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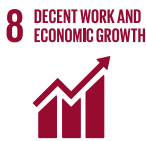


Fostering Robust Governance

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Target Readers:

- Employee/Labor Union
- Direct Customer
- Government
- Business Partner (supplier/contractor)
- External Audit Agency
- Shareholder/Investor/Financial Institution
- Industry Association
- Local Resident and Organization



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2019 Highlights





Taiwan Corporate Sustainability Awards (TCSA)

Top 50 Corporate Sustainability Awards, Chinese Report Awards Platinum Award, English Reporting Awards Gold Award, Climate Leadership Awards, Growth through Innovation Awards, Circular Economy Leadership Awards, People Development Awards



Global Corporate Sustainability Award (GCSA)

Outstanding Practice-World Class

Outstanding Professional-World Class



CDP

Climate Change-Management

Supplier Engagement Rating-Leadership

Water Security-Leadership



Corporate Governance Evaluation by TWSE and TPEX

Top 5%

5



Sustainable Benchmark Indicator Constituents

Global Views Monthly Corporate Social Responsibility Award

CSR Comprehensive Survey - Manufacturing Industry Category Winner

Outstanding Project - Excellence in Environmental Sustainability Category



181

CSR Committee Members Governed by the Board

3 designated staff



Completing the 3rd Plant Risk Ranking Project



International Trade Compliance and Anti-terrorism Financing

Training and Audit Complete

Taiwan Ratings

twA+

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Targets and Progress



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Material Topics



Refine Operational Performance and Strategies

Significance and Purpose of Management for FENC

Aiming for sustainability, FENC takes steady strides toward refining industry strategies. We maintain our industry leading status, spearhead industry growth and promote economic development.

Management Approaches and Effectiveness Evaluation Mechanisms

- Continue expand production capacity and establish diverse production base and products.
- Regularly conduct management review meetings, track business performance and require improvements from applicable units.
- Conduct quarterly Board Meetings to ensure continuation and adequacy of strategic directions.

Authority

- Presidents of Corporate Management
- Presidents of Petrochemical Business
- Presidents of Polyester Business
- Presidents of Textile Business



Govern with Steady Pace

Significance and Purpose of Management for FENC

With integrity as the highest guiding principle, FENC constructs a sound framework to balance corporate governance and stakeholders' interests, and protecting stakeholders' rights by strengthening corporate performance and management.

Management Approaches and Effectiveness Evaluation Mechanisms

- Designate corporate governance staff and Corporate Governance Task Force to implement tasks targeting business integrity, regulatory compliance, rules of procedures and public information.
- Establish rules and regulations governing Board Meetings and conduct annual self-evaluation.
- Incorporate external Corporate Governance Evaluation and internal control system to evaluate the effectiveness of operational procedures.

Authority

- Corporate Governance Officer
- Corporate Governance Task Force



Perfect Risk Management

Significance and Purpose of Management for FENC

Identify risks factors posing major impact to corporate activities, establish assessment approach or improvement measures to reduce operational risks and avoid financial loss or damage to reputation.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish risk control system to make dynamic adjustments and optimization and ensure system effectiveness.
- Implement staff training to increase risk awareness.
- Conduct monthly Risk Management Meeting to monitor risk indicators and regulatory compliance.
- Regularly conduct plant risk ranking project to reduce operational risks.
- Conduct multiple monthly meetings to ensure management of and focus on risk issues from the highest governing entity.

Authority

- Corporate Management



Implement Sustainable Development

Significance and Purpose of Management for FENC

In the spirit of sustainable development, FENC creates diverse values for stakeholders and aspires to set the paradigm of sustainable corporation through non-stop refinement in the perpetual pursuit to perfect humanities.

Management Approaches and Effectiveness Evaluation Mechanisms

- Establish CSR Committee with the Board as the highest governing entity.
- Establish Corporate Social Responsibility Policy and FENC Sustainability Strategic Blueprint to implement various CSR projects and report to the Board.
- Take part in domestic and international sustainability evaluation, forums and conferences, interact with stakeholders, and review and modify directions for corporate sustainability.

Authority

- CSR Committee



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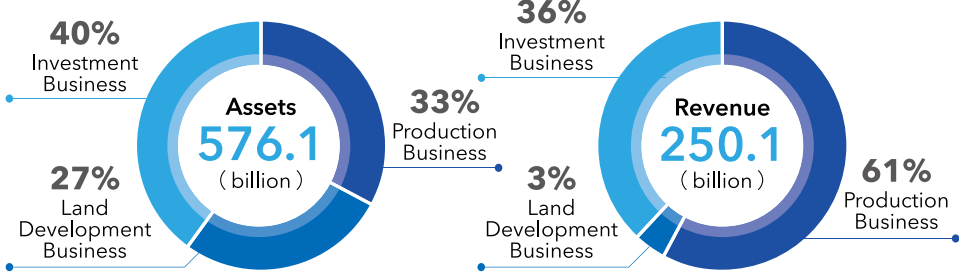


1.1 Refining Operational Performance and Strategies

Sincerity, diligence, thrift, prudence and innovation are the founding principles of FENC. Initially established as a textile company, FENC has integrated vertically to encompass the entire spectrum of the textile industry, including petrochemical, polyester polymer, chemical fiber, cotton yarn spinning, knitted fabrics, dyeing and garment industries, which streamlines the process from manufacturing to sales. FENC also spans horizontally into land development and reinvestment through diversified management strategies and highly efficient asset mobilization, and it is listed on the Taiwan Stock Exchange. As FENC delivers its 7th glorious decade in Taiwan in 2019, we will continue to pursue sustainable development and long-term profits in the future. While doing so, we will also keep delivering exceptional results in environmental protection, social inclusion and corporate governance, creating diverse values for stakeholders.



Assets and Revenue in 2019



FENC has been expanding its production operation into the U.S. since 2018, starting with the acquisition of the West Virginia PET plant and the Ohio R&D facility, as well as the construction of the PTA and PET plant in Texas. In light of the growing demand for recycling business in the U.S., the Company acquired the Ohio company, Phoenix Technologies International, LLC in June 2019, adding 36,000 metric tons to its annual rPET production capacity. The Company aims to help international beverage brands and consumer goods companies satisfy their sustainability goals. The Ohio company also forms a synergy with the PET plant in West Virginia, improving its competitiveness in the industry. In order to enhance efficiency of the specialization and integrate the rPET business, the Company completed the division of FENC subsidiary, Oriental Resources Development Limited in September 2019. Oriental Resources Development Limited will specialize in biomedical business, while the newly founded OGM will take over the recycling business.

1.1.1 Financial Performance

Healthy financial performance is the cradle of success for sustainability projects. It is also the key to sustainable corporate development. Each year, FENC sets the annual operating and capital expenditure budgets. Once the budgets are approved by the Board of Directors, the Accounting Department presents the Company's financial performance during each Board meeting. The presidents of each business reports on the state of operation at the Board meetings and the monthly operation review meetings, which enables the highest governing entity to monitor budget status.



Taiwan Ratings (2019)

Financial Performance

Unit: NT\$1,000

Item	Year	2017	2018	2019
Total Assets		516,766,280	565,589,420	576,079,699
Total Liabilities		261,227,187	297,859,983	304,758,516
Shareholders' Equity		255,539,093	267,729,437	271,321,183
Operating Revenues		217,846,948	228,661,933	250,146,590
Net Income (Attributable to Parent Company)		8,066,136	12,028,294	10,732,669

Note: FENC consolidated financial statement

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Economic Values Distributed to Stakeholders

Unit: NT\$1,000

Item	Year	2017	2018	2019
Operating Cost		168,148,743	184,261,821	205,396,660
Employee Wages and Benefits		21,018,770	22,486,717	22,865,446
Payments to Investors (Interest Expense and Dividends)		14,671,201	16,872,295	20,612,117
Payments to Government (Income Tax)		2,690,954	2,663,528	2,695,092
Investments in Community		78,983	73,878	139,578

Note: FENC consolidated financial statement includes business locations in Taiwan, China, Vietnam and Japan.

Tax management at FENC is conducted in accordance with national regulations at each production site. All transactions are in compliance and the Company does not engage in radical tax planning. To increase transparency, tax information is disclosed to stakeholders in the financial report.

Tax management at FENC falls under the responsibility of Accounting Department. All major transactions and policy decisions are preceded by tax risk assessment. Compliance is ensured through planning in accordance with tax law, incentives and agreements as well as internal audit. Per regulatory requirement, the Company files country-by-country report for the previous year prior to yearend.

To avoid risks associated with regulatory changes, we have established tax risk identification mechanism to swiftly assess the situation, prepare necessary response, as well as considering gaps in tax obligations as a result of policy changes. FENC also designated a task force to support all subsidiaries communicate tax related affairs with local tax authority in each country.



Financial Report

Tax Contribution to Local Governments

Unit: NT\$1,000

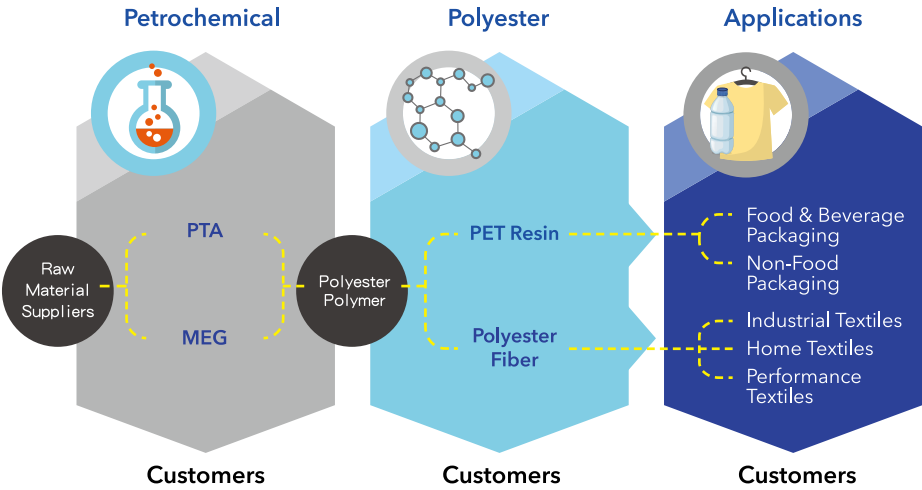
Region	Year	2017	2018	2019
Taiwan		2,181,154	2,754,610	2,354,409
China		413,140	(59,382)	292,177
Others		96,660	(31,700)	48,506
Income Tax		2,690,954	2,663,528	2,695,092
Ratio of Income Tax to Revenue		1.24%	1.16%	1.08%

Note:

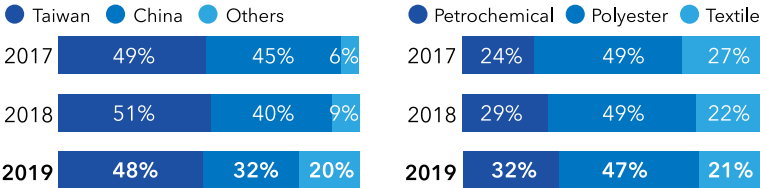
- 1. The table indicates income tax expense (benefit).
- 2. The income tax listed under 2018 China and Other are benefits due to reversing allowance for deferred income tax and increasing deferred income tax assets.

1.1.2 Production Business

Main Products and Value Chain



Sales Ratio



Note: Please refer to our annual report for more information on the volume and value of the production in 2019



FENC Annual Report

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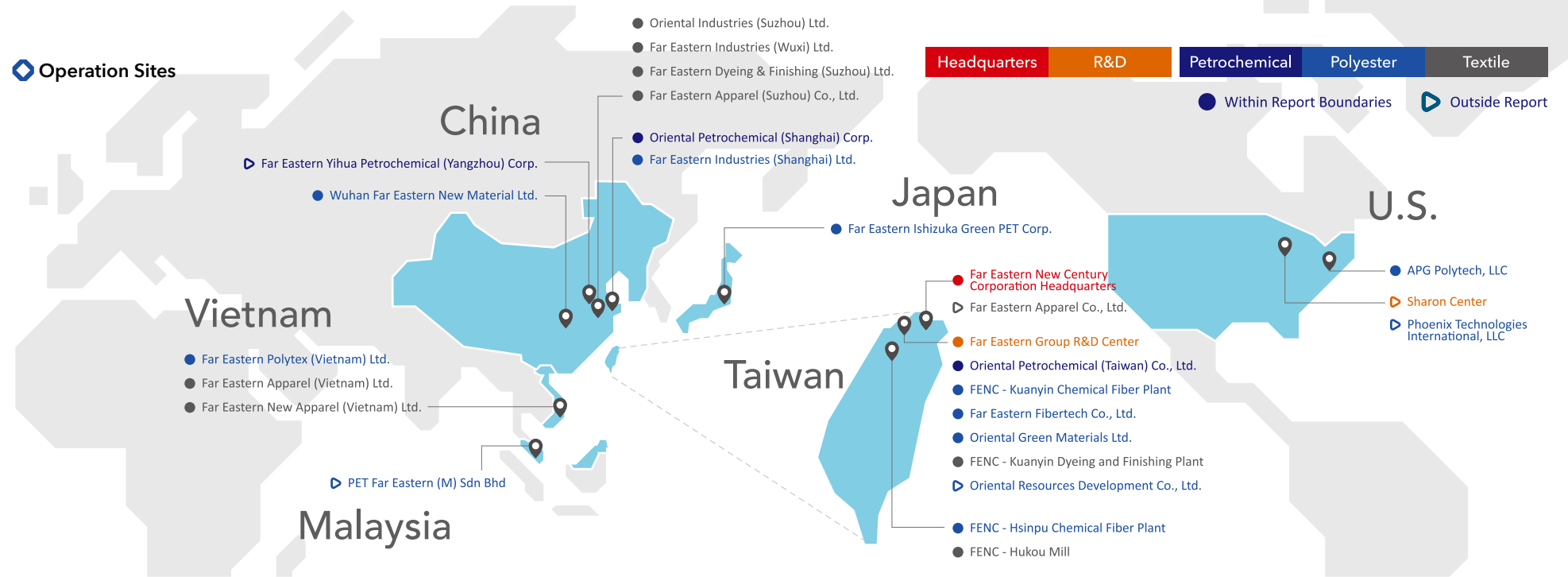
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Overview of Market Environment and Industry Summary in Production Business

In 2019, as the trade war between the United States and China has caused the decline in market demand, oil prices were also swinging due to the consumption stagnation and disputes between oil-producing countries. These two factors destabilized petrochemical material prices, and the polyester businesses were thus impacted, especially the producers of mass market products bearing the brunt. In 2020, the outbreak of COVID-19 has plunged the whole market, impacting global supply chains. The crisis is still ongoing in all aspects.

FENC has devoted on product differentiations, acting as the leader in the fields including Recycle, Eco friendly and other green products. In 2019, FENC expanded capacities of Recycle products in Japan and USA in response to the vigorous market changes, creating competitive advantages via green product

lines. In 2020, facing the outbreak of COVID-19 pandemics, demands on materials for food packaging and medical hygiene applications grow considerably, and this is where FENC supporting the society with our core capabilities and leads the growth in sales of related products.

While facing with all these unfavorable external factors, FENC secures a reliable supply of essential raw materials and operate on a stable system of production and sales that branches out globally from the center of coordination in Taiwan with manufacturing sites in China, Japan, the United States, Vietnam, and Malaysia, etc. FENC presses ahead with transformations and strides forward with innovation and evolution, while adhering to its goal of sustainable operations and commitment to a circular economy. The Company will exert itself to advance the wellbeing of society and infuse the industry with vitality.

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1.2 Governing with Steady Pace

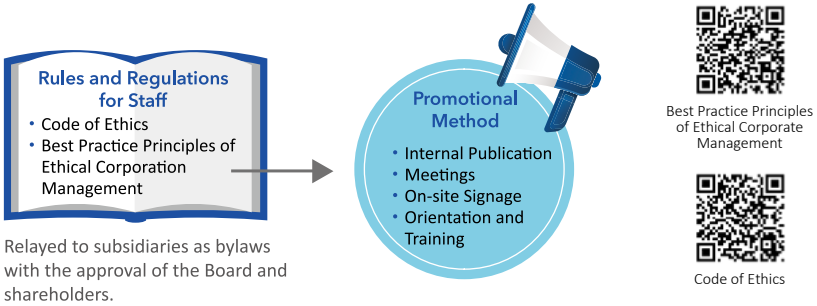
To ensure accountability, balance the legal rights of shareholders and protect the interests of stakeholders, FENC regards “integrity” as the highest guiding principle for sound corporate governance, and to support corporate management and operation to maximize shareholder benefits.

Implementation of Integrity and Anti-corruption Practice

FENC ensures corporate integrity through internal audit, regulatory management and the quarterly self-evaluation on corruption under the provision of Best Practice Principles of Ethical Corporation Management and Code of Ethics. The implementation is presented to the Board quarterly to prevent any corrupt conducts. FENC found no incidence of corruption in the year 2019.

To raise awareness on anti-corruption practices, we implemented a special project to expand anti-corruption training, adding online courses in addition to the existing classroom training. In 2019, 96% of employees and all Board members underwent anti-corruption training.

Implementation of Integrity and Anti-corruption Practice



Anti-corruption Control Measures of High Risk Person or Behaviors

Procurement units	Suppliers and contractors	Donations	Contact with government officials
Procurement contracts shall include anti-corruption clause.	Anti-corruption education and training are required. In 2019, 100% of the 5,606 suppliers and contractors underwent such education or training.	Donations from stakeholders or major donations to non-stakeholders, Rules of Procedure for Board of Directors stipulates that such conduct shall be reported to the Board.	Subject to risk assessment measures

The 2019 Best Practice Principles for TWSE Listed and TPEx Listed Companies requires regular analysis and evaluation on business activities with higher risks of unethical practices within the business scope. The Company optimized the risk control mechanism on corrupt conducts to improve efficiency and integrity in terms of management.

1.2.1 Strengthening Corporate Governance

FENC refines management based on the outcome of Corporate Governance Evaluation. In 2019, the Company received the rating of excellent, which is among the top 5%. Corporate governance projects implemented in 2019 include:

1. Appointed corporate governance manager to implement corporate governance tasks.
2. Increase the proportion of independent Board members in the Remuneration Committee to 2/3.
3. Stressing sustainability in Board Performance Evaluation Survey.
4. Create additional performance evaluation surveys for functional committees, such as Audit and Remuneration Committees.
5. Present details on stakeholder dialogue to the Board.
6. Include additional disclosure in the annual report and official website, such as risk management framework for information security; policy implementation on Board diversity; training and business focus for corporate governance managers.



Achievements



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1.2.2 Board Structure and Remuneration

Board Members, Election and Remuneration

The Board of Directors is the highest governing entity at FENC. The Board convened 4 times in 2019 and held a by-election during the June shareholder meeting to fill the vacant seat for independent Board member. During which, Mr. Raymond R. M. Tai was elected as the new member. The sound system ensures continuous refinement of Board performance:

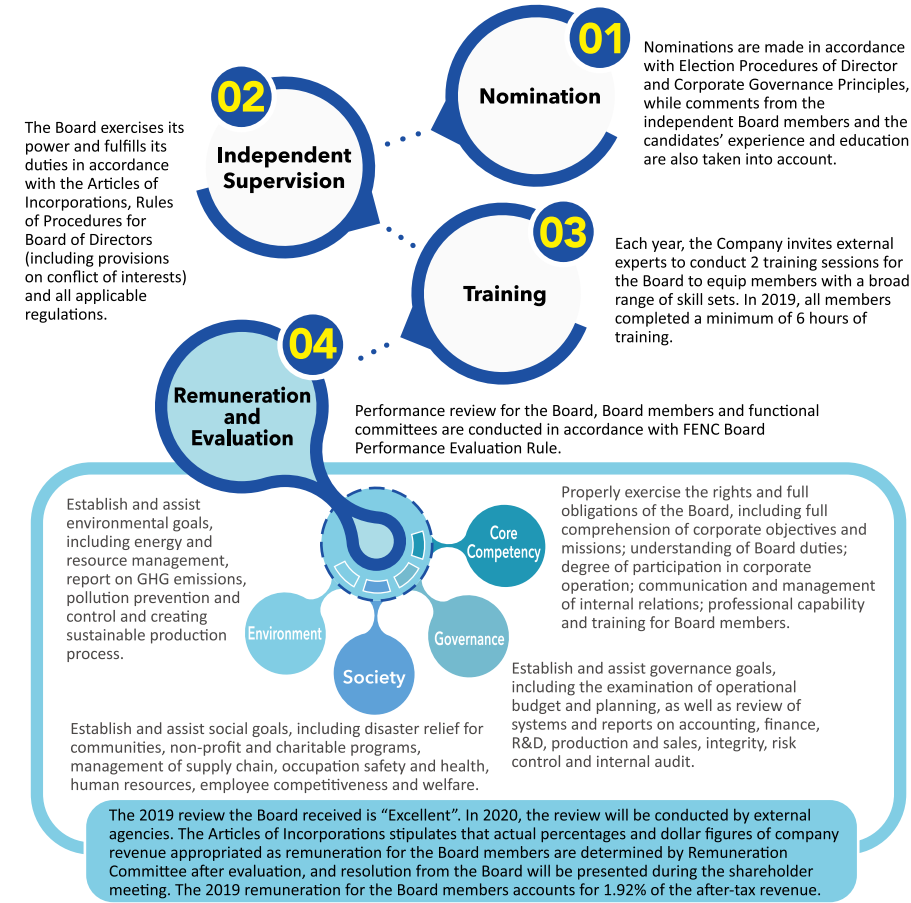


Board Regulations



Board Directors

Mechanisms of Board Management and Performance Evaluation



Audit Committee

In 2015, FENC established the Audit Committee, which is composed of all independent Board members and convenes quarterly. The objective of this committee is to monitor the appropriateness of financial reporting, implementation of internal control, compliance with company regulations, management of potential or existing risks, as well as selection and evaluation of the independence and performance of certified public accountants. The Audit Committee convened 4 times in 2019.



Audit Committee

Remuneration Committee

Independent Board members serve as the convening body of the Remuneration Committee, which provides assistance to the Board in the establishment of performance review policies governing Board members and managers. The Committee is also responsible for establishing remuneration policy, system, standards and structure. FENC conducts regular performance reviews of employees, managers and Board members through the Remuneration Committee and determines salary, bonus and other forms of compensation. The Committee conducts industry payroll survey and provides recommendation to the Board for discussion. In 2019, the Remuneration Committee convened 2 times.



Remuneration Committee

1.2.3 Shareholder Benefits

FENC values the rights of each shareholder and treats every one of them with equal importance, which is in accordance with Company Act, Securities and Exchange Act and other applicable regulations. Shareholders may exercise their rights to vote and participate in the decision making process during the shareholder meetings. Proposals pending ratification, matters for deliberation and elections are voted on as individual motions with the option of electronic voting. The result is disclosed immediately during the shareholder meeting. In addition, the Company designates special agents to handle investor relations, and provides contact information to investors and shareholders in order to strengthen stakeholder dialogues and respond to their comments and suggestions.



Meeting Rules of Stockholders

1.3 Perfecting Risk Management

Opportunity is a double-edged sword. With opportunities for corporate development, come risks. Such risks can only be offset through control mechanism in order for opportunities to become means of fulfilling sustainable management.

We provide regular training to help staff be risk conscious, and risk control is implemented in conjunction with the internal audit system. In 2013, the Company established the regulatory compliance system to assist all units review compliance practices and reduce risks of violations. In 2015, the risk alert system was established to track and review corporate risk factors on a regular basis and provide preventive measures and advanced response. In addition, we implement regular risk audit projects to control operational risks at production sites to enhance staff safety and product quality.

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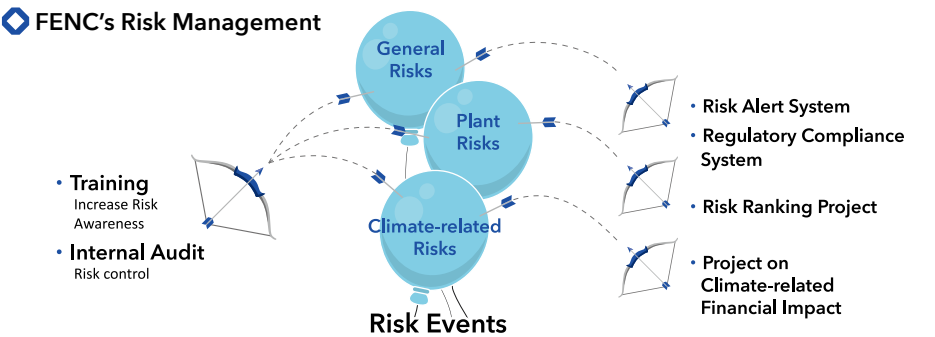
FENC conducts various monthly meetings with the highest governing entity, covering risk issues such as management and sales; industry management; energy conservation, which ensures proper focus and management from the highest governing entity.

FENC Regular Meetings

				● Environment ● Social ● Governance
Important Meeting		Interval	Corresponding Issue	Highest Ranking Attendee
Themed Meeting	Management Meeting	Annual	● ●	Chairman
	Human Resources Management and Development	Semi-annual	● ●	
	Special Report on R&D	Annual	● ●	
	Seminar on Industry Strategies	Semi-annual	●	
	Budget Review	Annual	●	
Regular Meeting	Energy Conservation	Annual	●	Chairman
	Operation Review Meeting	Monthly	● ● ●	
	Risk Management Meeting	Monthly	●	
	Sales Meeting	Semi-monthly	●	Presidents of Petrochemical, Polyester and Textile Business

Climate-related risks have rapidly become major risks for corporate management. In 2018, we took stock of the risks, opportunities, responses as well as impacts on finance and management using the framework from Recommendations of the Task Force on Climate-related Financial Disclosures. Please refer to Special Report 4. TCFD Climate-related Financial Risk Assessment for details.

FENC's Risk Management



Training

Improving staff's legal knowledge will reduce the risk of violating the law when conducting business affairs. In 2017, FENC established FENC Academy and started offering online courses and exams to staff at the production sites in Taiwan and China. Criminal Code and Corporate Corruption, Copyrights Law, and Trade Secrets are 3 mandatory courses for all new recruits as well as staff at Corporate Management, Audit Department, Procurement Department and R&D Center. Antitrust Law as well as Criminal Code and Corporate Corruption are mandatory for staff at Polyester and Textile Businesses. Credit Risk Management is a selective course for all staff. As of the end of 2019, 2,114 employees completed the regulatory compliance courses and exams. We will continue to expand the curriculum to enhance staff's legal knowledge and reduce corporate risk on compliance.

Oversight and Management of Internal Audit System

The Audit Department establishes and implements the internal control system and management rules. Each department and subsidiary establish an internal control system and conduct regular self-evaluation. The audit unit then prepares the internal control report to help members of the Board to review, recheck and reinforce the implementation so that mistakes and loopholes can be minimized to improve operational performance and increase Company benefits. In 2019, the audit departments conducted 58 audit cases and rectifications have been made.

The Audit Department is composed of 4 sections – procurement audit, operation audit, finance audit, as well as MIS audit. Trainings are conducted yearly in accordance with the regulatory requirements, including educational courses and seminars. Staff also attends the annual meeting of the Institute of Internal Auditors to reinforce their professional knowledge and risk management awareness.

Digital era has arrived. To understand how digital audit is done, the Company took part in training courses such as New Concepts in Digital Audit; Digital Technologies and Applications; Audit Response to Digital Fraud. In the future, the Company will take gradual steps on the path of digital transition.



Audit Procedure



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Risk Alert System: Advanced Response with Regular Tracking

Establishment of the risk alert system starts with risk events identified by each administrative unit. The risk events are ranked and the most critical are selected to develop leading indicators and corresponding measures that are specific and trackable. The appointed primary and secondary owners oversee the inspection of each corresponding measure, which is set at certain intervals, and the Corporate Management conducts monthly risk management meetings, an interdepartmental effort for performance review, ongoing dynamic adjustment and optimization.

The risk alert system provides a common framework where major risk events from each department can be managed. The system conducts regular and systematic review, and establishes various corresponding measures in case of irregularities from the indicator to ensure the effectiveness of the protective mechanism. Starting from 2019, there is a systematic approach toward monitoring risk indicators. A risk management platform is established to automatically send out alerts when irregularities occur to reduce labor and oversight. The Company introduced credit rating and instant credit calculator to address credit risks and crediting management. Artificial intelligence makes swift identification of the key risk information and reduces inflated credit, which enhances the quality of credit decisions.

Scope and Process of FENC Risk Alert System



Regulatory Compliance System: Conduct Regular Self-evaluation on Compliance to Reduce Risk of Violation

The President of Corporate Management serves as the general supervisor of the regulatory compliance system, which integrates the compliance processes from all departments and establishes an audit system to effectively manage and address operating risks. Production sites in Taiwan and China are under the jurisdiction of the Legal Department in Taiwan and Shanghai, respectively.

The system encompasses tracking regulatory updates, providing legal consultation, response to violations, regulatory training and on-site compliance audit. In 2019, the Legal Department in Shanghai constructed the regulatory compliance platform, providing analysis on the latest legal precedents, reporting regulatory updates and offering training on regulatory compliance.

The Company provides multiple channels for reporting violations, including emails for the regulatory compliance system, Audit Committee and Audit Department. Standard operating procedures are in place to address violations. Priority is given to the audit of regulatory provisions concerning members of the Board and managers, damages to corporate image or interests, and major civil and administrative liabilities. Annual audit will focus on frequently occurred shortcomings. The Legal Department will provide guidance for each department to complete self-evaluation on compliance, conduct on-site audits with the Human Resources Department and Audit Department, compile reports to the Board of Directors and help each department make necessary improvements and follow up.

Major Violations in 2019

Company / Department	Violation	Fine (NTD)	Improvement Plan
FIGP	The value of imported equipment reported to the customs is erroneous.	\$940,000	The reporting process has been reviewed with increased awareness among staff.
Hsinpu Chemical Fiber Plant	Emissions of air pollutants fail to meet the regulatory requirement.	\$700,000	Plant equipment has been replaced and the cooling system is separated to reduce air pollution and odor.
Hsinpu Chemical Fiber Plant, Kuanyin Dyeing and Finishing Plant	Occupational safety issue was not reported to the authority.	\$420,000	The reporting process has been reexamined with enhanced training for staff.
FENV	The company did not file the foreign contractor tax for imported goods, resulting in errors in taxes filed.	\$390,000	The procurement contract clearly states tax obligations and staff are educated on the differences among various tax purposes.
Hsinpu Chemical Fiber Plant	Facilities did not undergo regular inspection set forth in the regulatory requirement; protective equipment is not in compliance with safety standards.	\$330,000	A designated unit tracks violation on a regular basis, reports inspection outcome in accordance with regulatory requirements and promotes safety measures to all units through websites/ designated staff.
OGM	Industrial wastewater was discharged outside the plant.	\$180,000	Damaged valve caused overflow. As a result, the wastewater was discharged to Fulin River through stormwater drainage. The discharge valve has been replaced and the company is monitoring water quality with attention paid to any irregularities.
Kuanyin Chemical Fiber Plant	Diesel usage exceeds the maximum limit.	\$100,000	During power shortage in summer, the plant used diesel fuel for energy, causing the usage to exceed the maximum limit. The plant has made the application to raise the maximum.

Note: NT\$100,000 is the threshold for disclosure

Management of Information Security

FENC places high emphasis on information security and management. The Company introduced ISO 27001 Information Security Management in 2014 and continues to enhance the professional skills of information security staff while improving information processing technology. In response to Cybersecurity Act, which took effect in China in June 2017, the information department in China formed an information security management team to consolidate information security management policies from all production sites in China. Solutions targeting cyber security and promoting information security were also proposed to increase awareness among staff.

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Training and Audit for International Trade Compliance and Anti-terrorism Financing



FENC established the Control System on Preventing Economic Sanction from Financing of Terrorism in April 2018. The Company also established programs on anti-money laundering and countering the financing of terrorism through initial risk assessment. Currently, 22 nations and 1 region have been sanctioned, and 26 customers are under controlled transaction. To avoid penalty from international organizations, the Company reinforces system validity through the following 3 measures:

1. Conduct comprehensive review over trade compliance to ensure there is no risk of major violations.

Customers under controlled transaction are randomly checked. Business units are asked to provide records of transaction process, and the records are checked against surveys from Know Your Customer (KYC) and data from the website of Office of Foreign Assets Control (OFAC). All records are in compliance in 2019.

2. Strengthen risk awareness for compliance in management and trade units to avoid violations and penalty.

New recruits underwent training on Credit and International Trade Risks in 2019 to help them enhance risk awareness, develop proper mindset regarding sales and promote company business under the premise of regulatory compliance.

3. Implement automatic KYC review to accelerate the compliance decision process.

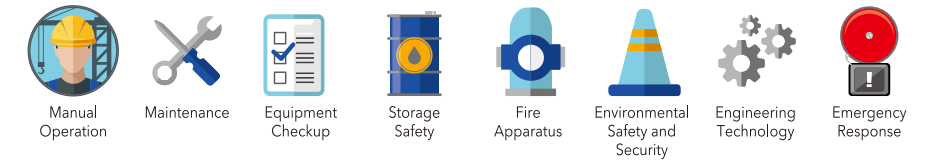
The Company introduced D&B Onboard, an online platform, to conduct due diligence on compliance in order to select and monitor business partners. The Company also utilizes D&B Onboard's global data bank to ensure compliance with local and international regulations.

Risk Ranking Project

FENC's production sites are across the globe, including Taiwan, China, Vietnam, Japan, Malaysia and the U.S. Risks occurred at these plants pose direct impact to corporate operation, which is why we commissioned external experts to conduct risk assessments for the plants overseas. Improvements are made based on the assessments to strengthen the operation and prevent risks.

In July 2019, the Company conducted Risk Ranking project for the third time, completing risk assessments for 21 plants targeting 8 risks. The Company also took the opportunity to review the improvements made based on outcomes of the second Risk Ranking project in 2016. A total of 129 risk factors were identified. The final report has been distributed to all plants with monthly tracking until all improvements are made.

Major Plant Risks



1.4 Implementing Sustainable Development

Corporate sustainability has become mainstream in recent years. FENC has always believed in "benefit from the society, returning benefit to the society" since it was founded, balancing the pursuit of corporate revenues and meeting expectations from the general public. As various issues emerge, we are paying close attention and adjusting corporate policies accordingly to fulfill sustainable development goals.

Corporate Social Responsibility Policy

FENC promotes sustainable governance with a top-down approach with unified policy on its path to sustainability. Corporate sustainable development is integrated with the Company's core businesses. The Board of Directors serves as the highest governing entity, establishing Corporate Social Responsibility Policy that is tailored to FENC and its subsidiaries. The policies exemplify the Company's commitment to sustainable development, and determination to strike a balance among environmental protection, social inclusion and corporate governance.



Corporate Social Responsibility Policy

Item	Chapter
Promote Corporate Governance	1. Fostering Robust Governance
Promote Environmental Sustainability	3. Navigating a Green Future
Advance Public Interest	2. Enabling Unlimited Innovation
	4. Creating Inclusive Society
	5. Cultivating Compassionate Bonds
Enhance the Disclosure of CSR Practices	1. Fostering Robust Governance

CSR Committee

CSR Committee at FENC is established in accordance with Corporate Social Responsibility Policy. The 181 members committee members include the presidents of the 4 Businesses. Modeling after the corporate structure, the Board of Directors is the highest governing entity for the CSR Committee.

Routine communication among committee members typically takes place over the phone and through email. The CSR meeting is conducted as-needed to determine development directions. To solidify FENC's future direction toward sustainability, CSR Committee members completed FENC Sustainability Strategic Blueprint in 2017. (Please refer to "Sustainability Strategy Blueprint" for more details.) In 2019, the members completed "Stakeholder and Material Topic Identification" to ensure that the CSR report stays the course and meets stakeholder expectations.



Duties of the CSR Committee

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Communication Between CSR Committee and the Board

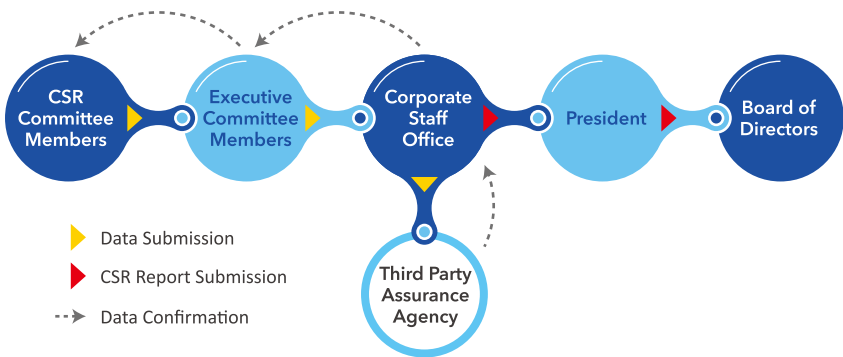
The president of each Business presents CSR related issues to the Board on a regular basis. Each department gives regular presentations to the highest governing entity to review the impacts each issue poses on the Company with corresponding solutions. CSR issues discussed during the meetings are as follows:

1. Operational Performance and Market Conditions.	5. Human Resources Management and Development	9. Environmental Safety and Health
2. Industry Strategies	6. Risk Management	10. Energy and Resource Management
3. Financial Conditions	7. Implementation of Regulatory Compliance	11. Research and Development
4. Sales Overview	8. Internal Control and Audit	12. Charitable and Non-profit Campaigns

Preparation of CSR Report

The CSR report serves as a presentation to the stakeholders, detailing the Company's accomplishments in sustainable development from the previous year. The report is presented to the 3 appointed CSR staff at the Corporate Staff Office for data collection, analysis, integration and internal audit. The report credibility is ensured with third part assurance.

CSR Report Preparation Process



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Recognitions for CSR

As climate change intensifies, attentions to sustainability issues are also on the rise. Governments and NGOs are urging corporate entities to face the urgency of sustainability. Corporate sustainability is a key indicator for stakeholders, and FENC's accomplishments in sustainable development are receiving wide acclaims. We rely on evaluations to assess whether the CSR policies are extensive, and ensure that specific plans of action are formulated to address improvements needed to achieve corporate sustainability.

