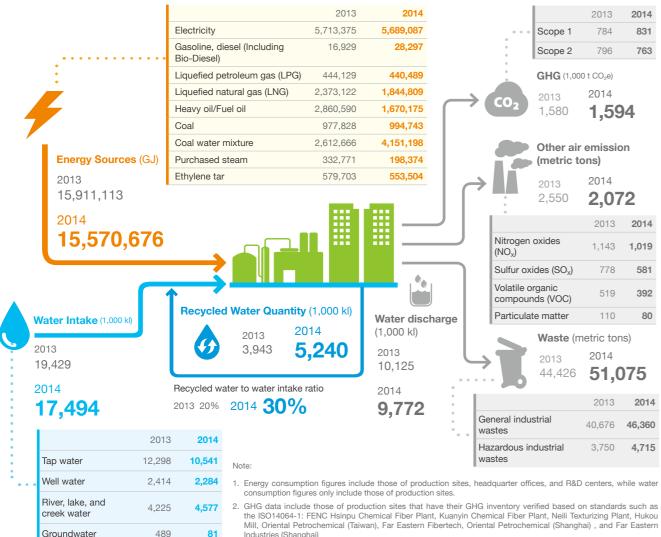


Resource Management and Pollution Prevention

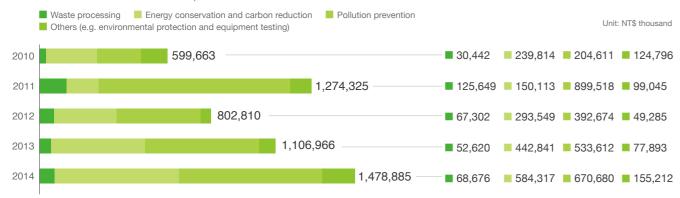
Overview of Important Data



- 3. Data on other air emissions in China include those of Oriental Petrochemicals (Shanghai). Far Eastern Industries

► Environmental Protection-related Expenses

Rainwater



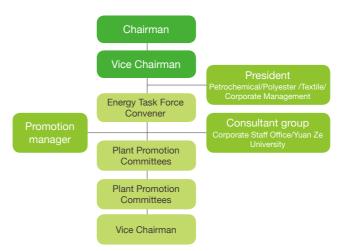
Energy and GHG Management

Enterprises have a duty to implement effective energy source and GHG management not only from the perspective of fulfillment of social responsibility but also from the aspects of cost and process control in response to climate change, energy price fluctuations, and the demand for a stable energy supply. Governments have also formulated relevant laws and regulations to promote corporate energy management. For instance, the Taiwan Energy Administration Act clearly settipulates that enterprises must establish an energy audit system, set energy conservation goals, and develop implementation plans in addition to the designation of energy management personnel and the reporting of power consumption data. Moreover, the Taiwan Government also promotes an annual power conservation program requiring enterprises to save an average of 1% of power annually during the period from 2015 to 2019. In China, enterprises are also required to conserve energy as specified in the Chinese Government's 12th Five-Year Plan (2011-2015). These enterprises are likewise required to pass energy audits conducted by the government, undergo government supervision, and report relevant data online annually. Beyond that, the number of energy management professionals and their level of professionalism are also clearly stated for heavy energy-consuming enterprises.

Energy Task Force

FENC established an in-house, interdepartmental corporate Energy Task Force in 2010 in response to government policies with the goal of mitigating global climate change, reducing GHG emissions, and fulfilling the corporate social responsibility of protecting our global environment. Energy-related issues are reviewed from the governance level of the parent company, to establish a method for feasibility assessments of energy projects, to implement the directions for energy conservation plans, and to help promote suitable projects. The Energy Task Force convenes regularly to discuss projects, track performance, conduct technical know-how exchanges, and visits of relevant facilities. Common issues are detected and experiences are shared through interactions and exchanges with different plants. The team aims to achieve the goal of energy conservation and

► Energy Task Force Organizational Chart

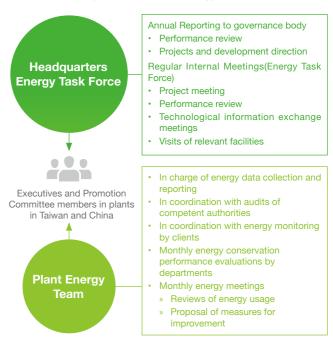


consumption reduction through energy saving designs, green procurement, technological transformation, and optimization of production units and operations. Coordination and cooperation with different departments ensure smooth implementation of core energy conservation tasks and the ultimate realization of goals on sustainable development.

Our subsidiaries have formulated relevant guidelines and regulations in accordance with Energy Task Force policies and provided the Energy Task Force with detailed data required for project assessments. For instance, Far Eastern Fibertech has formulated its "Energy Management Policies and Goals" calling for the establishment of an internal energy audit system, an energy management team, and energy conservation goals. Far Eastern Fibertech has carried out energy conservation plans since 2006 and is currently on its second five-year plan. The goal is to decrease energy intensity per metric ton of product by 35% in 2016 compared to 2006.

As for the subsidiaries in China, the "Energy Management Manual" of Oriental Industries (Suzhou) and the "Energy Management System Management Manual" of Far Eastern Industries (Wuxi) are the major documents drafted for internal energy management. The contents are based on relevant rules, guidelines and flows set forth in GB/T 23331-2012 (Energy Management System Requirements), GB17167-2006 (General principle for equipping and managing of the measuring instrument of energy in organization of energy using), GB/T 13234-2009 (Calculating methods of energy saved for enterprise), GB/T 2589-2008 (General principles for calculation of the comprehensive energy consumption), and DB32/2163-2012 (The norm & calculation method of integrating electricity consumption of per comparable unit product for cotton yarns). In addition to detailed plans and arrangements in the areas of energy conservation and carbon reduction, monthly tracking and review meetings are held. Relevant cases and methods are reported to relevant government

▶ Duties and Responsibilities of the Energy Task Force



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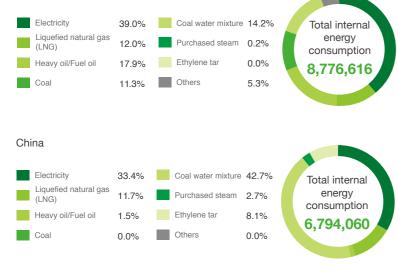
Besides enforcing the Energy Task Force system, each production plant also promotes ISO certifications depending upon actual requirements. The FENC Hukou Mill stood out from other plants after rigorous assessments conducted in May of 2013 by the Industrial Development Bureau. It was selected as a benchmark plant of the manufacturing industry in terms of ISO 50001 (Energy Management System) and received a subsidy of NT\$600,000. It also obtained a third-party certification in January 2014. Far Eastern Industries (Wuxi) in China initiated the promotion of ISO 50001 and GB/T23331-2012 (Energy Management System Requirements) in early 2013 and was awarded both certificates in early 2014 after just one year.

► Energy Consumption

| | | | | | | | | | | Unit: G | |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| Energy | | | Taiwan | | | China | | | | | |
| Туре | 2010 | 2011 | 2012 | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Electricity | 3,555,056 | 3,585,572 | 3,613,750 | 3,559,064 | 3,422,256 | 1,961,236 | 2,067,965 | 2,093,351 | 2,154,311 | 2,266,831 | |
| Gasoline | 4,002 | 3,808 | 4,036 | 3,290 | 2,988 | 0 | 0 | 0 | 0 | 0 | |
| Diesel | 14,464 | 11,372 | 10,290 | 12,444 | 24,322 | 648 | 918 | 670 | 1,025 | 946 | |
| Bio-diesel | 92 | 148 | 158 | 170 | 41 | 0 | 0 | 0 | 0 | 0 | |
| Liquefied petroleum gas (LPG) | 212,303 | 398,710 | 480,842 | 444,062 | 440,428 | 363 | 703 | 58 | 67 | 61 | |
| Liquefied natural gas (LNG) | 8,735 | 10,888 | 1,208,260 | 1,674,102 | 1,052,356 | 557,306 | 599,871 | 653,819 | 699,020 | 792,453 | |
| Heavy oil/ Fuel oil | 4,940,819 | 4,834,837 | 3,414,944 | 2,510,213 | 1,571,081 | 2,586,321 | 1,644,688 | 929,764 | 350,377 | 99,094 | |
| Coal | 1,108,452 | 1,032,026 | 1,006,459 | 977,828 | 994,743 | 0 | 0 | 0 | 0 | 0 | |
| Coal water mixture | 0 | 0 | 0 | 23,026 | 1,250,176 | 153,508 | 1,351,496 | 1,800,358 | 2,589,640 | 2,901,022 | |
| Purchased steam | 77,429 | 93,202 | 85,169 | 108,228 | 18,225 | 355,324 | 316,900 | 272,705 | 224,543 | 180,149 | |
| Ethylene tar | 0 | 0 | 0 | 0 | 0 | 0 | 32,393 | 637,968 | 579,703 | 553,504 | |
| Total | 9,921,352 | 9,970,563 | 9,823,908 | 9,312,427 | 8,776,616 | 5,614,706 | 6,014,934 | 6,388,693 | 6,598,686 | 6,794,060 | |

▶ 2014 Energy Consumption

Taiwan



Greenhouse Gases (GHG) Emission Control

FENC's subsidiaries and production sites establish adequate management mechanisms in response to GHG management requirements from different authorities such as the Shanghai carbon trading scheme. The members of in-house Energy Task Force discuss, formulate, and implement management policies, as well as review performance with relevant units internally. For instance, energy meetings are convened on a monthly basis to review energy consumption, the achievement percentage of energy conservation goals, and the execution output of energy conservation and carbon reduction projects.

Far Eastern Fibertech, for example, conducts GHG inventory checks in compliance with ISO 14064-1 (Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals) standard. Through a firm grasp of GHG emission profile as the first step, the efficiency of key machinery and equipment is gradually enhanced while energy consumption is reduced. Furthermore, efforts to promote energy saving concepts also change the habits of employees and enhance implementation results. Far Eastern Fibertech obtained the ISO 14064-1 external GHG inventory check verification in 2006 and 2008, and completed its own GHG inventory check from 2009 to 2013.

Oriental Petrochemical (Taiwan) was among the second batch of industries required to report GHG emissions by the Environmental Protection Administration and was required to register its GHG emissions beginning in 2014. In order to facilitate the measurement of GHG emissions, Oriental Petrochemical (Taiwan) established a GHG Management Committee which is responsible for the allocation of manpower, technologies, and financial and facility resources to ensure compliance with the requirements of ISO/CNS 14064-1. In 2013, Oriental Petrochemical has passed its own "GHG Policy," conducted the GHG emission inventory check in accordance with ISO/CNS 14064-1 and received a third-party verification. The external verification for 2014 version is still in progress.

FENC production sites have successively acquired relevant ISO verifications. For instance, the Hsinpu Chemical Fiber Plant, the Kuanyin Chemical Fiber Plant, the Hukou Mill, and the Neili Texturizing Plant have all obtained ISO 14064-1 verification. The high-performance LED lighting device project of the Hukou Mill was verified in accordance with ISO 14064-2 (Greenhouse gases - Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements) standards in 2012.

Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) have applied a carbon emission and carbon trade management system and operating guidelines following the "The Trial Procedures of Shanghai Municipality on Carbon Emission Administration." They have also established a Carbon Emission Management Section, a Carbon Trade Decision-making Section, a Carbon Trade Funding Section, and a Carbon Trader Confirmation Section to gain a more comprehensive grasp of all trading processes. In accordance with the "Accounting Methods and Reporting Guidelines for GHG Emissions of the Chinese Chemical Industry (Trial Version)"



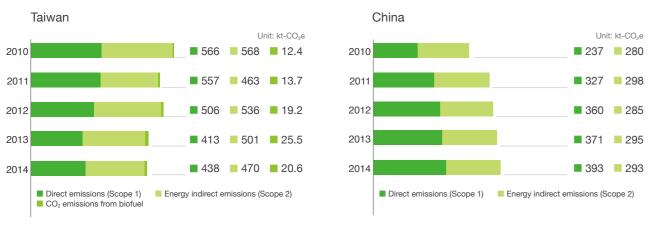
promulgated by the National Development and Reform Commission, during the first year of the carbon emission pilot scheme in Shanghai, the enterprises shall submit the 2013 carbon emission report in a timely manner. Subcontractors audited the actual sites to assist the Shanghai Development and Reform Commission in reviewing and confirming of the actual emission amount. Enterprises then make sure they comply with the equivalent amount of emission allowances. In the future, we will strictly control carbon emission and enhance the usage efficiency of primary energy to better attain sustainable development of our operations.

This report only discloses GHG emissions for production sites that have completed their GHG inventories verification based on standards such as the ISO 14064-1.

| Region | Company/ Production sites | Methodology and Conversion Coefficient Basis | Base Year | Year of First External Verification | Year of Most Recent External Verification |
|--------|--|--|---|---|---|
| | FENC Hsinpu and Kuanyin Chemical Fiber Plants | ISO-14064-1 Emission factor chart of the Environmental Protection Administration is employed for heavy oil and coal (coal water mixture) based on the heating values of the testing units Electricity, gasoline, and diesel as per public notice by the Bureau of Energy | 2005 | 2005, 2009 | 2014 |
| | | Other conversion factors based on mass balance | | | |
| Taiwan | FENC Hukou Mill and Neili Texturizing Plant • ISO-14064-1 • Emission data of Industrial Development Bureau | | 2005 | 2005, 2009 | 2006, 2010 |
| | Oriental Petrochemical (Taiwan) • ISO-14064-1 • Emission data of Environmental Protection Administration | | The base year was changed from 2013 to 2014 due to a legal requirement to expand boundary. | 2013 | 2014 |
| | Far Eastern Fibertech | ISO-14064-1 Emission data of Industrial Development Bureau | 2006 | 2008 | 2008 |
| China | Oriental Petrochemical (Shanghai) | Technical document on accounting and reporting of GHG emissions in Shanghai (SH/MRV-004-2012 | Average annual emissions from 2009 to 2011 were obtained based on the "2013-2015 Carbon Emission Quotas | 2013 | 2014 |
| | Far Eastern Industries (Shanghai) | "Accounting and Reporting Methods for GHG Emissions of the Shanghai Chemical Industry (Trial Version)") | and Management Plans for Shanghai City" | 2310 | 2014 |



▶ GHG Emissions of FENC Production Sites



Notes

- 1. The data in the table above refer to all production sites that have their GHG inventories verified based on standards such as the ISO14064-1: FENC Hsinpu and Kuanyin Chemical Fiber Plants, the Neili Texturizing Plant, and the Hukou Mill, Oriental Petrochemical (Taiwan), Far Eastern Fibertech, Oriental Petrochemical (Shanghai), and Far Eastern Industries (Shanghai).
- Scope 1 includes CO₂, CH₄, N₂O, PFCs, HFCs, and SF₆
 Scope 2 emissions are generated by electricity and purchased steam.
 Scope 3 emissions are not recorded.
- 3. In accordance with SH/MRV-004-2012, Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai) only record CO2 emissions.

Biofuels mainly consist of marsh gas supplied by the Oriental Petrochemical (Taiwan)'s wastewater anaerobic reactor for combustion in gas boilers as well as the 1% to 2% bio-diesel content in diesel supplied by CPC Corporation before 2014.

Energy Conservation and Carbon Reduction Measures and Performance Assessment

Between 2010 and 2014, FENC continued to promote energy conservation and carbon reduction measures in its plants and offices. Recent energy conservation measures include replacing high-energy consumption equipment with variable frequency control, and optimization of refrigeration and air compression systems. In addition, integration of steam used by the group is another mean to enhance the overall energy usage efficiency of the Group.

| Item | 2013 | 2014 |
|--|---------|---------|
| Investments amount (NT\$ thousand) | 585,079 | 835,690 |
| Energy conservation (NT\$ thousand) | 273,982 | 336,452 |
| Energy savings*1 (GJ) | 724,820 | 601,494 |
| Emission reductions*2 (t-CO ₂) | 81,675 | 55,089 |

Notes:

- Savings (include fuel oil, natural gas, electricity, and steam) are compared with the energy consumption amounts of the original equipment/process before the implementation of conservation measures. The heat value of every metric ton of steam is calculated as 2.77 GJ.
- 2. Includes fuel oil, natural gas, electricity, and steam emissions. The calculation of emissions generated by the burning of fuel oil and natural gas employs the emission factor of Version 6.0.1 of the GHG Emission Factor Management Chart of the Bureau of Energy of the Ministry of Economic Affairs and the Environmental Protection Administration. Electricity emissions are calculated based on the emission factor of the local electricity grid. The emission factor per metric ton of steam is 0.307 t-CO₂e.

Between 2013 and 2014, FENC and its subsidiaries implemented a total of 261 energy conservation and carbon reduction projects which were mainly divided into four categories: improvement of production, procedures improvement of facilities, improvement of product mix, and energy management and others.

| Project Type | Example (includes production plants and offices) |
|--|--|
| Improvement of production | Modification of process parameters (such as temperature, pressure, etc.), planning of recycled materials, and changing of feedstock ratios |
| Procedures improvement of facilities | Optimization, upgrading, and replacement of air conditioning, air compression, boilers and process equipment including variable frequency and installation of heat preservation equipment. |
| Improvement of product mix | Increasing output volume of products that are less energy-consuming and reducing overall energy intensity per unit of production. |
| Energy management and others | Lighting improvements and lighting device upgrades (in production plants and offices), rationalization and optimization of equipment operating hours, and review of decommission unnecessary equipment and facilities. |

▶ Energy Conservation and Carbon Reduction Performance in 2013 and 2014

| | | 2013 | | | | 2014 | | | | |
|--|--------|-------------------------------|-----------|-----------|---------------------|---------------|-----------|-------------------------|---------------------|--|
| Type of Energy Conservation Measures | Region | Region | Energy | GHG F | Reductions (t- | -CO₂e) | Energy | GHG Reductions (t-CO₂e) | | |
| ivicasui es | | Savings (GJ) ^{*1} | Scope 1*2 | Scope 2*3 | Steam* ⁴ | Savings(GJ)*1 | Scope 1*2 | Scope 2*3 | Steam* ⁴ | |
| Improvement of | Taiwan | 52,626 | 2,560 | 1,121 | 596 | 32,319 | 996 | 364 | 1,883 | |
| production | China | 174,083 | 103 | 150 | 18,991 | 42,989 | - | 857 | 4,350 | |
| Procedures | Taiwan | 306,495 | 6,884 | 23,686 | 1,447 | 442,505 | 17,630 | 12,720 | 2,781 | |
| improvement of facilities | China | 51,184 | 645 | 5,996 | 1,369 | 53,988 | 110 | 8,548 | 1,541 | |
| Improvement of product mix, energy | Taiwan | 109,511 | 701 | 12,589 | 1,044 | 24,092 | 542 | 1,804 | 155 | |
| management, and others | China | 30,921 | - | 713 | 3,080 | 5,601 | - | 370 | 438 | |
| Total | | 724,820 | | 81,675 | | 601,494 | | 55,089 | | |

Notes:

- *1 Savings (including fuel oil, natural gas, electricity, and steam) are compared with the energy consumption amounts of the original equipment/process before the implementation of conservation measures.
- *2 Scope 1 includes emissions generated by the burning of fuel oil and natural gas and employs the emission factor of Version 6.0.1 of the GHG Emission Factor Management Chart of the Bureau of Energy of the Ministry of Economic Affairs and the Environmental Protection Administration.
- *3 Scope 2 refers to emissions caused by power generation which are calculated based on the emission factor of the local electricity grid.
- *4 Emissions from steam are classified based on their source and are therefore not distributed between Scope 1 and 2. The emission factor per metric ton of steam is 0.307 t-CO₂e.

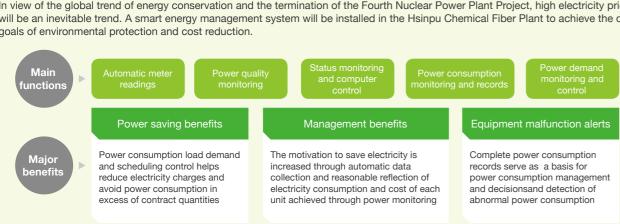
FENC and its subsidiaries constantly develop a large variety of energy conservation and carbon reduction projects such as investments in large-scale projects for the installation of renewable energy power generation facilities in China plants and replacement of cone winders in the Neili Texturizing Plant (with a projected energy conservation effect of 57%). In addition, the Hsinpu Chemical Fiber Plant will be the first FENC plant in Taiwan to install a smart energy management system in 2015.





Smart energy management system of the Hsinpu Chemical Fiber Plant

In view of the global trend of energy conservation and the termination of the Fourth Nuclear Power Plant Project, high electricity prices will be an inevitable trend. A smart energy management system will be installed in the Hsinpu Chemical Fiber Plant to achieve the dual goals of environmental protection and cost reduction.





Innovative use of Personal Electric Transporters (PET) in Hukou Mill

The size of the production facilities in the Hukou Mill are relatively large, and designated personnel walk long distance to perform their tasks. It is therefore difficult to achieve equilibrium between assigned manpower and labor efforts. Since April 2014, Hukou Mill has purchased two Personal Electric Transporters which not only required less manpower and lighting, but also enhanced operational efficiency. The investment cost for PET was about hundreds of thousands New Taiwan dollars, but is can be recovered within two weeks.

| It | em | Before | After | Difference |
|-----------|---------------------------------|---|----------------------------------|------------|
| | Assigned area | 860 sq m/person | 4300 sq m/person | ↑ 80% |
| Personnel | Work complexity | Multitude of tasks: Machine operation, cotton pushing and replacement, replenishment of paper tubes, cleaning | Single task: Machine operation | - |
| | Traveled distance | 3.5 km/person•shift•8h | 25 km/person•shift•8h | ↑ 614% |
| | Work load | Fatigue | Decreased load | - |
| | Manpower demand per shift | 5 persons/shift | 4 persons/shift | ↓ 20% |
| | | | | |
| Machinery | Lighting demand | 34 rows of fluorescent tubes | Only 4 rows of fluorescent tubes | ↓88% |
| 8 | Equipment signal identification | Not clearly visible | More obvious | - |
| | Machine efficiency | Average efficiency 95.5% | Average efficiency 97% | ↑ 1.5% |
| | | | | |

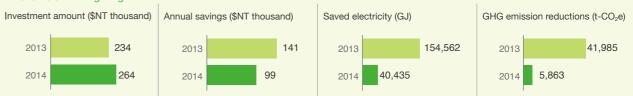


Energy conservation at Headquarters

LED Lighting

FENC started replacing fluorescent tubes in the office building with LED lights in 2012. This process was completed in 2014. In addition to the replacement of all spiral light bulbs and projection lamps in high-ceilinged areas with LED lights, all desk lamps were also converted to LED. At the same time, the illumination level was also reviewed and the number of LED tubes was reduced.

▶ Benefits of LED lighting



Video Conferences

FENC has many subsidiaries and production sites. The transportation demands and resources required for meetings as well as the generated impacts are therefore considerable. We adopted video conferences several years ago to reduce these impacts. Over the past two years, the video conference system has been fully upgraded to ensure a smoother running of meetings and to enhance their overall effectiveness. These facilities are used on a daily basis. In 2014, the number of video conferences held by Company Headquarters reached a total of 5,724 hours with the number of participants exceeding 100,000. This helped reduce travel costs while putting us a step forward towards the goal



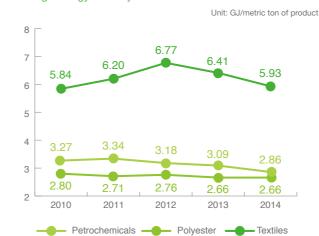
Energy/Environmental Management Mechanism

ISO 14061-1 has been implemented for the headquarter offices in Taipei, with the ISO 50001 (Energy Management) and ISO 14001 (Environmental Management Systems - Requirements with guidance for use) will be implemented in 2015. The establishment of a comprehensive energy management system serves the purpose of gaining a better understanding of follow-on projects for further energy conservation.

Product Energy and GHG Emission Intensity

Energy conservation measures adopted by production plants directly affect unit energy consumption during the manufacturing process. Through the implementation of various energy conservation measures, we have achieved a significant reduction of unit energy consumption.

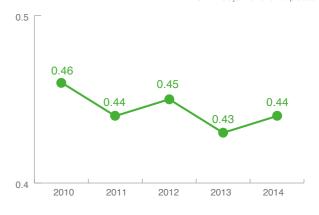
► Average Energy Intensity



Note: The textiles business does not include Far Eastern Apparel (Suzhou)

► Average GHG Emission Intensity





Note: Figures only include production sites that have their GHG inventory verified based on standards such as the ISO14064-1: FENC Hsinpu and Kuanyin Chemical Fiber Plants, Neili Texturizing Plant, Hukou Mill, Oriental Petrochemical (Taiwan), Far Eastern Fibertech, and Oriental Petrochemical (Shanghai) and Far Eastern Industries (Shanghai)

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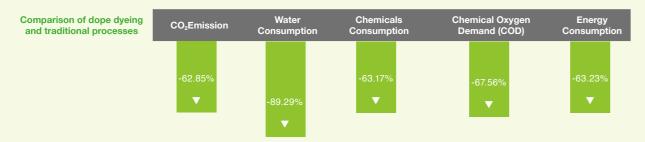




Green processes

Dope-Dyed

In traditional dyeing and finishing technologies, the dyeing follows the spinning and forming of the fiber. These technologies are characterized by high consumption of energy and water. Adding dyeing formula and chemical additives not only pose a serious health hazard for employees but also generate large quantities of contaminated and toxic wastewater. The wastewater treatment is a costly process that generates significant environmental impact. FENC takes full advantage of dope dyeing which requires the addition of colorants into the raw materials prior to the spinning and forming processes, allowing a unified completion of the forming and dyeing processes. This greatly reduces the demand for energy, water, and chemicals as well as the generation of contaminated wastewater. The final product also has improved color fastness and greater resistance to fading.



Sublimation/Heat Transfer Print Technology

Traditional fabric printing processes require large quantities of water, while the heat transfer print technology employed by FENC greatly reduces this demand for water.











Traditional Processes

Sublimation/Heat Transfer Print Technology



Energy-saving bottle chips

FENC and Far Eastern Industries (Shanghai) produce energy-saving bottle chips that can be processed at relatively low temperatures. This allows clients to save 25% on electricity during the blow molding process. In addition, energy-saving bottle chips also require lesser amounts of raw materials and lead to an indirect savings on the fuel required for transportation due to decreased bottle weight. For more details about our green materials and processes please refer to the chapter on Innovative R&D.

Transfer Print Technology



Awards and Recognitions



- FENC's Polyester Business established an integrated energy conservation service team under the guidance of the Industry Technology Research Institute of Taiwan (ITRI) in 2011. Our energy conservation improvements in production plants were under the supervision of ITRI over a period of three years. Within this three-year period, the FENC Polyester Business completed a total of 174 energy conservation projects, leading to generated power savings of 40,053 MWh, a figure equivalent to the annual carbon absorption amount of 109 parks the size of Daan Forest Park. The Bureau of Energy of the Ministry of Economic Affairs presented FENC with an outstanding achievement award in recognition of the company's performance in energy conservation at the 2014 Conference for the Formal Establishment of Energy Conservation Service Teams by Corporate Groups.
- Far Eastern Industries (Wuxi) achieved its annual goal of total power savings of 2,300 MWh in 2013 and was honored with an award for Advanced Enterprises in the field of Energy Conservation in Wuxi City from the Wuxi City Energy Conservation and Emission Reduction Work Team in 2014.
- In 2014, Far Eastern Industries (Wuxi) was one of two enterprises in Wuxi City honored with a Three-Star Enterprise in energy efficiency by the Energy Conservation Supervision Center of Jiangsu Province.
- In 2014, Oriental Industries (Suzhou) was the first enterprise in the Wuzhong District of Suzhou City and the second enterprise in the whole city recognized as an Outstanding Unit in the field of corporate energy management systems by the Jiangsu provincial government in accordance with GB/T23331-2012.
- · In 2014, Oriental Industries (Suzhou) was honored with a Three-Star Enterprise in the field of energy efficiency.
- In 2013, Far Eastern Industries (Suzhou) was honored with a Three-Star Enterprise in the field of energy efficiency.



Emission Management

In addition to compliance with the requirements specified in the FENC CSR Principles and all environmental protection-related laws and regulations, several FENC production sites have already passed ISO50001, for which they are required to abide by the regulations set forth in relevant management protocols and documents. For instance, Far Eastern Apparel (Suzhou) has created a program to control negative environmental impact arising from production processes. This program requires production sites to strictly abide by regulations on process flows, the sealing of volatile compounds, and control of waste gas emission. We also conduct routine inspection of existing facilities and processes to help pinpoint possible areas of improvements. For instance, the waste gases discharged by the forming machines of Far Eastern Dyeing & Finishing (Suzhou) meet relevant criteria but still contain oil fumes. Static electricity and water sprinkler facilities with an assessed purification efficiency of over 90% were therefore installed as a solution. The oil-based ink of the paper transfer printing machine of FENC Kuanyin Dyeing and Finishing Plant was replaced with water-based ink to eliminate the need for solvents in laminating machines, thus minimizing volatile organic compounds (VOC) emission. In addition, no input or output of ozone-depleting substances (ODS) was recorded during the report period.

► Air Pollution Emissions



Note: Data for China consists of values monitored and accounted by Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Wuhan Far Eastern New Material, Far Eastern Industries (Suzhou), Far Eastern Industries (Wuxi), and Far Eastern Apparel (Suzhou).

Collection and treatmen

Collection and treatment of volatile organic compounds (VOC) by wastewater treatment plants

Hsinpu Chemical Fiber Plant improved the VOC discharge and treatment in wastewater treatment plants by installing sealed collection and pollution prevention facilities for the aeration pool in accordance with the legal requirements set forth in the VOC Air Pollution Control and Emission Standards. This was done to improve air quality and prevent the spread of odors and polluting the environment. The company also aims to conform to FENC environmental policies and social expectations by controlling emissions to levels much lower than legally required.







Material Management

Raw Materials

FENC products span a wide range from PTA, fiber, yarn, and fabric, to the finished apparel and garments that the general public is more familiar with. This also includes a large number of specific industrial-use or high value-added products. Subsidiaries and production sites utilize different raw materials based on their specific products. However, because Petrochemical and Polyester Business operations account for a greater portion of the overall operations than downstream textiles and apparel, only significant raw material usage quantities are disclosed.

▶ Purchase Amounts of Significant Raw Materials

Unit: 1,000 metric tons

| Process Materials | Source (region/country) | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|-------|-------|-------|-------|-------|
| PX | Japan, Korea, Singapore, Indonesia, Thailand, Malaysia, Kuwait, China, Taiwan | 1,020 | 1,013 | 976 | 941 | 848 |
| PTA* | China, Korea, Japan, Thailand, Taiwan | 1,185 | 1,230 | 1,276 | 1,263 | 1,317 |
| MEG and Bio-MEG | Saudi Arabia, India, Canada, Taiwan | 478 | 512 | 522 | 534 | 516 |
| Cotton (including organic cotton and recycled cotton) | USA, Brazil, Australia, China, India, Taiwan | 81 | 39 | 87 | 85 | 82 |

Note: Part of the PTA utilized was produced by Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai) after purchasing the raw material PX; the rest was purchased from external sources

FENC upholds a corporate spirit of innovation and continues to explore and experiment with green material applications. We also dedicate our efforts to the development and utilization of recycled materials (such as raw materials from recycled PET bottles) and Biomass (such as Bio-MEG and PLA). Polyester materials (PET) are among our main products. In addition to the provision of bottle chips, which can be used by clients for the production of packaging for water, juice, or cooking oil, these materials are also supplied in the form of PET sheets. Empty bottles used by consumers can be converted into recycled PET chips, which can in turn be processed into fibers, bottle chips. and PET sheet materials. FENC is currently capable of recycling, reusing, and processing 50% of all waste PET bottles in Taiwan. The Company is currently the only Taiwanese manufacturer that takes care of the complete process: from the manufacture and recycling of PET bottles to their reuse in manufacturing various downstream products.

We constantly strive to enhance the usage efficiency of raw materials through product design, improvement of daily plant operations, and regular reviews. For instance, we promote the recycling and reuse of defective products. We also reduce the consumption of source materials through a decrease of raw material demands. In addition, implementation guidelines for improvement proposals are in place as a motivation for employees to make suggestions for material consumption reduction.

► Oriental Petrochemical (Taiwan) Raw Material Control Mechanism



Recycling of Packaging Materials

FENC aims to avoid unnecessary or excessive packaging for the transportation of goods. For instance, Far Eastern Industries (Shanghai) employs tanker trucks to transport chips to reduce packaging, while filaments are directly delivered via reel carriers. FENC also educates clients on packaging reduction methods. For example, it is recommended that garment clients abandon the use of packaging bags for single items. This reduces around 4 million pieces of plastic bags for the packaging of single items annually.

If the use of packaging materials is unavoidable, eco-friendly materials are used whenever possible and materials are recycled and reused. For instance, eco-friendly plastic bags are used for all garment deliveries. FENC also cooperates with recycling businesses and jointly implements a packaging material recycling and reuse mechanism with domestic clients. Qualified partner recycling companies proceed to client locations to collect used packaging materials. These packaging materials are then sorted, and those that are in good conditions are resold to FENC. Through the recycling of large quantities of packaging materials, environmental impact and the procurement cost are greatly reduced. All production sites that implement the recycling of packaging materials have set recycling targets. FENC record packaging material recycling quantities, recycling rates, and achievement rates on a monthly basis and conduct reviews and discussions of those that fail to meet targets.

FENC also utilizes existing recycling mechanisms such as the purchase and use of recycled Braiform hangers to reduce resource waste and pollution. Employees of retail stores that participate in the Braiform Re-use Program place hangers in boxes that are later sent back to Braiform via the retail distribution center. These hangers are sorted, cleaned, and repackaged, Braiform then ships these recycled hangers back to cooperating garment manufacturers for reuse. A total of 563,386 and 730,996 recycled hangers were used in 2013 and 2014, respectively.





▶ Examples of Recycling of Packaging Materials by the Polyester Business

| | ice, carrie or a consigning i | | | | | |
|--------------------------|---|--|--|--|--|--|
| Company | Packaging Material Categories | Average Recycling Rate of Packaging Material | | | | |
| FENC | Cardboard box bottoms, cardboard box cover, cardboard box flat boards, plastic bases, backing plates, pallets, binder plates, paper tubes, and lateral plates | 98.5% | | | | |
| Far Eastern | Paper tubes* | 2% | | | | |
| Far Eastern Fibertech | Pallets, porous plates, tube lids | 43% | | | | |
| | Backing plates of chips | 100% recycling and reused in cooperation with designated manufacturers | | | | |
| | Metal stripes for assembly and sealing of boxes | 100% recycling of all raw materials and metal stripes of recycled PTA assembly boxes | | | | |
| Far Eastern | Sheet packaging bags | 5.8% | | | | |
| Industries (Shanghai) | IPA plastic backing plates | 4.6% | | | | |
| | Filament wooden backing plates | 100% recycling within the group; reuse of wooden backing plates by external enterprise is hard to manage since they use products from many companies. However, recycling firm proceed to downstream to purchase, sor screen, and resell materials to Far Eastern Industries (Shanghai) for reuse | | | | |
| Note: Small quantitio | se of paper tubes for diversified | products have different colors and are difficult to recycle | | | | |

Note: Small quantities of paper tubes for diversified products have different colors and are difficult to recycle. Only paper tubes for specific items are currently being recycled.





Water Resource and Waste Management

Water Resource Control and Management

Water resources are valuable assets. Owing to the impact of climate change, rainfall patterns have shifted significantly in many parts of the globe. Water supply uncertainty is therefore one of the main problems the world currently faces. Consequently, water resource management is one of the key management areas that enterprises closely monitor and fully implement. As far as the use of water resources is concerned, FENC conducts constant reviews for its daily operations and activities. In addition to daily meter readings and record keeping, water consumption conditions and water conservation effects are recorded, assessed, and reviewed on a monthly basis. Improvement programs are also developed. For instance, the efficiency of water resource usage is enhanced through equipment maintenance and technical improvements.

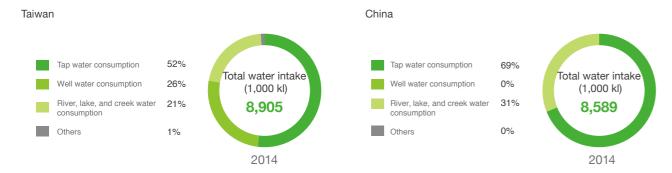
At FENC, we also take into consideration the requirements generated by corporate development, industry reforms, and land use by local residents as we plan out water resource utilization. For instance, the Hsinpu Chemical Fiber Plant manages the allocation and use of water resources in a rational and effective manner and enhances the stability, economy, and efficiency of water resource utilization in accordance with local water supply characteristics such as potential surface water quantities and safe ground water yield. All these are aimed at achieving a sustainable and balanced development for the company and the environment at large.

Available water resources in all FENC production sites include tap water, lake and river water, well water, ground water, and rain water. Water intake quantities and methods have no significant negative effects on the ecology of source areas and the lives of local residents.

► Water Intake and Sources

Unit: 1 000

| T | | Taiwan | | | | | China | | | | |
|------------------------------|--------|--------|--------|--------|-------|-------|-------|-------|-------|-------|--|
| Туре | 2010 | 2011 | 2012 | 2013 | 2014 | 2010 | 2011 | 2012 | 2013 | 2014 | |
| Tap water | 4,516 | 5,013 | 4,889 | 5,321 | 4,653 | 6,049 | 6,575 | 7,700 | 6,977 | 5,888 | |
| Well water | 3,176 | 2,822 | 2,548 | 2,414 | 2,284 | 0 | 0 | 0 | 0 | 0 | |
| River, lake, and creek water | 3,007 | 2,785 | 2,428 | 1,823 | 1,887 | 1,731 | 2,256 | 1,984 | 2,402 | 2,690 | |
| Ground water | 89 | 99 | 312 | 489 | 81 | 0 | 0 | 0 | 0 | 0 | |
| Rain water | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 3 | 11 | |
| Total water intake | 10,788 | 10,719 | 10,177 | 10,047 | 8,905 | 7,780 | 8,831 | 9,685 | 9,382 | 8,589 | |



In consideration of factors such as the possibility of future water shortages, the increasing difficulty of obtaining water rights, expansion of production lines, and increased demands for water, FENC proactively implements various programs to expand water sources, reduce consumption and be prepared for future needs with the goal of reducing water shortage-related risks that could affect production.

Water Resource
Management

Hsinpu Chemical

Resource Plannin

Content and Achievement

Hsinpu Chemical Fiber Plant foresees rising water costs as a result of future difficulties in water right acquisition and water intake. We are therefore forced to further reduce water consumption with a view to water conservation and meeting cost considerations. Hsinpu Chemical Fiber Plant mainly focuses on more use of surface water as a substitute for a portion of the ground water intake and increases the use of reclaimed water:

Daily water savings of 50 m³ Cooling water concentration cycle was increased to 5.5 times Cooling tower water is recycled and conveyed to the flue gas Daily water savings of 350 m³ desulfurization (FGD) system of the coal water mixture boiler Recycling and reuse of water used for back washing of filter tanks for Daily water savings of 100 m³ coal water mixture processes The wastewater recycling system, scheduled to be installed in 2016, will Wastewater system expansion is expected to be completed by late 2015 allow daily recycling of 600 m³ of wastewater. Addition of river water treatment facilities Substitute for a portion of ground water consumption Addition of river water treatment facilities in the pipe area before it is Substitute for a portion of ground water consumption channeled into the well water Sanitary water program management Reduction of unnecessary waste

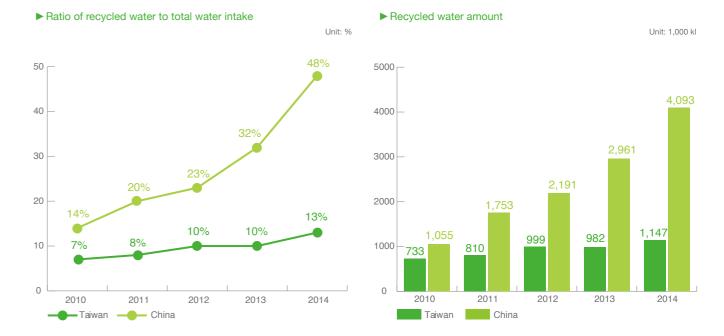
Far Eastern Dyeing & Finishing (Suzhou) -Reclaimed Water Reuse Program Upon the second stage of expansion of the Far Eastern Dyeing & Finishing (Suzhou) Plant area, the maximum production capacity of the machinery and equipment reached 1,700 metric tons/month, while water consumption amounted to 370,000 metric tons/month. In 2014, the plant thus invested in a Reclaimed Water Reuse Program to satisfy the water needs of the plant area. This program aims to enhance wastewater treatment capabilities through improvements to the existing wastewater treatment unit. Production wastewater is thoroughly treated before it is reused for machinery operations. After completion of the improvement program, 5,000 metric tons of reclaimed water can be supplied on a daily basis to replenish the water needed for production processes. This is equivalent to 40% of the total water consumption.

Oriental
Petrochemical
(Taiwan)-Recycling
of Low-pressure
Condensed Wate

Oriental Petrochemical (Taiwan) modified the design of its discharge tank for low-pressure condensed water. Recycled clean condensed water at the bottom is used as substitute water for the heat exchanger to reduce the output of condensed water in the de-aerator tanks of the boilers. Under conditions of high-volume and stable production operations, a total of 3,000 to 3,500 metric tons of condensed water may be recycled per month, which generates water cost savings for boilers between NT\$90,000 to 105,000 per month

Far Eastern Industries (Wuxi)-Exposure of concealed pipes

The exposure of concealed pipes at Far Eastern Industries (Wuxi) between 2010 and 2011 has made it easier to detect leakage and conduct repairs, which has led to a considerable decrease of water consumption. Through a combination with user management, a reduction by around 40% compared to the period before the implementation of the plan was achieved.





Effluent and Waste Processing

FENC has comprehensive regulations and operating protocols in place for effluent and waste processing in compliance with relevant local laws and regulations. For example, FENC subsidiaries in China have formulated regulations such as "Wastewater Management", "Hazardous Substance Management", "Hazardous Energy Control and Solid Waste Management". FENC's wastewater is currently not being reused by other organizations. During the report period, no serious leaks of waste or other substances occurred and no hazardous waste was exported or imported.

For instance, waste and contaminated water in the Far Eastern Fibertech Plant is treated through adequate facilities in conformity with laws and regulations to ensure that no impact is generated on receiving bodies of water and areas in the vicinity of the plant. The operation departments review the current waste and contaminated water management conditions during daily morning meetings and conduct tests of samples drawn from the wastewater treatment plant three times a week. Wastewater quality tests are conducted by commissioned external organizations on a biannual basis. In addition, personnel testing and technical training are implemented on a regular basis. After going through a treatment facility within Far Eastern Industries (Shanghai), the effluent is conveyed to an external treatment plant established by the government. An effluent online monitoring system has been installed inside the plant to ensure the discharge meets relevant standards prescribed by law.





| Effluent Treatment and Management Program | Content and Achievem | ent |
|---|--|--|
| Kuanyin Chemical Fiber Plant- Wastewater UASB Anaerobic Treatment Improvement Project | The Kuanyin Chemical Fiber Plant originally employed an aerobic system to treat wastewater. However, the aerobic system is not very effective in treating highly concentrated wastewater. Although the legal requirements can be met, from the perspective of eco-friendliness, it has decided to revamp the anaerobic system for better wastewater treatment capabilities and to ensure that the quality of discharged effluents far exceeds the required and that no environmental incidents occur in the plant. This improvement project employs an Upflow Anaerobic Sludge Blanket Reactor (UASB) for the treatment of COD in wastewater (1,120 kg/day). The power consumption required for the aerobic treatment of COD is reduced (322,272 kW/year) and sludge quantity is decreased (10 metric tons/month), and the quality of discharged effluents exceeds the legally required. | Defore Treatment COD 100 80 |
| Kuanyin Chemical Fiber Plant -Wastewater VOC Control Project | The Kuanyin Plant effluent processing facility was not sealed, which I Petrochemical plants are legally required to seal wastewater pre-tre prevention equipment with the goal of attaining a reduction rate of 85 ppm. After sealing, VOC control equipment was further added to end VOC discharge exceed the legal requirements and that no environ the wastewater treatment capabilities unaffected. Upon implementation were controlled below 150 ppm. | eatment facilities and connect them to pollution 5% or a discharge concentration of less than 150 sure that the quality of effluents and the volume mental incidents occur in the plant while leaving |

► Effluent Discharge Volume and Locations

Init· 1 000 k

| Areas | Company | Production Site | Effluent D Volu | ıme | Effluent Discharge Location | | | | |
|---------|---|-------------------------------------|--------------------|-------|---|---|--|-----|---|
| | | | 2013 | 2014 | | | | | |
| | | Hsinpu Chemical Fiber Plant | 1,003 | 1,051 | Processed wastewater was treated biologically inside the plant and discharged into the Fengshan River after meeting local effluent standards. | | | | |
| | | Kuanyin Chemical Fiber Plant | | , | | , | | 460 | Processed wastewater was treated biologically inside the plant and discharged into the Shulin River after meeting local effluent standards. |
| | FENC | Kuanyin Dyeing & Finishing Plant | 626 | 428 | Processed wastewater was pumped to a sewage treatment plant in the industrial zone upon treatment inside the plant. | | | | |
| Taiwan | | Neili Texturizing Plant | 58 | 59 | Only domestic wastewater, which was directly discharged into the drainage ditch next to the plant area. | | | | |
| iaiwaii | | Hukou Mill | 105 | 102 | Only domestic wastewater, which was discharged into the Desheng River upon biological treatment (aerated oxidation) inside the plant. | | | | |
| | Oriental Pet | rochemical (Taiwan) | 2,898 | 2,349 | Processed wastewater was treated biologically inside the plant (ultra-deep aeration and anaerobic treatment) and discharged into the Shulin River after meeting local effluent standards. | | | | |
| | Far Eastern Fibertech | | 100 | 103 | Processed wastewater underwent biological (contact oxidation) and precipitation treatments inside the plant and was discharged into the Shulin River after meeting local effluent standards. | | | | |
| | | I Petrochemical Shanghai) | 2,022 | 1,570 | Processed, domestic, and lab wastewater was pumped to the sewage treatment unit. After treatment, wastewater was pumped to the water reclamation facility for recycling. The recycled water was channeled back to the original pool for reuse. Non-recyclable wastewater was piped into the Eastern sewage treatment plant in Fengxian District for final treatment before being discharged into the ocean. | | | | |
| | | stern Industries Shanghai) | 605 | 615 | Wastewater was pumped to a municipal wastewater treatment plant after treatment inside the plant. | | | | |
| | | Far Eastern New Material | 11.95 | 9.49 | Only domestic wastewater was directly discharged into the Wuhan City sewage network. | | | | |
| China | Oriental Ir | ndustries (Suzhou) | 148.8 | 158.7 | Wastewater was treated by commissioned state-run sewage treatment plants in an unified manner. | | | | |
| | Far Eastern Industries (Suzhou) | | 4.15 | 3.43 | Domestic and processed wastewater was treated by commissioned qualified businesses and pumped to sewage treatment plants in an unified manner. It was discharged into the Grand Canal after meeting local effluent standards. | | | | |
| | Far Easter | n Industries (Wuxi) | 4.21 | 4.20 | Only domestic wastewater was directly discharged into the Wuxi City sewage network. | | | | |
| | Far Eastern Dyeing & Finishing (Suzhou) | | 2,177 | 2,746 | Wastewater was treated by commissioned state-run sewage treatment plants in an unified manner. | | | | |
| | Far Eastern | n Apparel (Suzhou) | 101 | 114 | Processed wastewater was treated inside the plant and pumped through the municipal pipeline to the Chengnan sewage treatment plant. | | | | |

The difference between effluent volume and water intake mainly stems from process consumption such as water used to maintain constant temperature and humidity, air conditioning evaporation, water consumed for boiler steam generation, washing room evaporation, and cooling tower evaporation. In addition, small quantities were used for drinking and irrigation.



Far Eastern Industries (Suzhou) in Taihu Lake Basin

Far Eastern Industries (Suzhou) is the only FENC operation and production site with discharge water bodies located in an environmental conservation zone. The plant area is adjacent to the Taihu Lake Basin, which covers an area of 0.117 km². The lake is under joint jurisdiction of Jiangsu, Zhejiang, Anhui Provinces, and Shanghai City. The 19,399 km² area under Jiangsu Province accounts for 52.6%. Taihu Lake is a natural water reservoir that irrigates the whole basin and supplies water to neighboring cities and towns. It is also one of the key freshwater fishery sources of China. Its fish production accounts for 10% of the whole country.

Local governments strive to improve pollution control at Taihu Lake, maintain and upgrade the water quality, and safeguard the health of local residents, as well as promote balanced economic and ecological development. The Jiangsu Province Taihu Lake Pollution Control Statute was formulated to implement pollution control of the lake and all nearby rivers, lakes, reservoirs, and waterways that have an impact on the water quality of the lake. The Far Eastern Industries (Suzhou) plant is located at a second-grade conservation zone of the Taihu Basin, as it sits 10 to 50 km upstream of the main tributary of the Taihu Lake Basin and is within 1 km from the shore. To ensure that effluents conform to relevant regulations, all domestic and processed wastewater is treated by commissioned qualified businesses to meet Level A Standard as required by the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant. In addition, qualified external units are commissioned to conduct environmental monitoring of the plant area on an annual basis and submit annual environmental monitoring reports.

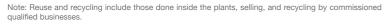


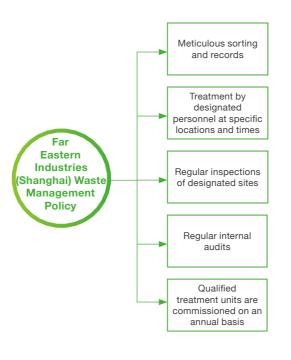
In the field of waste management, compliance with relevant laws and regulations is the basic requirement and qualified businesses are commissioned to treat waste in accordance with legal laws and regulations. Far Eastern Fibertech, for example, is required to file online reports on regulated waste (e.g., sludge). Tenders are invited for non-valuable waste on an annual basis while valuable wastes are sold by the Purchasing Department. Far Eastern Industries (Shanghai), in contrast, is committed to 100% treatment of hazardous wastes. Actual implementation methods include sorting of waste and treatment by designated personnel at specific locations and times. For instance, domestic waste is treated by the Haiwan Environmental Sanitation Management Bureau upon notification by the General Affairs Division. Organic solvents, solid wastes, and polyester sludge are treated by qualified businesses through arrangements made by the Environmental, Safety, and Health Division. Far Eastern Industries (Shanghai) commissions qualified businesses for the treatment of all types of hazardous wastes. We conduct rigorous reviews of the qualifications of all waste treatment business partners in Taiwan and China. In addition to GPS tracking, spot checks of waste removal and treatment conditions are conducted on a non-scheduled basis. Far Eastern Industries (Shanghai) plans to implement even more meticulous sorting of wastes in the future in addition to improvement of packaging methods and minimization of the incidence of overturning and leakage during storage, transportation, and handling. At the same time, technical and operational improvements are implemented to reduce waste generation, costs, and environmental impact.

FENC also focuses on internal education efforts to reinforce resource recycling and reduction concepts. We constantly search for opportunities to reduce, recycle, and reuse wastes. For instance, Far Eastern Fibertech's sludge is landfilled by commissioned qualified businesses. The company also searches for businesses that focus on sludge reuse. The Kuanyin Dyeing & Finishing Plant currently conducts wastewater process adjustments with a projected reduction of pollution by 20%. The Kuanyin Dyeing & Finishing Plant and the Hsinpu Chemical Fiber Plant conduct tests on heat and dry treatment of sludge. If these tests prove successful, it is expected that the volume of sludge can be decreased by 38%-80%.

► Waste Quantities and Categories of Production sites

| | | | | Unit: Metric ton |
|---|--------|--------|--------|------------------|
| Categories and | Taiv | wan | Ch | nina |
| Treatment Methods | 2013 | 2014 | 2013 | 2014 |
| Total Quantity of General Industrial Wastes | 19,259 | 24,581 | 21,417 | 21,779 |
| Reuse and recycling | 14,341 | 17,625 | 20,531 | 20,758 |
| Energy uses | 160 | 152 | 232 | 222 |
| Incineration | 4,522 | 5,694 | 654 | 798 |
| Landfilling | 216 | 1,089 | 0.23 | 0.57 |
| Other physical and chemical treatment methods | 20 | 21 | 0 | 0 |
| Total Quantity of Hazardous Industrial Wastes | 0.29 | - | 3,750 | 4,715 |
| Reuse and recycling | 0 | - | 2,403 | 3,616 |
| Energy uses | 0 | - | 1.00 | 1.00 |
| Incineration | 0.29 | - | 1,336 | 1,083 |
| Landfilling | 0 | - | 0 | 0 |
| Other physical and chemical treatment methods | 0 | - | 10 | 15 |





Work Safety Management

► Work-related Injury Statistics

| Item | | Taiwan | | China | | |
|--|--------|--------|-------|-------|-------|--|
| | | 2013 | 2014 | 2013 | 2014 | |
| FENC and Subsidiaries | | | | | | |
| Occupational injuries (number of cases) | Male | 9 | 14 | 33 | 26 | |
| | Female | 3 | 7 | 8 | 4 | |
| | Total | 12 | 21 | 41 | 30 | |
| GRI Lost-time Injury Rate (IR) ⁻¹ | Male | 0.19 | 0.29 | 0.46 | 0.38 | |
| | Female | 0.06 | 0.15 | 0.11 | 0.06 | |
| | Total | 0.25 | 0.44 | 0.57 | 0.44 | |
| | Male | 0.30% | 0.24% | 0.07% | 0.03% | |
| GRI Absentee Rate (AR) ² | Female | 0.17% | 0.19% | 0.28% | 0.08% | |
| | Total | 0.47% | 0.43% | 0.35% | 0.11% | |
| GRI Lost Day Rate (LDR) ^{*3} | Male | 10.14 | 11.66 | 7.13 | 5.49 | |
| | Female | 1.59 | 3.2 | 4.63 | 0.26 | |
| | Total | 11.73 | 14.86 | 11.76 | 5.75 | |
| Number of deaths | Total | 0 | 0 | 0 | 0 | |
| Contractors | | | | | | |
| Number of deaths | Male | 0 | 1 | 0 | 0 | |
| | Female | 0 | 0 | 0 | 0 | |
| | Total | 0 | 1 | 0 | 0 | |

 $^{\star 1}$. IR=Total number of work-related injuries / Total hours worked \times 200,000 $^{\triangle}$

*2. AR=Total number of missed days / Total hours worked × 100%
*3. LDR=Total number of lost days / Total hours worked × 200,000

(\triangle : Based on 50 weeks per year, 40 working hours per week, and ratios per 100 employees)

No cases of occupational diseases occurred at FENC during the report period. However, a contractor occupational injury incident occurred as a result of a fall at the construction site. To prevent a repeat of such an incident, FENC has amended the "Contractor Management Guidelines" and now requires that contractors conduct self-inspections in accordance with relevant inspection items. This includes the requirement for workers to use safety belts, helmets, and other necessary protective gear when working at heights of more than 2 meters to prevent falls.

The company continues to be committed to optimization of process, perfection of protective facilities, promotion of pollution control, and prevention of occupational accidents to create a safe, healthy, and comfortable work environment. Safety norms inside the plants are very strict. Full compliance with relevant laws and regulations such as the Occupational Safety and Health Act and the Regulations on Labor Health Protection in Taiwan as well as the Labor Law and Occupational Health and Safety Statute in China is ensured through a comprehensive management system, clearly formulated norms, continued educational training, regular environmental monitoring, health management, and internal and external audits in every plant.

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| Management Practice | Content |
|---|---|
| Management system and norms | Establishment of an Occupational Safety and Health Committee and an Occupational Safety and Health Management Unit for internal management of operational risks and setting of work safety targets. Constant inspections and monitoring of production operations and regular assessments and formulation of improvement measures as well as monthly safety meetings All plants have already passed or are about to pass relevant certifications such as OHSAS 18001 (Occupational Health and Safety Assessment Series) and TOSHMS (Taiwan Occupational Safety and Health Management System) A significant portion of our operation bases has incorporated work safety performance into their performance bonus assessments to encourage the implementation of relevant measures. For instance, Far Easter Industries (Shanghai) has incorporated work safety performance scores into its monthly performance bonus evaluations. The core objective of plant safety management is "zero accidents and incidents" and each plant has formulated relevant norms in Safety and Hygiene Policies, Corporate Safety Management and Occupational Health and Safety Management Manuals. |
| Educational training | The safety and environmental awareness and relevant skill level of plant personnel are raised through orientation training for new employees, systematic and regular health education and training, and emergency rescue training. |
| Environmental monitoring and health management | Regular inspections are conducted for sites with potential hazards (such as noise hazards). For instance, average concentration monitoring is conducted in plants every eight hours and work environment monitoring is carried out every six months. Employee safety management includes pre-employment physical examinations, annual health checks as well as occupational health assessments in all plants including on-site of detection of occupational hazard factors. Dedicated medical rooms have been established and professional health management personnel hired to provide counseling services for employees on a scheduled and non-scheduled basis. Guidance and advice is offered for balance of ingredients and nutritional value of meals and constant and comprehensive health management is provided for employees. |
| Internal and external audits | Safety inspections are carried out on a weekly basis and internal and external audits of management systems are conducted to confirm the efficiency of these systems. Non-scheduled audits are carried out inside plants in accordance with relevant management guidelines and unscheduled reviews are conducted in coordination with government agencies and clients. |

At FENC, the Safety and Health Committee is the highest review and policy-making body in terms of safety and health management. The Vice President of Corporate Management serves as the Committee Chairman in charge of occupational safety and health management. The Safety and Health Committee consists of occupational safety and health personnel, business department managers, monitoring and supervision personnel, occupational safety and health related engineering and technical personnel, healthcare personnel and labor representatives engaged in labor health services. Labor representatives make up 44% of the committee membership. All FENC operation bases and subsidiaries in Taiwan have established Labor Health and Safety Management Committees which take charge of analysis, planning, coordination, and supervision of environmental, safety, hygiene, and health-related issues in all plants. The highest level of the committee mainly consists of top plant executives (such as senior plant managers). In accordance with the regulations of the Occupational Safety and Health Administration, the health and safety management committees must convene regularly every quarter. Labor representatives make up 32%-44% of the committee membership. FENC subsidiaries in China have established Safe Production Management Committees with a labor representative ratio of 50%-80%, except in the committee of the Wuhan plant whose membership solely consists of management representatives. Safety and health issues are among the key issues of labor-management communication at FENC. The Neili and Hukou plants in Taiwan and Oriental Industries (Suzhou) and Far Eastern Industries (Wuxi) in China have included occupational safety issues in agreements signed with trade unions.

The safety management systems of all FENC plants operate smoothly and efficiently, maintaining excellent safe production records. For instance, Far Eastern Industries (Wuxi) was presented with the Wuxi City Safe Enterprise Award due to excellent performance in this regard for three consecutive years.

▶ Examples of Improvements in Work Safety Management Measures

| Company | Measure | Content |
|---|--|--|
| Far Eastern New Century (Kuanyin Chemical Fiber Plant) | Fire prevention training in foreign worker dorms | In 2014, two fire-prevention training courses were held in foreign worker dorms. The purpose of these courses was to familiarize participants with the operation of fire extinguishers and escape slings to prepare them for various emergencies and reduce the incidence of injuries and loss of property. During drills, participants practiced how to operate relevant equipment and safety personnel ensured the operation methods were correct. The total number of trainees exceeded 56. |
| FENC (Kuanyin Chemical Fiber Plant) | CPR+AED education | To reduce the incidence of injuries inside plants due to accidents or incidents, an automatic external defibrillator (AED) was purchased in April 2014. Cardiopulmonary resuscitation (CPR) and AED training was provided. Every trainee had a chance for hands-on practice. A total of 18 education and information meeting attended by 262 participants were organized between April and May 2014. |
| Oriental Industries (Suzhou) | Education on accidents and incidents | Charts with safety information were posted inside the plant for promotion and education purposes in 2013 for employees to benefit from past experiences and raise their safety awareness. The contents included safety management and equipment operations as well as relevant regulations. Employees were required to sign a form after viewing the charts to ensure participation by all staff members. Employees were also shown a DVD of past incidents in 2013. The contents consisted of frequent incidents and injuries such as fires, chemical leaks, falls, and mechanical injuries. The DVD also featured repeated animations to explain how violations of different rules and regulations could lead to accidents. The goal was to provide employees with relevant education and make them reflect on their own behavior during operations. Employees learn by analogy, their safety awareness is heightened, and dangerous behavior is eliminated. Participants were also required to submit their impressions regarding these incidents. A total of 1,306 employees from 16 sections and offices participated in this activity. A total of 25 charts with five safety-related themes were distributed to each section and office. |
| | Summer fire prevention inspections | High temperatures in summer contribute to the risk of fires. Special inspections of natural gas pipes, facilities, combustion systems, detection systems, and flammable and explosive chemical storage warehouses are conducted on an annual basis. In addition, each unit is required to make improvements and adjustments with regard to potential risks within a specified deadline. During fire prevention inspections, 95 deficiencies that posed safety hazards were detected. Improvements were implemented for 80 items within the same month. The remaining 15 items were listed as special improvement projects. They were subsequently completed by October 20, 2014. |
| | Safety education bulletin board rating | From July to August in 2014, all employees participated in a safety promotion bulletin board rating activity organized by the plant to ensure that bulletin boards meet their educational purposes in view of the fact that several units lacked such bulletin boards or that safety education related bulletin boards have lost their educational effect as they are outdated. The top three raters received monetary awards. |
| | Safe production month activity | As employees tend to have lax safety awareness by the end of the year, safe production month activities are organized on an annual basis to further reinforce safety concepts and enhance the safety handling skills of employees. These activities include: • A safety promotion and education week • A one-week fire prevention skill contest • A one-week inspection of potential safety risks in the plant • One week of summaries, reviews, and presentation of achievements of the safe production month activity Motivation of all employees to participate and implement safe behavioral patterns to set a good foundation for work safety in the coming year. |
| | Safety dialogue activity | Managers and employees gain a deeper understanding of safety management conditions in each section through equal-footing dialogues and sincere interactions over a period of three months per year. In the course of these dialogues, employees come to the realization that safety and health are key assets in life. All employees participated in this activity and conversation contents were summarized and analyzed after the activity to serve as references in developing and implementing improvement measures and plans. |
| | Safety knowledge and intelligence contest | A safety knowledge and intelligence contest was organized on the occasion of the 119 Fire Prevention Day promotional and educational activities in 2014. VIP guests such as Mr. Qian Ke from the Wuzhong District Safety Inspection Bureau and Mr. Li, Chief of Staff of the Wuzhong District Fire Brigade were invited to provide guidance. A total of 16 teams of representatives enriched and enhanced the safety and fire prevention knowledge and safety awareness of employees through their participation in this activity. |

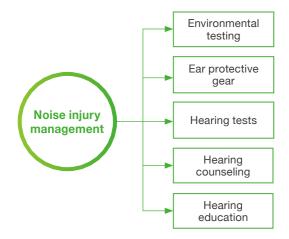
Although there are no work-related injury records for contractors, FENC still ensures to provide work safety education and implements relevant laws and regulations. Future data recording operations are currently in the planning stage. For more detailed information, please refer to the chapter on joint creation of supply chain value.



Prevention of Occupational Injury

Workers in FENC plants are exposed to risks including hearing impairment due to high noise levels generated by machinery, injuries due to contact with chemical substances or chronic injuries during work processes. In addition to our commitment to compliance with legal requirements, we also strive to reduce the occurrence of occupational injuries through meticulous testing, observations, and other efforts to protect our employees.

In the field of noise management, we actively implement improvements to the work environment (such as sound insulation walls), carry out regular inspection and testing of areas with high noise levels, enforce requirements to wear protective gear in those areas, and provide health checks for workers who conduct special hazardous operations on an annual basis. For instance, work personnel in the Neili and Hukou Plants are prone to suffer noise damage. Noise Prevention Measures are therefore implemented inside the plants. In addition to the installation of silencers, AC fan blade materials and angles are adjusted to an optimum, machines are regularly maintained and projects are reviewed to eliminate noise sources and reduce noise levels. In addition, management methods are adjusted to reduce noise exposure. Furthermore, noise and environmental testing is carried out by commissioned external organizations in offices and plant areas on a biannual basis. Employees are required to wear earmuffs or plugs to prevent occupational injuries due to high noise levels at their workplaces. Hearing tests have been added to annual health checks for personnel who work in areas with high noise levels. Specially commissioned professional medical specialists provide hearing related counseling and health education for employees based on the results of their hearing tests and give suggestions for work adjustments if deemed necessary. For instance, two employees of Oriental Industries (Suzhou) were informed by medical specialists during the annual hearing tests that their natural physiques are not suited for high-noise environments during the report period. We immediately adjusted the duties of the said two employees.



Hazard control for operations with chemical substances focuses on the installation of ventilation and exhaust devices to reduce the exposure of workers to these substances. In addition, inspections of work environments are also carried out in line with relevant regulations, and adequate protective gears provided for

workers. Annual health checks are also administered for special hazardous operations. For instance, hazardous chemicals in the Hsinpu Chemical Fiber Plant are divided into four categories: harmful, dangerous, dangerous and harmful, and others. Although these chemicals do not pose an immediate hazard or reproductive toxicity danger to the human body, the plant has added health check items for employees who come in contact with these substances based on principles of labor health protection. No physical deformities were detected due to exposure to the aforementioned chemicals in health checks conducted in 2013 and 2014.

In terms of the prevention of chronic work-related injuries such as wrist tendonitis or frozen shoulders which are common in office environments, every relevant unit has strengthened educational training for work personnel and initiated the design of operating devices that meet ergonomic standards for workers. In addition, the Program for Prevention of Ergonomic Hazards was formulated in response to provisions regarding muscle and bone diseases caused by repeated movements in the amended Occupational Safety and Health Equipment Regulations to promote the prevention of occupational injuries. Ergonomics explore human capabilities, limitations, and requirements during work operations as well as the interaction and relationship between tools, machines, equipment, and the environment. Better coordination can be achieved through design operations. Inferior ergonomic designs impact in direct and indirect ways including an increased incidence of errors and accidents leading to muscle and bone injuries and ailments, all of which affect work efficiency. The factors leading to muscle and bone injuries and ailments include workload, work postures, and repetition. The Kuanyin Chemical Fiber Plant organized an information meeting for Prevention of Ergonomic Hazards in late 2014, with a draft of the execution guidelines was completed soon after. Assessments of operational risks will be carried out successively for the whole plant in 2015. This will be followed by the submission of improvement plans by responsible units for unacceptable risks. Diagnosis of individual cases by professional medical specialists will be carried out in a timely manner. Safety and health management units will track the implementation of improvements and verify results.

▶ Contents of the Program for Prevention of Ergonomic Hazards



Communication and Feedback from Neighboring Communities

A large number of FENC production sites are located in industrial zones including the Kuanyin Dyeing & Finishing Plant, the Kuanyin Chemical Fiber Plant, Oriental Petrochemical (Taiwan), and Far Eastern Fibertech in Taiwan and Oriental Petrochemical (Shanghai), Far Eastern Industries (Shanghai), Far Eastern Dyeing & Finishing (Suzhou), and Far Eastern Apparel (Suzhou) in China. In addition, certain production sites are located in the vicinity of residential communities such as the Hsinpu Chemical Fiber Plant in Taiwan. There are also some plants located in industrial zones nearby residential areas at the time of construction. However, the gradual urbanization of urban fringe areas has led to a shrinking distance between the plant and residential areas, leading to more frequent opportunities for interaction with communities.

Other than pollution emissions in gaseous or liquid forms arising from irregularities of machines or operations, accidents in the raw material storage or main process area of petrochemical plants can also pose significant negative impacts for local communities. All of our plants therefore have emergency response procedures in place and conduct regular emergency drills.

Grievance Mechanism and Feedback

In case of irregularities reported by communities or enterprises in the vicinity of production sites, safety and health management units of a production plant may be notified by phone or grievance may be filed through the security guards of the plant zone. Taiwanese citizens may also state their opinions about the company via their borough or neighborhood chiefs. In addition, Oriental Petrochemical has established a dedicated PR Department to in charge of external communication. Three designated employees take charge of all communications with communities. When the PR Department receives a grievance report, it will submit a notice to the Oriental Petrochemical President who will take appropriate actions.

In 2013 and 2014, Oriental Petrochemical (Taiwan) received three and four environmental grievances, respectively, which were filed by neighboring plants. Oriental Petrochemical conducted investigations for all grievances. Dates of occurrence, locations, processes, and preliminary reasons were identified in comprehensive investigation reports. Corrective measures were adopted immediately and the main factors were analyzed and reviewed. Summaries of key facts and suggestions for correction and prevention were provided. Completion dates and persons in charge were indicated for corrective and preventive measures. All incident investigation reports had to provide detailed investigation team member lists and the names of the persons responsible for review and approval of the reports. All of the abovementioned incidents have already been resolved in a satisfactory manner.



Introduction of the Coal Water Mixture Plant of Hsinpu Chemical Fiber Plant

The FENC Hsinpu Chemical Fiber Plant added a coal water mixture plant and boilers in 2013. As the construction of these facilities may raise concern among residents of Wenshan Borough in Hsinpu Township and the Nature Community in Zhubei City, "Regional Environmental Protection and Pollution Control" briefing sessions were held to give local residents a better understanding of the low pollution characteristics of these facilities as well as the control measures adopted by the plant. In November 2013 and February 2014, Hsinpu Chemical Fiber Plant organized information meetings on operating procedures of the coal water mixture plant. Two other information meetings on pollution control were subsequently held in December 2013 and September 2014, leading to greater consensus between the plant and neighboring communities.







Oriental Petrochemical (Shanghai) Open Factory Day

In 2013, the Shanghai Spark Development Zone received a total of 62 environmental grievances from citizens. About 90% of them were related to odor issues. Oriental Petrochemical (Shanghai) is the largest chemistry enterprise in the development zone. The auxiliary materials and acetic acid utilized by the plant are extremely irritating to the nasal passages. Oriental Petrochemical (Shanghai) has therefore improved equipment maintenance. In case of leakages, the two fire trucks provided by the plant are dispatched to the site of the incident in a rapid manner to decontaminate the leakage and prevent the spread of acetic acid, while also disposing of leaked substances. In addition, external organizations are commissioned regularly to carry out environmental reviews and assessments of existing processes, as well as safety and occupational health condition assessments. Relevant departments of the development zone are invited to participate in annual emergency drill meetings.

The reason for the increasing number of complaints in recent years lies in the rise of environmental protection and self-protection consciousness and lack of understanding of the company's production processes on the part of the general public. Although raw materials used by Oriental Petrochemical (Shanghai) emit a nasally irritating smell, many of the odors referred to in the grievances were actually not generated by Oriental Petrochemical (Shanghai). The large amount of energy and effort invested in clarification proved to be

The company hopes to provide the general public with a better understanding of the facts and increase mutual trust by allowing local residents to visit the production sites through which they gain a substantial understanding of the waste gas, wastewater, solid waste, and environmental management efforts of the enterprise. These interactions also enable the company to better understand the demands of the general public. Oriental Petrochemical





(Shanghai) has therefore organized Open Factory Day on an annual basis. On April 25, 2014, Oriental Petrochemical (Shanghai) organized another Open Factory Day with support and assistance from the Fengxian District Environmental Protection Bureau and the Spark Development Zone Management Committee. Contrary to past events, the company not only invited around 50 local community representatives but also grievant representatives from the University city, the Haima Road residential area, and the nearest army base (grievances about odors had been filed from these areas). In addition, the first part of the 2014 Open Factory Day consisted of detailed inspection of the production sites in addition to the clarification of misunderstandings (e.g. water vapor emissions). This was followed by exchanges, discussions, and communication in the conference room. Representatives of the regional environmental protection bureau and development zone leaders participated in the discussions and questions of concern to the general public were answered. The interactions were more intense, the level of participation was higher, and the results were more evident.

The level of understanding and trust between the general public and Oriental Petrochemical (Shanghai) was strengthened through this activity and a direct communication channel was established with the goal of transforming grievances into feedback on actual conditions and of assisting local residents in the solution of problems in a timely manner. This activity gave government agencies a better understanding of the reasons for popular distrust. While at the same time making the managers of Oriental Petrochemical (Shanghai) realize that environmental protection not only requires compliance with emission standards but also the need to satisfy demands of local citizens