

## Generation of Employee Passion

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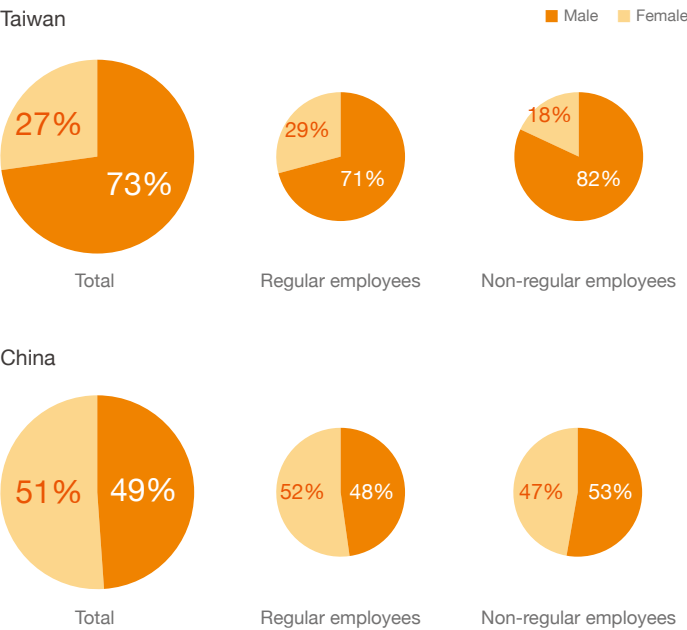


# Employment Situation

## Human Resource Structures

Far Eastern New Century is fully aware that its employees serve as one of the key factors in attaining corporate success since strategic targets are achieved through teamwork and execution. To achieve our goals, placing the right talent at the right position in a way that could allow the full realization of their talents represents the main employment principle of FENC. Employees are able to maximize their skills and exercise their potentials in a reasonable and fair personnel system within our sound internal organization. We keenly monitor amendments to manpower and employment related laws and regulations such as those set forth in the “Labor Standards Act,” “Act of Gender Equality in Employment,” “Employment Service Act,” “Occupational Safety and Health Act,” “Personal Information Protection Act,” “Employment Insurance Act,” “Labor Insurance Act,” “Regulations of Leave-Taking of Workers,” and “Employee Welfare Fund Act” through the national laws and regulations retrieving system on a regular basis to ensure compliance with current legal standards. In addition, in order to achieve synergy between employee training and corporate strength, FENC is also committed to creating a friendly work environment compounded with a comprehensive educational training system as we promote personal growth and strengthening of employee professional skills.

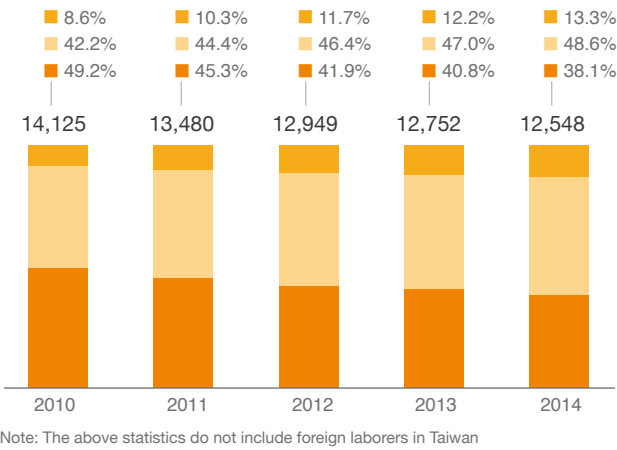
► 2014 Gender Ratio of Employees



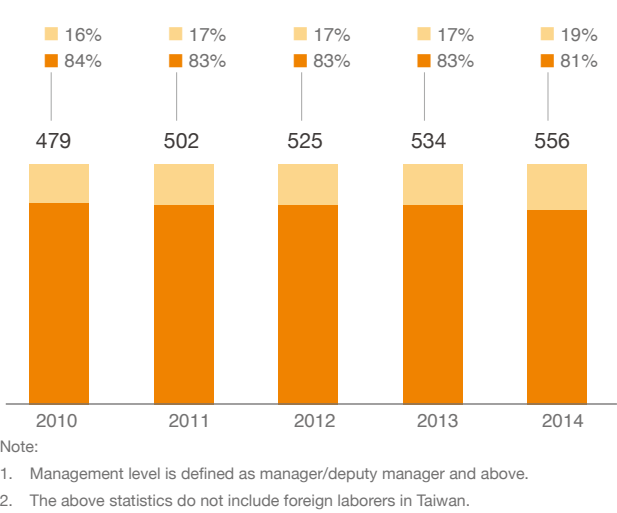
Item		Taiwan					China					
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014	
Gender	Male	70%	70%	71%	72%	73%	41%	46%	46%	48%	49%	
	Female	30%	30%	29%	28%	27%	59%	54%	54%	52%	51%	
	Total	5,044	5,337	5,402	5,395	5,634	9,870	8,998	8,415	8,268	7,984	
Contract types	Regular employees	Male	67%	68%	68%	70%	71%	39%	44%	45%	46%	48%
		Female	33%	32%	32%	30%	29%	61%	56%	55%	54%	52%
		Total	4,253	4,481	4,533	4,483	4,563	8,559	7,588	7,091	6,800	6,623
	Non-regular employees (foreign or dispatched workers)	Male	84%	82%	84%	82%	82%	48%	52%	49%	55%	53%
		Female	16%	18%	16%	18%	18%	52%	48%	51%	45%	47%
		Total	791	856	869	912	1,071	1,311	1,410	1,324	1,468	1,361
	Diversity indicators	Foreign	789	855	869	913	1,073	133	128	116	116	105
Philippines		715	791	792	793	857	-	-	-	-	-	
Vietnam		74	64	76	118	213	-	-	-	-	-	
Taiwan (applicable to companies in China)		-	-	-	-	-	133	128	116	116	105	
Other		-	-	1	2	3	-	-	-	-	-	
Minorities		49	49	49	48	49	47	36	47	47	38	
Workers with physical or mental disabilities		62	64	65	63	67	6	13	11	26	35	

Note: The term “non-regular employees” refers to foreign workers in Taiwan and dispatched or contract workers in China.

► Age Distribution of Employees



► Management Level Male/Female Ratio



FENC is committed to provide friendly work environment for its female employees. We provide facilities such as breastfeeding rooms in accordance with the principle of the “Act of Gender Equality in Employment” to safeguard the rights and interests of our female employees. We also provide relevant educational training in accordance with the “Sexual Harassment Prevention Act” and hold sexual harassment prevention training for managers and employees to better prevent such incidents.

As far as the hiring and care for indigenous employees is concerned, we are firmly committed to guarantee the rights and interests of indigenous peoples as set forth in the “International Covenant on Civil and Political Rights,” “International Covenant on Economic, Social, and Cultural Rights,” “Indigenous and Tribal Peoples Convention,” and the “Human Rights Norms for Business.” We ensure to safeguard the right to work and economic situation of our indigenous employees by treating them in an equal and non-discriminatory manner, while respecting their cultures and traditions and promoting the survival and development of indigenous tribes. No violations of indigenous rights and interests were reported during the report period.

## Labor and Employer Relations



The FENC hiring process starts with the employing unit to fill out an online request of the vacant positions. Upon approval, the Human Resources Department will recruit online, on campuses, through manpower dispatch companies, or by hunting high-level managers. We regard all our employees as equals and abide by relevant regulations and laws for the Company headquarters and all our subsidiaries as well. For instance, Far Eastern Fibertech fully complies with all applicable laws and regulations on hiring, abides by the corporate code of conduct and values, and treats all employees with dignity, respect, honesty, and sympathy. The employee recruitment and selection process is not affected by considerations of race, social status, language, beliefs, religion, political party affiliation, native or birth place, gender, sexual orientation, age, marital status, appearance, facial features, mental and physical disabilities, or past trade union membership of the candidate. Instead, it is based on the professional skills, expertise, and experience required by the position. Our subsidiaries in China have also established relevant standards. For example, the “Far Eastern Industries (Suzhou) Recruitment Management Guidelines” clearly prescribe that recruitment must not be affected by gender, race, skin color, age, native place, or disabilities, and diseases of candidates. No cases of employee discrimination have occurred during the report period.

Generation of Employee Passion



► Number and Percentage of New Employees

Category	Gender	2010		2011		2012		2013		2014	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Taiwan											
Below 30	Male	161	3.2%	175	3.3%	115	2.1%	201	3.7%	201	3.6%
	Female	60	1.2%	67	1.3%	53	1.0%	65	1.2%	73	1.3%
	Total	221	4.4%	242	4.5%	168	3.1%	266	4.9%	274	4.9%
30-50	Male	93	1.8%	154	2.9%	73	1.4%	85	1.6%	146	2.6%
	Female	39	0.8%	40	0.7%	42	0.8%	41	0.8%	47	0.8%
	Total	132	2.6%	194	3.6%	115	2.1%	126	2.3%	193	3.4%
Above 50	Male	14	0.3%	10	0.2%	11	0.2%	5	0.1%	8	0.1%
	Female	2	0.0%	2	0.0%	-	0.0%	1	0.0%	2	0.0%
	Total	16	0.3%	12	0.2%	11	0.2%	6	0.1%	10	0.2%
China											
Below 30	Male	3,066	31.1%	3,081	34.2%	2,739	32.5%	2,527	30.6%	2,338	29.3%
	Female	4,070	41.2%	3,241	36.0%	2,759	32.8%	2,279	27.6%	2,039	25.5%
	Total	7,036	71.3%	6,322	70.3%	5,498	65.3%	4,806	58.1%	4,377	54.8%
30-50	Male	418	4.2%	419	4.7%	417	5.0%	448	5.4%	556	7.0%
	Female	946	9.6%	714	7.9%	786	9.3%	711	8.6%	743	9.3%
	Total	1,364	13.8%	1,135	12.6%	1,203	14.3%	1,159	14.0%	1,299	16.3%
Above 50	Male	16	0.2%	12	0.1%	14	0.2%	19	0.2%	17	0.2%
	Female	3	0.0%	2	0.0%	1	0.0%	3	0.0%	-	0.0%
	Total	19	0.2%	14	0.2%	15	0.2%	22	0.3%	17	0.2%

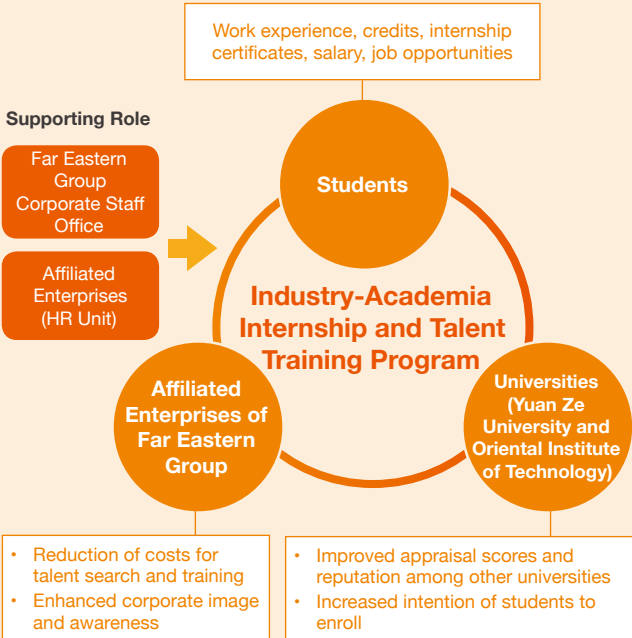
Note: Total number of employees over the whole year hired by the Company for the first time.



Industry-Academia Internship and Talent Training Program

Yuan Ze University, Oriental Institute of Technology, and affiliated enterprises of the Far Eastern Group have been jointly organizing the Industry-Academia Internship and Talent Training Program since 2012 to provide practical experience for outstanding students and cultivate talents required by the Far Eastern Group. At the same time, we aim to increase the willingness of outstanding students to apply for admission to Yuan Ze University and Oriental Institute of Technology. FENC also participates in this program to recruit juniors and first-year graduate students from Yuan Ze University and the Oriental Institute of Technology as interns who later are awarded credits and certificates. The Company also searches for potential employees among these interns to whom we provide scholarships and training. Upon evaluation, identified talents are offered employment in FENC.

As of 2014, this Training Program had been organized three times. The ratio of number of applicants to job vacancies in 2013 and 2014 was 1.3 and 1.7, respectively. The ratio of number of accepted interns to job vacancies was 52% and 57%. The Industry-Academia Internship and Talent Training Program is a win-win-win project for students, universities, and enterprises and will therefore be continued in 2015.



► Turnover Numbers and Percentages

Category	Gender	2010		2011		2012		2013		2014	
		Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Taiwan											
Below 30	Male	45	0.9%	77	1.4%	49	0.9%	72	1.3%	82	1.5%
	Female	29	0.6%	39	0.7%	35	0.6%	31	0.6%	36	0.6%
	Total	74	1.5%	116	2.2%	84	1.6%	103	1.9%	118	2.1%
30-50	Male	68	1.3%	83	1.6%	75	1.4%	118	2.2%	133	2.4%
	Female	41	0.8%	34	0.6%	38	0.7%	117	2.2%	49	0.9%
	Total	109	2.2%	117	2.2%	113	2.1%	235	4.4%	182	3.2%
Above 50	Male	33	0.7%	42	0.8%	52	1.0%	101	1.9%	68	1.2%
	Female	6	0.1%	15	0.3%	4	0.1%	53	1.0%	16	0.3%
	Total	39	0.8%	57	1.1%	56	1.0%	154	2.9%	84	1.5%
China											
Below 30	Male	2,604	26.4%	3,203	35.6%	3,241	38.5%	2,626	31.8%	2,588	32.4%
	Female	4,065	41.2%	4,073	45.3%	3,189	37.9%	2,521	30.5%	2,339	29.3%
	Total	6,669	67.6%	7,276	80.9%	6,430	76.4%	5,126	62.0%	4,927	61.7%
30-50	Male	472	4.8%	523	5.8%	647	7.7%	589	7.1%	623	7.8%
	Female	996	10.1%	1,067	11.9%	1,024	12.2%	930	11.2%	867	10.9%
	Total	1,468	14.9%	1,590	17.7%	1,671	19.9%	1,519	18.4%	1,490	18.7%
Above 50	Male	17	0.2%	21	0.2%	27	0.3%	25	0.3%	19	0.2%
	Female	4	0.0%	3	0.0%	2	0.0%	6	0.1%	7	0.1%
	Total	21	0.2%	23	0.3%	29	0.3%	31	0.4%	26	0.3%

Note: The total number of employees who left the Company during the specified year.

As for child labor issue, which is generally believed to be more serious in Chinese production sites, FENC abides by conventions No. 138 (Minimum Age Convention, 1973) and No. 182 (Worst Forms of Child Labour Convention, 1999) of the International Labour Organization, the “International Covenant on Economic, Social, and Cultural Rights” and “Convention on the Rights of the Child” adopted by the United Nations, the child labor regulations set forth in Chapter 5 of Taiwan’s “Labor Standards Act,” and relevant laws and regulations in China such as the “Labor Law,” “Law on Protection of Minors,” and the “Provisions on the Prohibition of Child Labor.” The Company refrains from hiring children under the age of 15 or child labor between the age of 15 and 16. FENC is a member of the Better Cotton Initiative (BCI). The prohibition of child labor is one of the eight goals all member nations are firmly committed to attain by 2015. FENC therefore guarantees non-use of child labor through strict hiring procedures using an ID inquiry mechanism. We likewise ensure that suppliers refrain from hiring child labor through declarations and on-site visits.





Compensation

Stable and excellent human resources are essential for the sustainable development of an enterprise. To maintain our industry leadership position, we not only recruit outstanding professionals but also maintain a firm grasp of labor market information. We also adjust salaries and benefits in a timely manner to attract and retain outstanding employees.

FENC places great emphasis on employee compensation and guarantees basic incomes for all colleagues through a fixed salary system. Moreover, an incentive and performance-based remuneration system is also in place, coupled with year-end bonuses calculated based on annual performance. Stock-based compensation is not provided; deferred stock or vested share policies are not in place. We did not set special regulations regarding signing or hiring bonuses for top management level. The same severance pay regulations in accordance with local laws apply to both top executives and all employees with no relevant compensation claim mechanisms in place. The same retirement and welfare plans apply to all employees within the Company, whether top executives or ordinary employees.

Regarding the remuneration standard for new employees, FENC will consider market price level, areas of expertise for the job applicants, relevance of work content, and levels of difficulty of work characteristics to conduct comprehensive evaluation. If new employees have previous related work experience, or have certificates related to the positions they apply for, their salaries will be adjusted accordingly. Operation sites in Taiwan regularly participate in internationally renowned salary surveys organized by the US-based company Towers Watson to gain a firm grasp of salary dynamics and conduct regular reviews of employee salary standards with the ultimate goal of talent retention. Each company formulates "Compensation and Year-end Bonus Management Guidelines" and these guidelines are implemented upon approval by the Committee of HR Policy.

FENC ensures there is no differential treatment based on gender or sexual orientation in terms of the assignment, deployment, evaluation, promotion, compensation, retirement, layoff, resignation, dismissal, educational training, and welfare measures of employees. We have also established a performance evaluation system in which personal performance is determined based on work targets and personal contribution on an annual basis. These evaluations also serve as a basis for salary adjustments. Employees with outstanding performance are also eligible for special adjustments and promotion channels. Regarding promotion, we choose the right people and reasonably promote them. We strive to establish trust, love, and support among our employees. We emphasize the spirit of team work for the overall operational development of the Company.



34.5%

In Taiwan, FENC's starting salaries for university graduates with no work experience exceed market standards by 34.5%.

27.2%

In Taiwan, FENC's starting salaries for master's degree holders exceed market standards by 27.2%.

38.3%

In Taiwan, FENC's average annual regular wages exceed market standards by 38.3%.

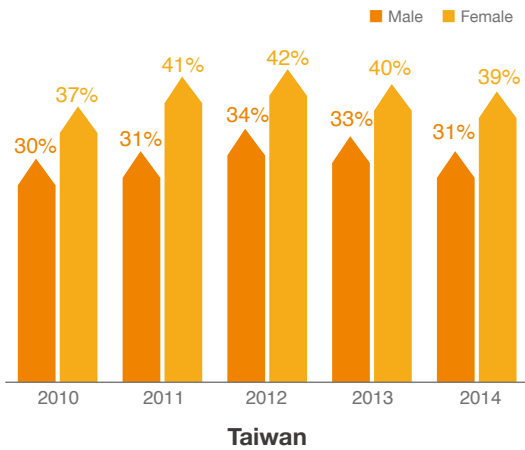


There is no gender discrimination regarding salaries.

Note: Data on market salary standards were derived from the 2013 employee salary and the 2014 manufacturing industry regular wage data released by the Directorate General of Budget, Accounting, and Statistics.

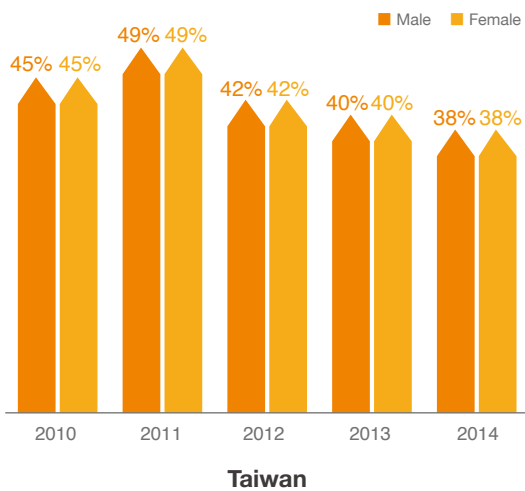
Salary Standards

► FENC average salaries exceed market average by (%)

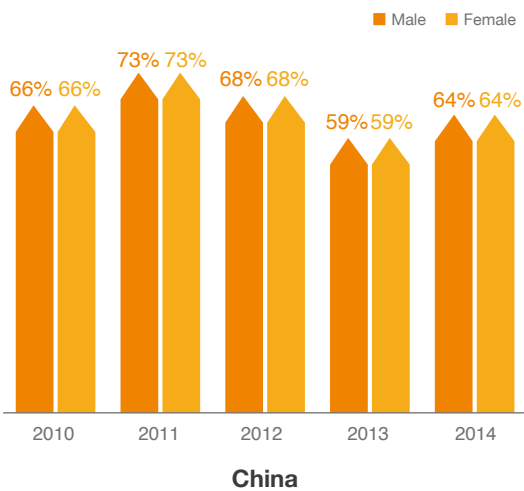
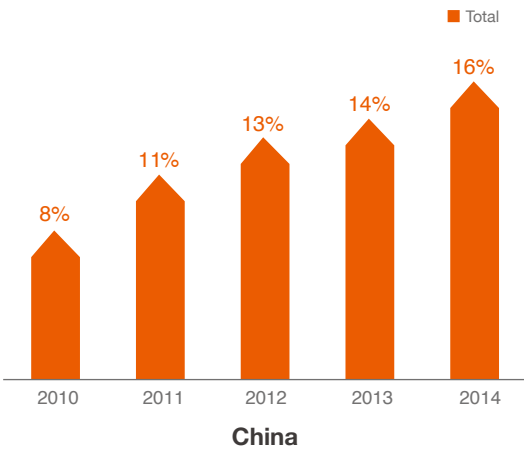


Note: No average salary data based on employee gender is currently available for China.

► FENC standard salaries of junior-level staff exceed minimum salaries by (%)



In the future, we will disclose compensation profiles for male and female employees based on positions to be able to better present male-female compensation ratios.



► Highest and Average Salaries and Salary Adjustment Ratio

Item	Taiwan	China
	Approximately 4:1	Approximately 5:1
Total annual income ratio		
Highest:median		
	Approximately 1:1	Approximately 1:1
Total annual income increase rate ratio		
Highest:median		



# Employee Care

## Human Rights Protection

Our employees are the foundation of our business development, for which human rights issues, especially in our production sites, are of major concern to our stakeholders. To safeguard the human rights of FENC employees, we fully implement well-formulated policies and procedures that conform to relevant laws and regulations. The Company has a comprehensive and effective management system in place to achieve this. Our human rights protection management system covers all employees. Moreover, we also require that all suppliers meet all relevant legal requirements (please refer to the [Supplier Management](#) section in the chapter titled “[Joint Creation of Supply Chain Value](#)”).

Everest Textile, a subsidiary of Far Eastern Group, was the first company in the Taiwanese textile industry to adopt the SA8000 social accountability management system. This clearly reflects the Group’s commitment to comply with international standards as far as the labor conditions of employees of its operation sites and suppliers are concerned, in addition to respect for human rights and conformity to requirements stipulated in national labor related laws. FENC and its suppliers refrain from using any form of forced or compulsory labor in line with the adoption of SA8000 social accountability management system and the safeguarding and emphasis on legal compliance and basic human rights. FENC fully complies with the regulations set forth in convention No. 29 (Forced Labour Convention, 1930) of the International Labour Organization and Article 5 of the Taiwan Labor Standards Act which states that “No employer shall, by force, coercion, detention, or other illegal means, compel a worker to perform work,” as well as relevant regulations of the Labor Law of the People’s Republic of China. Relevant pledges and declarations are as follows:

- Management rights do not impair the basic human rights of employees;
- The use of any form of forced labor is prohibited and not supported;
- Employees are not required to pay a deposit and their ID cards are not retained when they are hired
- Employees are not subjected to any form of corporal punishment, mental or physical coercion, and verbal abuse.
- No instances of forced labor occurred during the report period.

During orientation training, new employees are not only introduced to the employee code of conducts of FENC and its subsidiaries, they also receive at least 4 hours of educational training on human rights and labor related laws and regulations. Repeated training courses on employee code of conducts and corporate values are schedule on a regular basis. At FENC, we constantly monitor human rights management in all our operation sites. For instance, we review overtime and work hour reports of all operation sites on a monthly basis. In case of irregularities, investigations are initiated by the Company headquarter. In addition, full compliance with all human rights related laws and regulations is ensured through quarterly legal compliance assessments in all sites. Investigations and tracking of improvements are implemented in case of violations. The FENC Internal Legal Compliance Review System was established in 2014, and has been implemented in all the production sites in Taiwan. The system will be extended to the Company’s overseas subsidiaries in the future. Due to the fact that labor rights related laws in China are more stringent and more detailed than those in

Taiwan, the overall assessment of human rights compliance by FENC will be significantly improved. Please refer to the section entitled [Legal Compliance](#) in this report for more details about the Legal Compliance Review System.

FENC takes account of human rights standards, provisions, and laws to include in relevant documents in an appropriate manner. For instance, the Articles of Incorporation of all China subsidiaries include a special chapter on employee hiring, labor conditions, insurance, welfare, safeguards, incentives, and union membership. If said subsidiary is a joint venture, relevant provisions are included in contracts signed with joint venture partners. When applying for investment licenses issued by competent authorities, explanations regarding the safeguarding of national labor related rights and interests are provided (e.g., payment of labor and health insurance fees, retirement reserve funds, pension contributions, and worker dismissal).

## Employee Welfare and Care



FENC is fully aware of the importance of employees’ cohesiveness. We not only aim to maintain a pleasant mood in our offices but also implement employee retirement planning. Retirement related matters are handled in accordance with local laws and regulations. In Taiwan, we have established the Supervisory Committee of Workers’ Retirement Fund in accordance with relevant laws. In addition, we have contracted with professional consulting firms to conduct pension fund calculations at the end of every year with the goal of reviewing and monitoring the utilization of pension funds. We pay monthly contributions to individual pension accounts. The contribution ratio ranges between 2% and 6% to better safeguard the rights and interests of retired employees. For employees who choose the Labor Pension Fund (New Scheme), we allocate the retirement fund to each retirement account on a monthly basis and provide labor and health insurance coverage for our employees according to the "Labor Pension Act".

### ► Taiwan Retirement Fund System Ratios

Company	Percentage of Workers with Old Pension Scheme	Percentage of Workers with New Pension Scheme
FENC	35%	65%
Oriental Petrochemical (Taiwan)	54%	46%
Far Eastern Fibertech	18%	82%
Total	35%	65%

Note: New scheme percentages include workers who have transferred to the new scheme and were employed before July 2005.

Local laws and regulations governing social insurance in China such as the “Social Insurance Law,” “Provisions on the Administration of Declaration and Payment of Social Insurance Premiums,” “Provisional Regulations on Collection and Payment of Social Insurance Premiums,” and “Provisional Guidelines on Registration and Management of Social Insurance” regulate endowment, medical, unemployment, work-related injury, and maternity insurance for employees. Social insurance types and premium ratios of subsidiaries in China conform to the requirements set forth in current laws, regulations, and normative documents. All subsidiaries pay insurance premiums in full in a timely manner. In addition, all subsidiaries in China pay housing provident funds in accordance with relevant laws and regulations.

In Taiwan, we provide parental leaves in accordance with the regulations set forth in the “Labor Standards Act”. In 2013 and 2014, the percentages of employees who resumed work after applying for unpaid parental leaves had a high ratio (with male employees exceeding female employees). All employees served for at least one year after resuming their duties with high retention rates. In China, the current law does not prescribe an unpaid parental leave system, and thus relevant data are unavailable.

Item	Gender	Taiwan				
		2010	2011	2012	2013	2014
Employees qualified for parental leave	Male	76	112	121	160	185
	Female	38	64	82	107	118
	Total	114	176	203	267	303
Actual applicants	Male	0	2	1	2	1
	Female	5	4	10	9	13
	Total	5	6	11	11	14
Employees who actually resumed work	Male	0	1	1	1	1
	Female	4	5	6	6	7
	Total	4	6	7	7	8
Employees who served for one year after resumption of work	Male	0	0	1	1	1
	Female	1	3	2	6	6
	Total	1	3	3	7	7
Work resumption rate <sup>*1</sup>	Male	-	50%	100%	100%	100%
	Female	80%	100%	75%	86%	88%
	Total	80%	86%	78%	88%	89%
Retention rate <sup>*2</sup>	Male	-	-	100%	100%	100%
	Female	50%	75%	40%	100%	100%
	Total	50%	75%	50%	100%	100%

Note:

\*1 Work resumption rate = Actual number of employees who resumed their work /Number of employees who were due to resume work

\*2 Retention rate = Number of employees with at least one year of service after resumption of work /Number of employees who resumed work in the previous year



### Family reunions in dorms during vacation

A large number of employees in FENC plants in China come from other cities and live in dorms away from their families and children. In consideration of employee needs, Oriental Industries (Suzhou) allows family visits and reunions every winter and summer vacation to strengthen family bonds. Employees who live in dorm rooms designated for couples may submit applications for reunions with their children in the dorm. While the parents are at work during the daytime, dorm management personnel take care of the children and organize group recreational activities.



Generation of Employee Passion



FENC has also established an Employee Welfare Committee and all benefits in Taiwan are paid in accordance with statutory contribution rates. 0.5% of salaries, 0.05% of total revenues, and 20% of the revenue from the sale of waste are allocated for the organization of various welfare activities for all employees. In general, workers' unions and employees determine expenditure allocations for sub-committees of the Employee Welfare Committees in all plants. This includes regular organized travel, hiking, and club activities as well as health checks, scholarships, monetary gifts, and insurance. In addition, we provide group life insurance, medical insurance, and disability insurance coverage equivalent to 24 months of salary for all employees at the Company's expense. As for the employee bonuses at the end of each year, according to our Articles of Incorporation, FENC also allocates 4% of the corporate net income as a bonus expense for employees.

In China, benefits are paid by unions. Additional benefits include subsidies and monetary gifts (birthday, wedding, childbirth, hospital visits, funerals), holiday benefits (red envelopes and gift coupons), medical benefits (health checks, gynecological examinations, and medical services for single children), and transportation, food, accommodation, and travel discounts. Actual benefits and specifications slightly differ between individual subsidiaries.



FENC currently employs over 1,000 foreign workers whose base salaries conform to relevant laws and regulations. We organize a large number of activities and non-periodic communication meetings for our foreign employees to provide them leisure and comfort while working in a foreign land. The Neili Texturizing Plant was honored as an "Outstanding Employer of Foreign Workers" in 2014.



Care for Foreign Employees

Activity	Content
Kitchen facility maintenance operations	The kitchen facilities in plant zones allow foreign workers to cook their own culinary delicacies. However, the kitchen facilities were outdated and simple. They were therefore renovated to increase their usage rate and safety. The kitchen facilities have also been equipped with fume exhausts, overcurrent protection devices, and electricity leakage breakers to guarantee electrical safety. Upon renovation of said facilities, the usage rate increased considerably, enabling foreign workers to cook their native food without leaving the dorm areas.
Christmas mass and banquet	Christmas and New Year are the main annual festivals for foreign workers. A special evening banquet was organized to show foreign workers that the plant views them as part of the family. It was a chance to get together and build friendships with colleagues.
Prayer room activity	A priest is invited to the dorm every month to give sermons and hold Bible study sessions. A foreign worker is designated to serve as the church chairman in charge of schedule arrangement.
Basketball competition	Basketball is very popular in Philippines and is viewed as the national sport by Filipino colleagues. After foreign workers return to their dorms after work, they can exercise to maintain excellent health. We also organize 4-month basketball tournaments on an annual basis. The winners are honored and presented with trophies and monetary rewards at the annual Christmas banquet.
Group recreational activities	Foreign workers mostly stay in their dorms on non-working days, and their lives tend to be dull and monotonous. To give foreign employees a deeper insight into Taiwanese culture, customs, and the lives of the locals, we arrange trips to scenic areas for foreign workers during off-work periods. We also organize cultural, artistic, and dance performance appreciation activities as well as group trips to Lefoo Village Theme Park, Window on China Theme Park, and Green World Ecological Farm.
Chinese language learning	We organize Chinese language courses. These regular weekly sessions enable foreign workers to communicate with their colleagues. The teaching materials focus on actual examples from daily life and work. At the end of every term an oral exam is administered. The communication skills of our foreign workers greatly improved due to this educational training. They are now able to use simple daily conversation patterns at work and are therefore able to intensify their interactions with local employees and build friendships. This has the additional effect of boosting cultural exchanges.
Health seminars	A total of 10 health seminars were held in 2014 with topics ranging from hearing protection and noise damage prevention to liver functions, hepatitis prevention, metabolic syndromes, cancer, hyperlipidemia, as well as cerebral and cardiovascular diseases. Health counseling was also provided.

Because certain production sites are located in remote industrial areas where workers work on shifts, we have to show them greater care and concern. Not only showing concern for employee perceptions at work, we must also take account of their leisure needs after work. We thus aim to enhance work environments and provide more comfort in dorms through improvement of facilities. In addition, we conduct regular annual evaluations of dorms and staff canteens to gain a better understanding of employee needs and to implement corresponding improvements.



### Dorm evaluation

FENC has formulated Dorm Evaluation Guidelines to ensure more effective management of dorm areas in all plants, to provide employees with high-quality accommodations, and to achieve the effect of mutual learning and progress. Evaluation targets consist of the dorms in all plant areas in Taiwan and China. The director of the Secretarial Department of the parent company serves as the convener and forms an evaluation team composed of personnel in charge of operations of the parent company, dorm management supervisors and personnel in charge of operations at the plants. On-site inspections of facilities are conducted and scores are awarded on an annual basis. The results from the inspections and employee satisfaction surveys are compiled in reports to promote positive competition.

Hardware items	Software items	Employee life satisfaction surveys
<ul style="list-style-type: none"><li>Data on available dorm space per person</li><li>Basic dorm facilities (environmental sanitation, air conditioning, dorm rooms, recreation, safety and fire prevention monitoring, and kitchen facilities)</li></ul>	<ul style="list-style-type: none"><li>Safety management for dorm personnel (such as availability of suggestion boxes and handling of suggestions)</li><li>Meal management (such as convening of regular meetings, evaluation of food quality)</li><li>Environmental beautification and safety (such as organization of regular dorm cleaning contests)</li><li>Club activities</li></ul>	<ul style="list-style-type: none"><li>Management services</li><li>Environmental cleanup</li><li>Dorm room facilities</li><li>Bathroom facilities</li><li>Meal quality</li><li>Recreational activities</li><li>Safety equipment</li></ul>

### Improvement of hardware facilities at Far Eastern Industries (Wuxi)

Far Eastern Industries (Wuxi) renovated its dorms in 2013 to enhance the living environment of employees and provide them with better rest and sleep quality. A new central canteen was established in 2014 to improve the dining environment. In addition, Far Eastern Industries (Wuxi) constructed a brand-new recreational center that houses a restaurant, cafeteria, cinema, fitness room, Internet café, and sports facilities (completed in 2013). This center provides recreation and leisure for employees, enriches their off-duty lives, cultivates and refines their minds, and strengthens their team spirit. Our goal was to create a work climate characterized by solidarity and harmony.



### Implementation of health-promoting activities from the Headquarter

The Health Promotion Administration of the Ministry of Health and Welfare has implemented the Health Workplace Accreditation Program to encourage enterprises to provide employees with a healthy work environment and thereby fulfill their social responsibility. The Healthy Workplace Accreditation Program is divided into three certifications. FENC acquired the Health Initiation Label in 2013 and the Health Promotion Label, which represents the highest recognition, in 2014.

We implemented the following health promotion activities in 2013 and 2014: Encouragement of employees to use the stairs instead of the elevator, health weight management contests/seminars and smoking cessation seminars, and healthy swimming activities in the hope of lengthening the lives and improving the health of our employees.

Our subsidiaries in China utilize the information system and app of Far Eastern New Mobile Enterprise Network “Ateam +” to provide comprehensive care for employees and enhance their overall work efficiency and work quality. The Far Eastern New Mobile Enterprise Network was developed and set up by Shanghai Yuanzi Information Technology Limited, an affiliate of FENC. It is an innovative corporate information platform that combines employee concerns and needs with mobile communication technologies. In December 2014, FENC was the only Taiwanese-owned company to be honored with the 10th Annual ITGM Award-Organization and Leader at the Future-S China IT Governance and Management Conference jointly organized by the Shanghai Information Center and Shanghai Information Training Center Training Leader.







# Labor-Management Communication

FENC abides by regulations set forth in conventions No. 87 (Freedom of Association and Protection of the Right to Organise Convention, 1948) and No. 98 (The Right to Organise and Collective Bargaining Convention, 1949) of the International Labour Organization and Taiwan’s “Labor Union Act” and “Collective Agreement Act.” All employees enjoy the freedom to form associations or join labor unions. These organizations may conduct collective bargaining in accordance with relevant laws and regulations. The Company does not in any form intervene in the establishment, operations, or management of organizations or collective negotiation systems. No violations of the right of freedom of association and collective bargaining occurred during the report period.



Corporate unions have been established in every FENC plant to enable employees to exercise their rights to freedom of association and collective bargaining. A collective agreement has been signed with union organizations. The bargaining channels between the plants and unions are transparent and open. We firmly believe that unions represent the views of our employees on labor-management issues. Mutual relations can be effectively enhanced through labor-management communication initiated by unions, which in turn allows the creation of a work environment that meets workers’ expectations. Unit managers also attend regular union meetings to listen to feedback of workers. They convey and process this information in an appropriate manner. During regularly organized labor-management meetings, employees are encouraged to express opinions and provide suggestions to labor representatives who initiate negotiations with management in labor-management meetings. Although Far Eastern Fibertech has not established a union, labor-management relations are harmonious. Regular labor-management meetings are convened on a quarterly basis and meeting minutes are made public.

► Current State of FENC Union Organizations

Location	Company/Plant	2013			2014		
		Years of Establishment	Number of Members	Employee Ratio	Years of Establishment	Number of Members	Employee Ratio
Taiwan	Hsinpu Chemical Fiber Plant/ Kuanyin Chemical Fiber Plant	37	2,117	97%	38	2,204	94%
	Kuanyin Dyeing & Finishing Plant	54	134	84%	55	152	87%
	Neili Texturizing Plant	37	257	94%	38	261	97%
	Hukou Mill	24	478	97%	25	469	97%
	Oriental Petrochemical (Taiwan)	15	228	78%	16	231	75%
China	Far Eastern Industries (Shanghai)	6	1,355	98%	7	1,457	99%
	Wuhan Far Eastern New Material Ltd.	6	175	100%	7	171	100%
	Oriental Industries (Suzhou)	6	1,140	100%	7	1,172	100%
	Far Eastern Industries (Suzhou)	7	176	93%	8	171	97%
	Far Eastern Industries (Wuxi)	6	247	100%	7	267	100%
	Far Eastern Dyeing & Finishing (Suzhou)	5	841	100%	6	899	100%
	Far Eastern Apparel (Suzhou)	9	3,005	99%	10	2,593	99%
	Oriental Petrochemical (Shanghai)	3	247	100%	4	241	100%

Note: No union has been established at Far Eastern Fibertech.

We highly value and carefully pay attention to the voice of our employees while we promote labor-management communication through various mechanisms. In addition to regular labor-management meetings in all plants, we also utilize performance management meetings to explain and discuss the state of Company operations and relevant targets to employees and employee representatives. In case of major operational changes, employees and employee representatives are informed of major resolutions of regular board meetings, the operational review committee, performance review meetings, and the HR Policy Committee in regular plant meetings. Prior to implementation of major operational changes that have a potential impact on employee rights, we issue appropriate notifications in accordance with relevant laws and regulations. No major operational changes seriously affecting employee rights occurred during the report period.

Location	Regulations on Advance Notice Periods for Layoffs
Taiwan	Pursuant to the regulations set forth in the “Labor Standards Act” and the “Act for Worker Protection of Mass Redundancy,” the minimum notice period prior to the termination of labor contracts is determined by service times: Where a worker has continuously worked for more than three months but less than one year, the notice shall be given 10 days in advance. Where a worker has continuously worked for more than one year but less than three years, the notice shall be given 20 days in advance. Where a worker has continuously worked for more than three years, the notice shall be given 30 days in advance. Relevant regulations are listed in internal management documents such as the FENC “Employee Layoff Guidelines” and Far Eastern Fibertech’s “Work Regulations”.
China	Pursuant to the regulations set forth in China’s “Labor Law,” employees must be notified in writing 30 days prior to being laid off. Relevant regulations have already been incorporated into internal management documents of subsidiaries such as Article 9 of the Employee Handbook of Oriental Industries (Suzhou), Far Eastern Apparel (Suzhou), Far Eastern Industries (Wuxi), Far Eastern Industries (Suzhou), and Far Eastern Dyeing & Finishing (Suzhou). This clearly indicates that the Company must notify employees 30 days prior to such termination and obtain approval by the union to safeguard the rights and interests of workers.

We have established multidimensional communication channels to enable employees to voice their opinions and grievances about human rights and labor practices in a prompt and smooth manner. We utilize different methods to inform employees about the operating mechanisms of these channels such as orientation training for new employees and through the formulation and announcement of internal guidelines and procedures. For instance, Far Eastern Apparel (Suzhou) educates new employees on grievance management guidelines during orientation training and explains grievance mechanisms in case of dissatisfaction with administrators in the areas of environment, compensation, and diets or harassment and abuse at work or in their daily lives.

Departments in Charge of Processing	Communication Channels
<ul style="list-style-type: none"><li>• Executives at all levels</li><li>• Human Resources Department</li><li>• Audit Department</li><li>• Production Department</li><li>• Plant Directors</li><li>• Industrial unions</li><li>• Competent units (e.g., Occupational Safety and Health Center, Occupational Safety and Health Administration, and Bureau of Labor Insurance)</li></ul>	<ul style="list-style-type: none"><li>• Worker suggestion boxes</li><li>• Confidential hotlines</li><li>• Hotlines</li><li>• Dedicated e-mail accounts (such as mailbox of the President or Department)</li><li>• Workers’ Congress</li><li>• Oral grievances</li><li>• Written grievances</li></ul>

FENC conducts investigations for each grievance after which it informs grievants of the results after review by all levels in a prompt manner. Grievance and investigation records are properly filed. In general, grievances are filed orally to employee representatives or immediate supervisors. However, employees may file written grievances to higher management levels if they are not satisfied with the handling procedures or the grievance to even higher executives. Grievances may also submit to HR or other relevant units by phone hotline, e-mail, or letter. Subsidiaries in China frequently install physical mailboxes in plants and publicly respond to voiced grievances on a regular basis. If employees wish to file grievances regarding cases of non-compliance with behavior or moral standards, confidential hotlines are available at certain subsidiaries, thus providing grievant employees with full protection against any form of reprisal.



In addition to general grievances, we also place great emphasis on gender equality in employment. We have formulated measures as well as grievance and disciplinary rules for the prevention of sexual harassment at the workplace. Relevant procedures are also in place. Grievant employees can submit their complaints to Department executives, HR units of plants or Human Resources Department in oral or written form. Grievances may also be filed by phone prior to written submission within 3 days if deemed necessary. Processing units must create records and form investigatory teams within 3-5 days for the initiation of investigation. Investigation teams are composed of Human Resources Department personnel and three male or female staff members of the Audit Department, the Legal Department, and other non-involved units. Female members should account for at least 50% of the team members. When votes are held, there must be a quorum of at least 2/3 of all team members in attendance and resolutions require the approval of a majority of attending members. Investigations must be concluded within two months after receipt of the grievance.

A total of 20 labor-related grievances were filed during the report period. All of these grievances have been fully resolved. No human rights related grievances were filed during the report period.



Career Development

Educational Training

We firmly believe that our employees are our most important assets. Through the training of outstanding employees we will enhance our competitiveness. We are therefore fully committed to talent cultivation and the strengthening of skills required at the workplace. Prior to the enactment of the Occupational Training Act in 1973, FENC had already established an Occupational Training Center (hereinafter referred to as "Training Center"), which was officially renamed as the Human Resource Development Center in February of 2008.

The establishment of the Human Resources Development Center demonstrates our dedication to talent cultivation. Initially, we provided business and factory administration related management skills training for our co-workers. In response to the rapid expansion of the petrochemical, polyester, and textile business, we actively organized professional technology courses to train professionals in all required fields. In the face of a turbulent global economy, the Human Resources Development Center has always been committed to establishing a learning organization with the goal of creating a win-win scenario of simultaneous growth for both the enterprise and its employees.

The Human Resources Development Center participates in the operations review meetings and industrial strategy meetings of the Company to ensure that training plans conform to corporate strategy requirements. In addition to reports on annual training and development results, meetings also provide a chance to better understand the operating conditions of all business units. This serves as a main reference for the planning of future training and development. The competitive advantage of employees is enhanced and a comprehensive training system is established in accordance with the corporate mission, all in line with the overall operational strategy.

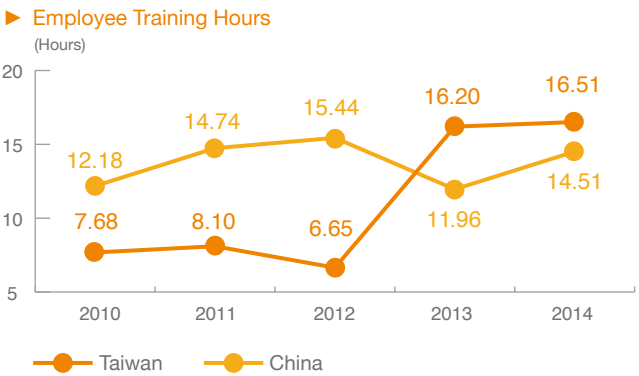
Orientation training, multi-competency training, and external training can be divided into the following three categories based on the nature of the course:

Type of Course		Description
Organized by the HR Development Center	Basic course	Basic courses for employees (such as orientation training) and courses organized in accordance with corporate strategy requirements.
	Commissioned and public training	Each department submits applications to request the HR Development Center to organize courses. Upon identification of needs on an annual basis, the HR Development Center organizes and offers public courses which may also be attended by employees of affiliated enterprises.
Self-organized training	Courses organized by plants and units in accordance with their own needs with a focus on technology, operation, and factory management oriented courses.	
External training	External training focuses on facilitation of communication and is organized by subsidiaries on a regular basis.	

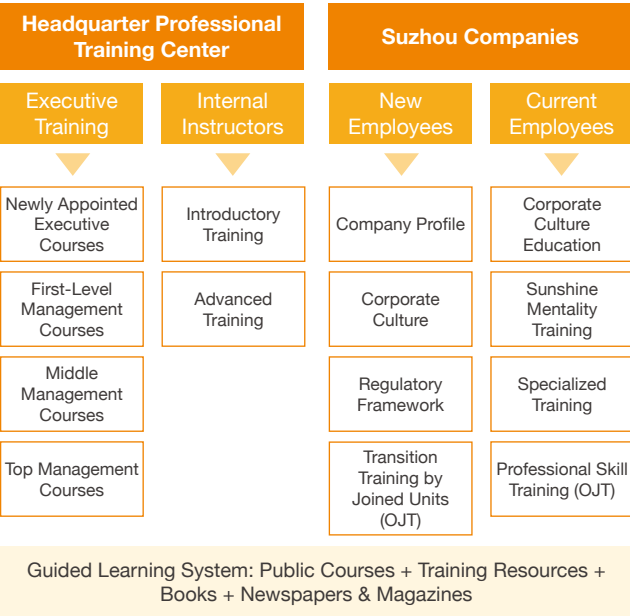
The HR Development Center keeps employees' training records. These archives are used for future queries on training records, which also appear in performance evaluation charts as an important reference for performance appraisals by supervisors. We place great emphasis on training results, and have designated personnel to monitor every session so as to ensure the quality of training. Course satisfaction surveys are administered after courses to get an understanding of trainees' response. Trainees are also further required to fill out action plan forms in some courses to ensure that employees utilize what they have learned in the practice. Personal development or performance appraisal guidance plans are currently implemented at the manager and deputy manager level or above for a better insight into the competency performance and future development of employees. These plans are jointly formulated by supervisors and subordinates and serve as a reference for the arrangement of training courses for employees by the HR Development Center.



The Human Resources Development Center mainly focuses on course planning to meet the training demands of FENC itself. Subsidiaries such as Far Eastern Fibertech and Oriental Petrochemical (Taiwan) plan their own training courses. Subsidiaries also have the option to participate in relevant courses through the public training course mechanism. An electronic system of educational training data is currently being discussed to facilitate the circulation of training materials among subsidiaries. In the future, statistics on the average number of training hours will be broken down by gender and disclosed accordingly.



Far Eastern (Suzhou) Operational Headquarter Training System

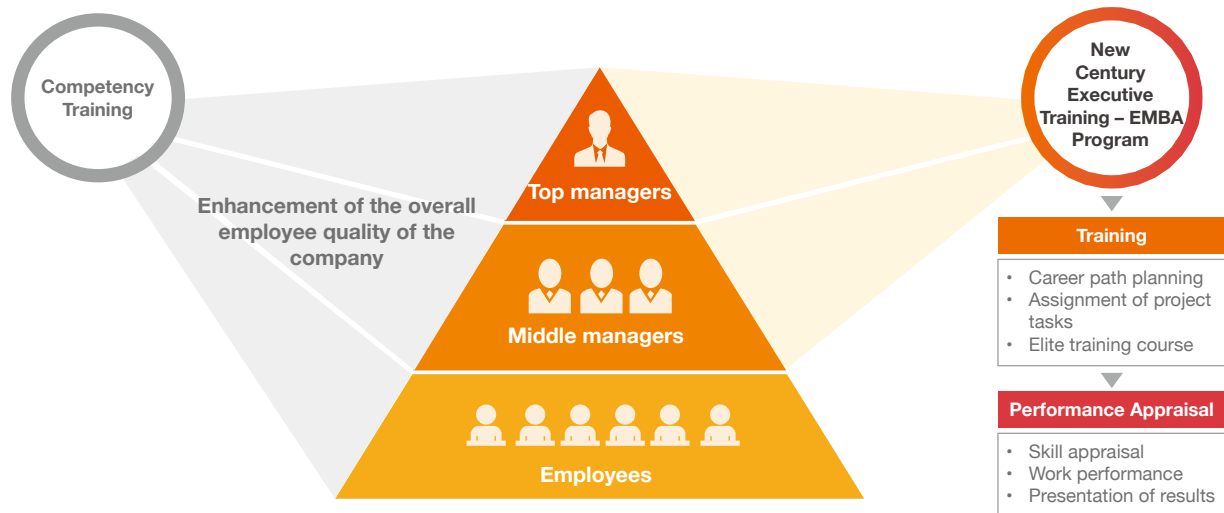


Employee Training Hours

Item	Taiwan					China				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Employee average training hours	7.68	8.10	6.65	16.20	16.51	12.18	14.74	15.44	11.96	14.51
Average Training Hours for Different Employee Categories										
Executive vice president and above	5.77	4.52	1.46	4.81	11.77	12.80	12.62	12.62	12.62	19.08
Senior vice president	9.39	8.11	11.90	8.11	33.81	13.46	14.00	12.00	11.69	17.54
Manager/Deputy manager	16.20	6.89	4.78	12.13	24.23	13.68	16.32	13.24	15.13	19.00
Regular employees	7.14	8.20	6.85	16.62	15.84	12.15	14.71	15.49	11.89	14.39



► FENC Talent Development Programs



Competency Training

In response to the readjustment and revision of the FENC performance appraisal system in 2013, a total of 13 competencies required for each level have been formulated. The Human Resources Development Center and Yuan Ze University have jointly developed competency training courses to establish consistent ways of thinking on the part of employees. By the end of 2013, 12 management-level courses had been designed; managers/deputy managers and section chiefs were successively assigned to attend these courses. By December 2014, a total of 16 and 14 courses had been offered for managers/deputy managers and section chiefs, respectively. Managers/deputy managers and section chiefs attended an average of 1.5 and 1.4 courses per person, respectively. In extend of the competency training plans in 2013, another 11 competency courses were designed for non-management levels in 2014. The planning of the 23 courses for the 13 identified competencies has already been completed. In 2015, relevant courses will be offered successively. The competency training for manpower at all levels of the Company is expected to be completed (gradually) within the next three years.



New Century Executive Training – EMBA program

FENC also places great emphasis on the cultivation of potential employees and aims to ensure rapid development of employees showing great potential and exceptional performance through comprehensive educational training, which consists of theoretical instruction, passing on of experience, and analysis of practical examples. We strive to transform these employees into outstanding leaders in the different business units to help bringing FENC to new heights. Our talent cultivation program mainly relies on Far Eastern Corporate University and the New Century Executive Training – EMBA program.

Far Eastern Corporate University integrates various educational resources and practical case studies originating from the Far Eastern Group and Yuan Ze University to design comprehensive lifelong learning programs that are in line with corporate demands and employee career planning. The EMBA degree and credit programs were officially launched in 1999 and a series of management skill programs is offered on an annual basis. This is done while taking into consideration the needs of managers at different levels in improving relevant skills and cultivating management talents at each level. We see this as an answer to the expanded manpower needs of up- mid- and downstream segments of the Company. We aspire for a perfect alignment of talent management and corporate strategy development to enhance corporate management and overall competitiveness. Between 2005 and 2012, we successively launched the Far Eastern Group Top Executive AMP Program, the Mini MBA Program, and the Corporate Case Study Seminar Series for personnel at different levels with a view to strengthen understanding of the organization and the environment on the part of executives and enhance core professional abilities that are required for management positions. In addition, we also provide project-oriented training for different departments in line with organizational needs. For instance, we have adopted KPI and goal management training courses to facilitate the achievement of FENC strategic goals. We also support the improvement of performance management systems and timely training of cross-disciplinary professionals and increase multi-skill training courses and systems to ensure operational goal achievement.

In 2013 and 2014, we carefully selected various courses from the entire curriculum for an elite program taking place in the Taiwan, Suzhou and Shanghai production sites to strengthen strategic positioning and management competencies of executives at the level of deputy managers or higher. To build an evolving talent pool to cultivate team leaders over the next five to ten years, head of each business segments selects candidates for the talent pool from managers (45 years of age or younger) with outstanding performance, potential for development, and strong willingness to learn. The President of each business segment makes recommendations once they have made in-depth assessments of candidates for their mode of thinking, ability to work with others, and resilience potential. A list of candidates is then presented to Far Eastern Talent Selection Committee for review, after which the committee then submits the list to the Vice Chairman or Chairman for approval.

The New Century Executive Training – EMBA program consists of 16 training courses. Each course lasts around two months, with the total program lasting about two and a half years. This training process serves to provide the training and the experience required to cope with the demands of a “Senior Vice President” position. To cover both theoretical and practical applications, the course uses the case-study method. The Center retains well-known university professors to teach theoretical issues and applications, and invites industry experts to share their insightful practical experiences. The objectives are to cultivate supervisors’ decision-making, problem-resolution, and thinking abilities, build a company talent echelon, and establish a talent pool to better respond to developmental needs in the future. A condensed version of the program is also available to give supervisors of training participants a clear understanding of the training program contents. In addition, the effectiveness of the program was assessed with the Kirkpatrick four-level training evaluation model.

Assessment Dimension	Contents
Reaction	<ul style="list-style-type: none"><li>Course satisfaction surveys are conducted to determine satisfaction levels of trainees with regard to course contents, instruction methods, teaching materials and facilities as well as assess whether or not course contents meet intended objectives.</li><li>The results of the analysis of satisfaction questionnaires also serve as a reference for future course adjustment.</li></ul>
Learning	Learning assessment are designed for observations and evaluations of the level of effort and analysis and application conditions of every participant, which in turn facilitates the determination of learning results by each unit after the course.
Behavior	Through the design of action plans for courses, the course contents are transformed into corporate strategy deployment and are implemented in daily operations.
Results	Through the assignment of operations, physical reports (such as production and marketing analysis, strategy formulations etc.) are created to allow a review of learning results and application effects.



### Performance Evaluation

The categories of employee evaluation at FENC include: probation evaluation, normal evaluation, project evaluation, and annual performance evaluation. Employees who have been in the Company for at least one year must attend. Annual performance evaluations assess attendance records, level of participation in educational training, leadership, self improvement, work abilities and performance in a comprehensive manner. This is followed by salary adjustment and promotion assessment. Major contributions and mistakes may be reported to the President for approval at all times, and employees with exceptional performance are eligible for special salary adjustments during the year.

Generally speaking, performance evaluations are conducted on an annual basis. Employees are requested to self-assess their work performance before the actual performance is determined following an interview with their supervisors. Work performance and annual performance bonuses are linked to past salary adjustment ratios while performance evaluations also serve as a main reference for promotion or dismissal.

#### ► FENC Annual Performance Evaluation System

Evaluation Item	Proportion	Content
Work performance	70%	Employees self-assess their performance which is then evaluated by their supervisors based on the five indicators of "amount of accomplished work," "work quality requirements," "work efficiency," "work results," and "reaction speed".
Competency	30%	Non-management and management-level competency items are clearly distinguished and the level of day-to-day competency of employees is determined by their supervisors (this item is assessed by their direct supervisors).
Personal development or performance coaching plan	-	Supervisors assist employees in the development of learning and training plans for the enhancement of their personal work ability or improvement of their work performance through in-depth interviews. This item is jointly completed by the evaluator and the evaluatee.

The contents of annual performance evaluation of FENC and its subsidiaries are based on the same spirit and framework. However, minor differences exist in assessment items and the corresponding proportions. For instance, behavioral indicators account for 30% of annual performance evaluations at Oriental Petrochemical (Taiwan) and Oriental Petrochemical (Shanghai), while work goals set at the beginning of the year make up 70%. The subsidiaries in Suzhou and Wuxi have formulated their own Employee Performance Evaluation Management Guidelines, in which evaluations are conducted on a biannual basis. This includes assessment interviews and communication between supervisors and employees about work assessment conditions, goal development plans, and training and development demands.

In Taiwan, all employees with at least one year of service are required to undergo annual performance evaluations except for internship and foreign workers. In China, annual performance evaluations are conducted for regular employees, while monthly performance is reflected in bonuses for the current month awarded to onsite operators. Annual performance evaluations were completed for all employees required to undergo such evaluations in Taiwan and China during the report period except for employees who have resigned or are on maternity leave.