

A decorative graphic on the left side of the page. It features a light teal spiral that starts from a central point and expands outwards. Inside the spiral, there are three interlocking gears of different sizes, also in a light teal color. The background of the entire page is a solid teal color.

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# Customer Management

## Customer Acclaim



► FENC received Coca-Cola's "2013 Supplier of the Year" award

FENC's products are sold all over the world and among its clients are many renowned international brands such as Nike, Coca-Cola, Adidas, Nestlé, Danone, Decathlon, and Continental. A large number of these clients also have outstanding achievements in the field of CSR through implementation of sustainable supply chain management including the areas of human rights, environmental protection, innovation, trainings, supplier management (visits and assessments, reviews, and supervision). As a premium supplier of renowned international brands, FENC adopts higher standards in CSR implementation more than others in the industry.

## Product Health and Safety

Our clients impose strict standards and requirements for all production processes to control potential health and safety impacts. Regulations are particularly strict for products directly sold to individual consumers, such as beverage PET bottles, clothing fabrics, and apparel. FENC places great emphasis on the health and safety of consumers for which we have established relevant internal management and execution processes to satisfy the requirements of clients in terms of health and safety. The Company also provides comprehensive training courses for our employees to give them a better understanding of the importance of quality, of meeting legal requirements and of making sure processes are properly implemented. A complete incentive/disincentive mechanism and relevant management policies are in place to ensure health and safety in our products.

FENC's polyester products, spun yarn and apparel fully comply with relevant laws and customer requirements. As for apparel, all materials fully meet customer requirements and test reports are obtained from third-party certification institutions. For instance, we comply with regulations set forth in the US Consumer Product Safety Improvement Act (CPSIA). Our products do not contain constituents included in the Restricted Substances List (RSL). Needle detector tests are conducted for products before export. Nylon products have passed the OEKO-TEX® Standard 100 Certification. Relevant tests including formaldehyde and pH tests for dope dyed black fiber are likewise conducted for industrial yarns. FENC products have, over the years, received client and industry certifications including:

- OEKO-TEX® Standard 100 Sustainable Textile Production (STeP) Certification
- REACH SVHC (Substances of Very High Concern) Certification
- The EU Certification for Chemicals High Concern to Children (CHCC) (2009/48/EC)

FENC discloses the main components of its products including fabrics, trims, and packaging materials and fully complies with relevant laws and customer requirements. No violation of laws and regulations pertaining to health and safety impacts and labeling and voluntary guidelines was reported in 2013 and 2014.



## Green and Sustainable Product Certification

In addition to compliance with requirements on toxic and harmful substances, FENC also proactively promotes green materials. A large number of green and sustainable products have been awarded high-standard green product certifications. A list of existing certifications is provided below and we renew these certifications regularly to demonstrate and ensure full compliance.

	Global Recycle Standard (GRS) Version 2.1 for textiles	►	Contains 50-80% recycled polyester fiber yarn
	SCS Certified 100% recycled content certification (Recycled Content Certification)	►	100% recycled polyester fiber (TopGreen®) 100% recycled PET sheet
	Taiwan Green Mark Certification for recycled textile products in the resource recycling category	►	100% recycled polyester fiber (TopGreen®)
	bluesign® Standard	►	Sportswear fabric
	Global Organic Textile Standard (GOTS-NL) Version 3.0	►	100% organic combed cotton yarn
	Organic Content Standard (OCS) Version 1.0 ; Organic Content Standard 100 (100% organic cotton)	►	100% organic combed cotton yarn
	Organic Content Standard (OCS) Version 1.0 ; Organic Content Standard Blended (partial organic cotton content)	►	Contains 5-10% organic combed cotton yarn

FENC remains constantly devoted to expanding the range of certified products and processes. For instance, the Guanyin Dyeing and Finishing Plant plans to extend the bluesign® certification to its printing and laminating production lines in 2015.

Awards and Recognitions

FENC’s long-term efforts and achievements are well acknowledged by our brand clients and affirmed through various evaluations and supplier appraisal systems. The main supplier awards during the report period are listed and described below. We comply with the most rigorous standards so as to meet customers’ requirements and apply those requirements to all production lines.

FENC was honored by Coca-Cola as “Global Sustainable Procurement (GSP) -2013 Supplier of the Year”

Coca-Cola has been assessing its global supplier system since May 2013. The first Global Sustainable Procurement Awards were presented in 2013. This award is based on evaluations of the performance and main achievements of suppliers in seven categories: sustainability, quality, delivery, service, value, strategic alignment, and innovation. Suppliers with such outstanding performance are selected and recognized with the sustainability, innovation, quality, and value awards respectively. The supplier with the highest total score for all seven categories is chosen as the Supplier of the Year. Due to our outstanding performance in all areas, FENC stood out among some 900 suppliers and was the sole recipient of the 2013 Supplier of the Year.



FENC received the Nike supplier award in 2013 and 2014

FENC received the Nike 2013 Supplier Innovation Award (It is Our Nature to Innovate). This award emphasizes that constant product innovation effort is the key to build bonds with consumers and it appeals tirelessly to suppliers for constant innovation with passion. FENC received this award for our outstanding efforts to maintain momentum in the development of new products to meet customer expectations.

In 2014, Nike presented FENC with “The Consumer Decides” award. This award recognizes our efforts to respond to consumer needs. FENC received this award for flexibility in the development of new products, our efforts in the field of energy conservation and environmental protection, and for exceptional performance in the area of management strategies.



FENC received the Puma supplier award in 2013

In 2013, FENC was honored with the award for Apparel Fabric Supplier of the Year presented by Puma for our efforts and commitment to product development, product delivery reliability, quality, and environmental sustainability.



Maintenance of Customer Relationships

Creating Added Value

At FENC, we make sure to create added value in all our products and to avoid providing controversial products. In our daily operation, patented items such as eco-friendly recycled polyester fibers (TopGreen®) and cooling fibers (TopCool®) are introduced to our clients distinctively and we ensure proper labeling of these products on our side.

For greater client convenience, we, have adopted a “One stop shopping” marketing concept to expand the scope of our apparel business. As fast fashion has turned into the mainstream trend used by all brands, we have also shortened production times and lengthened the sales times for its clients. Moreover, we share relevant market development information with our brand clients to help them meet their needs and to create greater added value through cooperation. In addition, we also hone the competitive edge of our subsidiaries and R&D centers and aim to achieve vertical integration with fabric plants and enhance our overall efficiency through the FENC supply chain, which fully integrates up-, mid-, and downstream businesses with the goal of providing faster and more comprehensive services. At the same time, we introduce new materials and develop new products in cooperation with our brand clients.

We are fully committed to innovation and breakthroughs in the field of customer services. In 2012, we applied for the Innovative Technology Applications and Services Program (ITAS) of the Ministry of Economic Affairs. The FENC Global Integration Project lasted for a total of 24 months. A multi-directional flow of R&D, production, and marketing information was achieved through the linking of platforms and breaking the unidirectional information transmission from the upstream chemical fiber and yarn plants, midstream fabric plants, to the downstream apparel

departments. At the same time, established close relationships with external clients and satellite plants helped us achieve the goal of optimized service quality through sharing of resources. In this way, we successfully enhanced the effectiveness and efficiency of our global operations, creating a win-win situation for all.

Protection of Client Information

FENC places great emphasis on information security. In addition to educating our staff on personal information protection as part of internal legal compliance courses offered on a quarterly basis, we carry out other relevant management methods including the following:

- Signing of NDAs (Non-Disclosure Agreements) with clients and implementation of demands in accordance with the spirit of these agreements,
- Operating personnel are only allowed to handle mail or documents upon confirmation,
- Proper preservation of client authorization codes which are not provided to non-authorized personnel,
- Internal server access is restricted in accordance with authorities of respective sections, and
- Internal operating systems may not be accessed from external computers.

In addition, the operations of our Shanghai subsidiaries are based on the risk control system of ISO 27001 Certification (Information security management system). IT risk management governance and framework committees have been established to assist the management in setting up an IT risk management system that conforms to the overall state of the Company. Corresponding risk evaluation, monitoring, and internal control systems have also been established.

No grievances due to infringement of customer privacy or loss of client information were reported in 2013 and 2014.

Customer Satisfaction Surveys

Relevant departments of our subsidiaries serve clients all over the world, providing them diversified products. The methods for carrying out customer satisfaction surveys are determined and implemented independently by each business unit.

Company	Method of Implementation	Results
Oriental Petrochemical (Taiwan) Co., Ltd.	<ul style="list-style-type: none"><li>• In the past, customer satisfaction surveys were conducted on a biennial basis. As of 2014, surveys were conducted annually to gain an understanding of customer needs and expectations to serve as basis for continued quality improvements.</li><li>• The Quality Control Manager coordinates relevant departments and serves as the convener of a customer satisfaction survey task force in charge of carrying out relevant tasks.</li><li>• The customer satisfaction survey task force determines the list of surveyed clients and the questionnaires used.</li></ul>	Overall customer satisfaction levels reached an average score of 3.8 out of 5 in 2014, a rating that is mid-upper level. Clients provided many suggestions regarding quality information such as prior notifications on start and end of manufacturing equipment use, real-time provision of quality information, and speed of response to customer feedback. These are important suggestions for Oriental Petrochemical (Taiwan)’s continuous improvement.





Company		Method of Implementation	Results
Oriental Petrochemical (Shanghai) Corp.		Questionnaire surveys are conducted at the end of every year. Upon compilation of the survey results by service representatives, the results are discussed with the Sales Department. Customer suggestions are discussed during internal management review meetings.	<ul style="list-style-type: none"><li>• Average score of 95% and 94% in 2013 and 2014, respectively</li><li>• Customer satisfaction levels remained stable in 2013 and 2014</li></ul>
FENC	Yarn	Better understanding of customer appraisals of FENC services through regular visits by sales personnel and alternating visits by the After-sales Service and Quality Control Departments. Product and service quality is enhanced through feedback received from different departments.	Good to excellent ratings
	Industrial fiber	Domestic sales are surveyed on a biannual basis, while only key clients are surveyed for export sales.	Average score of 4.625 and 4.725 out of 5 for export sales in 2013 and 2014, respectively
	Apparel and knitting fabrics	Frequent spot checks of products by clients and supplier appraisals.	Good to excellent ratings
Far Eastern Fibertech Co., Ltd.		Questionnaire surveys are conducted once a year. Upon compilation of survey results by service representatives, the results are discussed with managers, technical service personnel, and quality control personnel. Customer suggestions are discussed during internal management review meetings.	<ul style="list-style-type: none"><li>• Average score of 4.48 and 4.39 out of 5 in 2013 and 2014, respectively</li><li>• Customer satisfaction levels remained stable in 2013 and 2014</li></ul>
Far Eastern Industries (Shanghai) Ltd.		Sending a fax or e-mail to the client and asking for a direct reply to the factory director.	Satisfaction level of over 95%
Wuhan Far Eastern New Material Ltd.		At least one questionnaire survey per year. Main contents include transportation, quality, and service. Upon compilation of survey results, relevant departments are requested to make improvements.	<ul style="list-style-type: none"><li>• Average score of 4.65 and 4.5 out of 5 in 2013 and 2014, respectively</li><li>• Customer satisfaction levels were stable in 2013 and 2014</li></ul>
Oriental Industries (Suzhou) Ltd.		The Customer Service Department provides questionnaires for clients. Surveys are conducted on a biannual basis.	<ul style="list-style-type: none"><li>• Average score of 94% and 96% in 2013 and 2014, respectively</li><li>• The satisfaction levels of all clients rose between 2013 and 2014</li></ul>
Far Eastern Industries (Suzhou) Ltd.		Customer satisfaction questionnaires are sent out on an annual basis and clients are asked to evaluate the four categories of product quality, product delivery, product packaging, and services of the Company	Average score of 81.6% and 88% in 2013 and 2014, respectively
Far Eastern Industries (Wuxi) Ltd.		Questionnaire surveys are conducted once a year. Customer satisfaction questionnaires are distributed by customer service personnel by phone, fax, e-mail, or personal visits to be filled out by clients. The weighted mean is obtained based on purchase volume of the client.	<ul style="list-style-type: none"><li>• Average score of 91% and 90% in 2013 and 2014, respectively</li><li>• Customer satisfaction levels remained stable in 2013 and 2014</li></ul>
Far Eastern Dyeing & Finishing (Suzhou) Ltd.		Questionnaire surveys are conducted on a biannual basis Upon compilation of the survey results by sales and administrative personnel, results are discussed with Sales Managers and personnel of Production and Quality Control Departments. Customer suggestions are discussed during internal production and sales management meetings.	<ul style="list-style-type: none"><li>• Average score of 92.2% and 93.6% in 2013 and 2014, respectively</li><li>• Customer satisfaction levels remained stable in 2013 and 2014</li></ul>
Far Eastern Apparel (Suzhou) Co., Ltd.		Communication with clients by e-mail to gain a better understanding of possible areas of improvement.	-



## Supplier Management

FENC is the parent company of the Far Eastern Group and its Purchasing Department is the FEG Purchasing Department, acting as the joint purchasing center for the whole group. It is in charge of FENC purchasing operations, including all procurement items of the Group in Taiwan such as project contracting and equipment. In addition, FENC has established a Raw Material Team to take charge of the procurement of raw materials. This team is in charge of cotton, PTA, and MEG market analysis, strategic planning, and procurement operations for all subsidiaries. FENC's subsidiaries in Taiwan and China have set up independent or regional purchasing departments responsible for the procurement of other items.

The FEG Purchasing Department requires all suppliers to sign a declaration stating their willingness to comply with FENC requirements. This declaration not only covers independent and cost analysis, it also includes compliance with regulations and occupational ethical standards set forth in the Labor Standards Act, as well as relevant government decrees. The Raw Material Team cooperates with international suppliers in accordance with customer needs (including brand and beverage manufacturers) in the adoption of organic cotton, BCI cotton, and Bio-MEG. The team visits suppliers on a regular basis.

### Selection Criteria and Management

Examples of detailed procurement guidelines and methods formulated by FENC Purchasing Departments and those of its

#### Oriental Petrochemical (Taiwan) Supplier Eco-Performance Evaluation

- Establishment of an environmental management system
- Preliminary review and investigation of the following environmental impacts generated by main supplier products, activities, and services:
  - ◆ Types and annual volume of waste gas and wastewater effluents,
  - ◆ Waste types and volumes, as well as final disposal methods used,
  - ◆ Types of utilized energy and resources, together with their annual usage quantities,
  - ◆ Types of toxic chemical substances and annual usage quantities.
- Second review and investigation of environmental impacts caused by suppliers:
  - ◆ Quality management certificate: ISO9000
  - ◆ Environmental management certificate: ISO14001
  - ◆ Occupation Health & Safety Assessment Series certificate: OHSAS18001
  - ◆ Business/Factory registration/Work registration/Water pollution prevention/Stationary pollution source control/Toxic chemical substance manufacturing licenses issued by government agencies
  - ◆ Supplier environmental policies and Material Safety Data sheet for main products

subsidiaries are provided below. Procurement statistics include data pertaining to purchasing activities conducted by FENC, its subsidiaries, the FEG Purchasing Department, and the Raw Material Team.

### Selection Criteria and Evaluation of Suppliers

Selection and evaluation of suppliers are based on procurement-related internal audit and control procedures while also considering procurement operation guidelines that require suppliers to sign a letter of undertaking.

For instance, Oriental Petrochemical (Taiwan) requires its suppliers to comply with the Company's commitments and guidelines on environmental protection. Signing a Letter of Undertaking is mandatory. The Company also conducts evaluation of suppliers' efforts in environmental protection.

Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) successively initiated the "Operation Guidelines for Manufacturer Evaluation" in 2013 and 2014. To begin with, these evaluations are carried out for all new suppliers who are also required to sign a CSR Letter of Undertaking. Manufacturers must pass these assessments for them to be listed as approved suppliers. Annual reassessments are carried out for major suppliers, making sure that all suppliers sign the CSR Letter of Undertaking, a guarantee that all major suppliers have a high level of CSR awareness.

#### Material Supplier Appraisal Scoring Chart Contents

Dimension	Ratio
Overall state	15%
Production and manufacturing	15%
Research and development	15%
Quality management	20%
Logistics and delivery	15%
Supplier management (including whether or not supplier evaluations have been conducted and provision of standards and records)	5%
Ecology (including environmental certifications, environmental impact assessments and measures, resource consumption management, dangerous substances and processes)	5%
Cooperation	10%



Contents of the CSR Letter of Undertaking			
Compliance with legal norms regarding social responsibility, ethics, environment, and occupational health and safety promulgated by the government			
Social Responsibility	Moral Norms	Environment	Occupational Health and Safety
<ul style="list-style-type: none"><li>Prohibition of child labor</li><li>Labor protection for minor and female employees</li><li>Employee right to free choice of employment and association</li><li>Respect and non-discrimination</li><li>Appropriate compensation and benefits</li></ul>	<ul style="list-style-type: none"><li>Prohibition of corruption</li><li>Protection of intellectual property rights</li><li>Provision of a grievance channel for breach of identity confidentiality</li></ul>	<ul style="list-style-type: none"><li>Compliance with laws and regulations governing waste water, waste gas, solid waste, dangerous waste, and noise control</li><li>Adoption of systematic methods to reduce energy consumption and emissions</li><li>Guarantees that products and services are free of illegal, hazardous substances banned by clients</li></ul>	<ul style="list-style-type: none"><li>Guarantees for safe and healthy work environments through effective management methods</li><li>Provision of safe and clean food and drinking water for employees</li><li>Provision of sufficient sanitary and social facilities (public facilities) that satisfy relevant needs</li></ul>

The Purchasing Department of the Suzhou Headquarters gives priority to suppliers that have acquired ISO14001 (Environmental management system standard) and OHSAS18001 (Occupational Health and Safety Assessment Series) certifications in accordance with its procurement management program. It has also established an annual appraisal mechanism. The annual KPIs of Purchasing Departments include the following two indicators: number of visited manufacturers and ratio of suppliers with an evaluation score greater than 85 (target values are 50 and >85%, respectively). In addition, Far Eastern Apparel (Suzhou) also requires suppliers to sign a Letter of Undertaking for Environmental Protection to promote sustainable development. Its contents include: fomenting environmental awareness, strict compliance with environmental laws and regulations, strengthening of pollution prevention and self-awareness, as well as acceptance of supervision by society.

Compiled and organized statistics for supplier assessments in the fields of environment, labor practices, human rights, and society during the report period are shown in the table below. The data for Taiwan encompass all suppliers of the respective year, while the figures for China only cover new suppliers of the respective year. As far as environmental impact assessments are concerned, a corresponding evaluation and scoring mechanism has been established. With regard to labor practices, FENC once received a grievance stating one of the contractors' failures to apply for labor insurance for its employees. FENC terminated the cooperation with the aforesaid contractor after the allegation was substantiated. In the field of social assessments, we terminated cooperation with one contractor due to its inability to deliver goods as a result of distribution right issues.

Item	Taiwan Number of Suppliers					China Number of New Suppliers				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Environmental Impact Assessment										
Screened	5,067	5,598	6,062	6,379	7,109	447	452	433	359	345
With proven or potential significant impacts	None	None	None	None	None	-	1	1	-	1
Conducted corrective action	-	-	-	-	-	-	1	1	-	1
With contract terminated	-	-	-	-	-	-	-	-	-	-
Labor Practice Assessment (relevant dimensions include occupational safety, equality, and training)										
Screened	5,129	5,666	6,134	6,456	7,183	1	2	1	212	345
With proven or potential significant impacts	None	2	4	4	3	None	None	None	None	None
Conducted corrective action	-	-	2	3	2	-	-	-	-	-
With contract terminated	-	2	2	1	1	-	-	-	-	-
Human Right Assessment (relevant dimensions include child labor, forced labor, and indigenous rights)										
Screened	5,057	5,588	6,052	6,369	7,099	1	2	1	212	345
With proven or potential significant impacts	None	None	None	1	None	None	None	None	None	None
Conducted corrective action	-	-	-	-	-	-	-	-	-	-
With contract terminated	-	-	-	1	-	-	-	-	-	-
Societal Impact Assessment (relevant dimensions include corruption, monopoly, and fraud)										
Screened	5,068	5,599	6,063	6,380	7,110	1	2	1	212	345
With proven or potential significant impacts	2	None	None	11	12	None	None	None	None	None
Conducted corrective action	-	-	-	-	-	-	-	-	-	-
With contract terminated	2	-	-	11	12	-	-	-	-	-

Notes:  
1. Certain data for Taiwan came from the FEG Purchasing Department.  
2. Oriental Petrochemical (Taiwan) conducts environmental impact assessments for suppliers of micro chemicals and industrial gases, as well as labor practice assessments for suppliers of engineering equipment. In addition, societal impact (anti-corruption) assessments are conducted for suppliers that conduct business with the ROC government.

FENC (FEG Purchasing Department) conducts environmental, labor practice, human right, and societal impact assessments for suppliers in Taiwan. If international suppliers are taken into consideration, the percentage of new suppliers that underwent assessments between 2010 and 2014 was 75%, 76%, 80%, 84%, and 78%, respectively. Far Eastern Industries (Shanghai), Oriental Petrochemical (Shanghai), Wuhan Far Eastern New Material, Oriental Petrochemical (Taiwan), and Far Eastern Fibertech conduct environmental, labor practice, human rights, and societal impact assessments for all new suppliers. In addition, we have also set “number of visited existing suppliers” as a KPI as shown in the table below:

Suzhou HQ		
Item	KPI	2013 Implementation results
Number of suppliers visited	50	80
Ratio of suppliers with appraisal scores greater than 85	85%	97%

FENC (FEG Purchasing Department)		
Item	KPI	2014 Implementation results
Number of suppliers visited	155	288
Number of users visited	137	262

Selection Criteria and Management of Transportation Carriers

FENC largely relies on sea and land transportation vehicles for the import and export of its products. We request all sea and land transport companies to help reduce environmental pollution and to promote energy conservation and carbon-reduction activities. These form part of our efforts to effectively decrease environmental impact and energy consumption at the same time that we fulfill our responsibility in the area of supply chain management.

FENC's export areas encompass all five continents with over 200 destination harbors. Energy conservation is a main focus of evaluations for the selection of maritime transportation carriers. We also require that our carriers fully abide by international environmental regulations including those on anchoring or mooring, gas discharges, fuel consumption, and waste oil treatment.

As for domestic container transportation in Taiwan, FENC only cooperates with established domestic carriers that are required to abide by relevant quality policies:

Safety	Regular vehicle maintenance and inspections and observation of traffic rules (no speeding or overloading)
Economy	Linkage to the transportation network, flexible dispatch of suitable vehicles, selection of the most appropriate routes, reduction of empty vehicle trips and costs, and maximization of benefits
Account ability	Guarantee of the safety of transported goods to conform to customs clearance requirements and effectiveness

Relevant departments are in charge of domestic inland transportation in China. For instance, Far Eastern Industries (Wuxi) currently requires that carriers increase the use of Green Label vehicles conforming to the Limits and measurement methods for exhaust pollutants from compression ignition and gas fuelled positive ignition engines of vehicles (V) in China. In 2015, Yellow Label vehicles that conform to the Limits and measurement methods for exhaust pollutants from compression ignition and gas fuelled positive ignition engines of vehicles (III) in China were banned. Contracts that require cleansing of exhaust emissions during the transportation process were imposed.

Designated personnel are currently dispatched to the container and marshaling yards of cooperating carriers and inland transportation businesses to conduct unscheduled on-site inspections. Spot check items include: Condition of empty containers, machinery and facilities, container storage environment, treatment of pollution emissions, and compliance with work safety regulations. In case there are deficiencies, improvements are requested with a focus on early detection instead of review after incidents. For instance, Oriental Petrochemical (Shanghai) has a high demand for raw materials, supplementary materials, and transportation services. As raw materials such as paraxylene and acetic acid pose a certain hazard and could generate a negative impact on the environment in case of accidents en route, the Company requires that carriers are qualified to transport hazardous chemicals and that they conducts regular inspections. No incidents of environmental pollution during the transport of raw materials were reported for 2013 and 2014.

In the future, the Company will actively adopt SQAS appraisals (Safety & Quality Assessment System/Road safety and quality assessment system) with reference to domestic and international experiences with the goal of measuring and monitoring the performance of transportation service providers in terms of safety, quality and decreasing incidence of accidents. It is expected that SQAS evaluation forms and relevant regulations will be complete by late 2016 and be officially used in 2017 for businesses consigned to handle transportation of FENC containers. Upon adoption of the SQAS system, large-scale evaluations will be conducted once every three years. The Company will constantly monitor the implementation of improvements in case of deficiencies and conduct unscheduled spot checks of qualified providers.

To minimize the potential impact of transportation on the environment, relevant units communicate our requirements to carriers via the aforementioned methods as far as off-site transportation is concerned. As for on-site transportation, oil consumption is reviewed on a regular basis.

## Joint Creation of Supply Chain Value

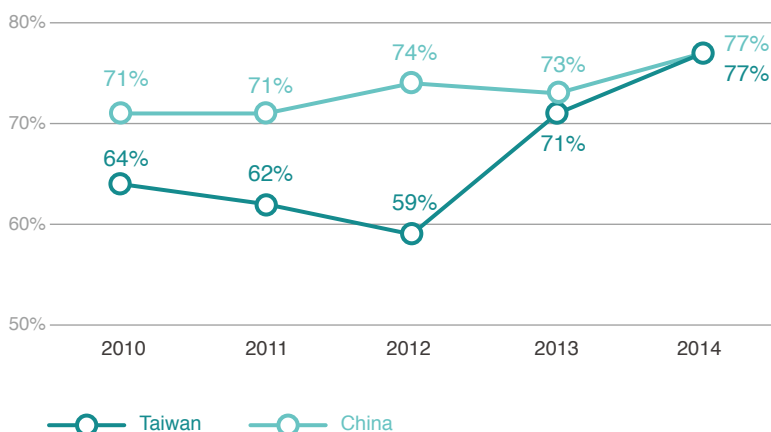
### Preference for Local Suppliers

FENC gives priority to local suppliers. This not only guarantees the provision of very accessible and more comprehensive after-sales services but also helps boost local economic development. For example, Oriental Petrochemical (Taiwan) cooperates with local transportation providers and has expanded its plant area and manpower to increase local output value and employment opportunities. Through the use of local suppliers who operate in the same area and who have a better knowledge of local culture, the incidence of conflicts and disputes is reduced and mutual understanding is achieved.

Notes:

1. Definition of "local": The whole island for Taiwan and the province where the Company is located for China.
2. Does not include PX procurement amounts.

► Percentage of Local Supplier by Purchase Amount



## Training and Norms

FENC operation guidelines are based on national policies, laws, and regulations. The Company has established and implemented a safety management system to protect the health and safety of suppliers, contractors, and other stakeholders. Details are shown in the table below:

Company	Main Management Documents	Main contents
Oriental Petrochemical (Taiwan)	Health and Safety Management Regulations for Contractors	In addition to compliance with employer responsibilities as defined in the Labor Standards Act, the Occupational Safety and Health Act, the Labor Health Protection Regulations, the Employment Service Act, and other relevant decrees, the Company also requires contractors to abide by the Safety and Health Rules and the Plant Safety, Health & Environment (SHE) Regulations of the Company as well as resolutions by consultative organizations. This includes evaluation of contractor qualifications, training and testing of contractors' personnel by Oriental Petrochemical (Taiwan)'s health and safety engineers, and the establishment of consultative organizations for contractors.
Far Eastern Fibertech	Contractor Work Safety Regulations and Procedures Inside Plants	<ul style="list-style-type: none"> <li>Contractors are required to sign a Letter of Undertaking for on-site operational safety and discipline. They also have to pass relevant safety tests to ensure that personnel in plants have an appropriate level of safety awareness.</li> <li>Contractors must abide by the Operational and Behavioral Norms for Contractors and conduct safety audits during construction operations.</li> <li>Performance assessments and annual performance evaluations after construction operations</li> </ul>
	Contractor Safety Training and Skills Training Programs	Required training programs are developed for contractor personnel and necessary work training is provided for different contractors to guarantee that contractor personnel are able to execute contract work in a safe manner inside plants and prevent endangering the safety of neighboring communities.
Oriental Industries (Suzhou)	Management Procedures for Constructors	Contractors must fill out plant entry applications, SHE awareness forms and participate in relevant training courses and contractor management meetings.