listed Companies:

- Inventory for parent company only
- Assurance for parent company only
- Inventory for all consolidated entities
- Assurance for all consolidated entities

Item	Category	Amount(tons/CO ₂ e)	Density*
Formosa Taffeta Co., Ltd.	Scope 1	192,398	7.34
Formosa Taffeta Co., Ltd.	Scope 2	88,692	3.39
Total		281,090	10.74


Description:

- The data above was the GHG emissions in Taiwan plants of Year 2022 and was verified by the third party, SGS.
- The GHG emissions in overseas plants of Year 2022 is scheduled to complete its verification by the third party by the end of September, 2023.
- The calculation of density is emissions (tons of CO₂e)/NT\$ million of the plant.

Appendix IV. Certificates

Items	Plants				
	Taiwan	Chang-shu	Zhong-shan	Dong-nai	Long-an
Certificates of Eco Products & Production Processes: Oeko-Tex® Standard 100 Certification	✓	✓	✓		✓
GOTS Organic Cotton Certification	✓				
OCS Organic Cotton Certification	✓				
GRS Polyester Recycle Standards	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1:2006)	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1:2018)		✓	✓	✓	✓
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)	✓				
Water efficiency management systems (ISO 46001:2019)	✓				

Verification Statement of GHG emissions in 2022 of Taiwan Plant




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

TGP56A-15-1 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

Validation and Verification
VB002

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

Page 1 of 5

Verification Statement of GHG emissions in 2021 of China Plants



聲明書編號TW22/00460GG, 接續

【全廠/集團各類別溫室氣體排放量】 單位：公噸二氧化碳當量

類別	報告邊界	內容說明	溫室氣體排放量
直接溫室氣體排放	全廠組織邊界內由組織擁有或控制的溫室氣體。		15,945.2110
間接溫室氣體排放	輸入能源溫室氣體排放	輸入電力的間接排放	22,854.4771
運輸溫室氣體排放	上游運輸和貨物配送產生的排放		392.9137
組織使用產品溫室氣體排放	源自採購商品的排放		87,082.9789
組織使用來自於組織產品溫室氣體排放	—	—	—
其他來源溫室氣體排放	—	—	—
直接與間接溫室氣體總排放量			126,275.581

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Verification Statement of GHG emissions in 2021 of Vietnam Plants



聲明書編號TW22/00453GG, 接續

【全廠/集團各類別溫室氣體排放量】 單位：公噸二氧化碳當量

類別	報告邊界	內容說明	溫室氣體排放量
直接溫室氣體排放	全廠組織邊界內由組織擁有或控制的溫室氣體。		58,538.1186
間接溫室氣體排放	輸入能源溫室氣體排放	輸入電力的間接排放	32,636.8108
運輸溫室氣體排放	上游運輸和貨物配送產生的排放		4,389.8745
組織使用產品溫室氣體排放	源自採購商品的排放		95,285.5167
組織使用來自於組織產品溫室氣體排放	—	—	—
其他來源溫室氣體排放	—	—	—
直接與間接溫室氣體總排放量			190,850.321

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第2頁 共5頁

Verification Statement of GHG emissions in 2021 of Zhong- Shan Plant (1/2)

Verification Statement of GHG emissions in 2021 of Zhong- Shan Plant (2/2)

Verification Statement of GHG emissions in 2021 of Long-an Plant (1/2)

Verification Statement of GHG emissions in 2021 of Long-an Plant (2/2)



聲明書編號TW22/00454GG, 接續

【全廠/集團各類別溫室氣體排放量】 單位：公噸二氧化碳當量

類別	報告邊界	內容說明	溫室氣體排放量
直接溫室氣體排放	全廠組織邊界內由組織擁有或控制的溫室氣體。		3,165.1206
間接溫室氣體排放	輸入能源溫室氣體排放	輸入電力、蒸汽的間接排放	28,111.9531
運輸溫室氣體排放	上游運輸和貨物配送產生的排放		262.2353
組織使用產品溫室氣體排放	源自採購商品的排放		48,893.9011
組織使用來自於組織產品溫室氣體排放	—	—	—
其他來源溫室氣體排放	—	—	—
直接與間接溫室氣體總排放量			80,433.210

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第2頁 共5頁



聲明書編號TW22/00461GG, 接續

【全廠/集團各類別溫室氣體排放量】 單位：公噸二氧化碳當量

類別	報告邊界	內容說明	溫室氣體排放量
直接溫室氣體排放	全廠組織邊界內由組織擁有或控制的溫室氣體。		8,063.4698
間接溫室氣體排放	輸入能源溫室氣體排放	輸入電力、蒸汽的間接排放	106,442.8362
運輸溫室氣體排放	上游運輸和貨物配送產生的排放		9,627.9112
組織使用產品溫室氣體排放	源自採購商品的排放		249,381.5969
組織使用來自於組織產品溫室氣體排放	—	—	—
其他來源溫室氣體排放	—	—	—
直接與間接溫室氣體總排放量			373,515.814

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Verification Statement of GHG emissions in 2021 of Chang- shu Plant (1/2)

Verification Statement of GHG emissions in 2021 of Chang- shu Plant (2/2)

Verification Statement of GHG emissions in 2021 of Dong-nai Plant (1/2)

Verification Statement of GHG emissions in 2021 of Dong-nai Plant (2/2)

Appendix V. SGS Assurance Statement



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO.,LTD.'s SUSTAINABILITY REPORT FOR 2022

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by FORMOSA TAFFETA CO.,LTD. (hereinafter referred to as FTC) to conduct an independent assurance of the Sustainability Report for 2022. The scope of the assurance, based on the SGS ESG and Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during verification (2023/03/22~2023/05/08). 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 2022 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 FTC's Sustainability Report.

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

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance 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 organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation'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 and/or ISAE3000.

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

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

SCOPE OF ASSURANCE AND REPORTING CRITERIA

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

Reporting Criteria Options	
1	GRI Universal Standard (2021) (In Accordance with)
2	AA1000 Accountability Principles (2018)
<ul style="list-style-type: none"> AA1000 Assurance Standard v3 Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2018) at a moderate level of scrutiny; and evaluation of the report against the requirements of Global Reporting Initiative Universal Standard 2021 (GRI 2, GRI 3, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with. 	

ASSURANCE METHODOLOGY

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

LIMITATIONS AND MITIGATION

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

STATEMENT OF INDEPENDENCE AND COMPETENCE

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

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

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

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

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

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, sustainability experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, FTC may proactively consider having more direct two-ways involvement of stakeholders during future engagement.



MATERIALITY

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

RESPONSIVENESS

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

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 2022, complies with the Requirements for reporting with reference to the GRI Standards set out in Section 3 of GRI 1. The significant impacts are assessed and disclosed with reference to the guidance defined in GRI 3: Material Topic 2021. 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 to present impacts with more quantitative or monetised measurement. Moreover, it is encouraged to set more long-term quantitative goals for material issues.

Signed:

For and on behalf of SGS Taiwan Ltd.

Stephen Pao
Knowledge Deputy General Manager
Taipei, Taiwan
19 May, 2023
WWW.SGS.COM



AA1000
Licensed Report
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福懋興業股份有限公司
Formosa Taffeta Co., Ltd.