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3 Navigating a Green Future

Target Readers

- Employee / Labor Union
- Direct Customer
- Government
- Community
- Business Partner (Supplier / Contractor)
- External Audit Agency
- Shareholder / Investor / Financial Institution

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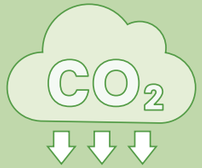
2025 Highlight

CDP Climate Change A List
Global Top 4%

GHG Emissions
↓40% from the Base Year
Reaching 2025 Near-term Target Ahead of Schedule



71 Energy and Emission Reduction Projects
Averting **23,761** tCO_2e

Taiwan's First in the Chemicals Sector
Official TNFD Recognition as an Adopter

Total Water Withdrawal
↓10% from the Previous Year

Total Water Consumption
↓12% from the Previous Year

99% Water Recycling Rate

OPTC Winning
Silver Award at Energy Saving Leadership Awards from the Ministry of Economic Affairs

260 GWh Renewable Electricity
Usage **18%** of Energy Mix

Polyester Plant of FEPV Winning
Vietnam Industrial Energy Efficiency Award

Seagrass Restoration in Penghu
Promoting Habitat Rehabilitation and Biodiversity

Waste Recycling and Reuse
Reaching **82%**

Taipei Metro Tower
Awarded **LEED Gold Certification**
for Existing Buildings

Air Pollution Emissions
↓19% from the Previous Year

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Target and Progress

	GHG Emissions Reduction (Scope 1 and 2)	Reducing Energy Consumption per Unit of Production	Reducing Water Withdrawal per Unit of Production	Reducing Air Pollutant Emissions	Reducing Waste Disposed (Non-Recycling and Reuse)
2035 Target	↓ 60%	↓ 25%	↓ 40%	↓ 27%	↓ 30%
2030 Target	↓ 50%	↓ 20%	↓ 35%	↓ 25%	↓ 20%
2027 Target	↓ 40%	↓ 14%	↓ 32%	↓ 23%	↓ 14%
2026 Target	↓ 35%	↓ 12%	↓ 31%	↓ 22%	↓ 12%
2025 Target	↓ 30%	↓ 10%	↓ 30%	↓ 21%	↓ 10%
2025 Progress	**↓ 40%** Achieved	**↓ 8%**	**↓ 28%**	**↓ 41%** Achieved	**↓ 19%** Achieved
Target Base Year	2020	2020	2020	2020	2020
Base Year Data	2,432 $ktCO_2e$	2.91 GJ / metric ton of production	2.98 kiloliters / metric ton of production	1,606 metric tons	23,238 metric tons
Action Plan	• Improve energy efficiency • Adopt alternative fuels • Develop renewable energy • Purchase green power • Utilize CCU • Conduct regular external testing and verification of GHG emissions • Conduct regular outreach on policies related to GHG emissions	• Properly maintain the operational reliability of energy-consuming equipment • Build energy storage system • Conduct regular outreach on energy-related policies • Improve energy efficiency • Conduct regular external audits of the ISO 50001 energy management systems • Continue integrating AI with energy management	• Establish contingency plans for emergency water supply • Implement water conservation projects • Implement water recycling project • Establish water efficiency management systems	• Optimize air pollution monitoring equipment • Enhance personnel operations and control • Conduct regular external inspection of air pollution control equipment • Improve and replace process equipment to reduce air pollution and emissions • Increase air pollution control equipment • Replace equipment for improved fuel efficiency	• Optimize waste classification and recycling • Strengthen waste recycling and utilization

Note: 1. The reduction targets are applicable to 100% of the production sites included within the reporting scope, to which PFEM was added in 2025.
2. Product structure adjustments at certain production sites are the main factor for not achieving the annual reduction targets for energy consumption per unit of production and water withdrawal per unit of production.

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Sustainability Issues

	Climate Strategy and Low-Carbon Transition (Material)	Energy and Resource Management (Material)	Environmental Management (Material)
Significance and Purpose of Management for FENC	FENC evaluates the risks and opportunities brought by climate change and responds with concrete strategies. The Company implements a broad range of projects aiming to avoid GHG emissions. By forging alliances with its global partners, the Company strives to mitigate global warming. Disclosures on GHG management performance include emissions; reduction targets and progress; renewable energy use and implementation; carbon trading; regulatory compliance.	FENC believes that natural resources are meant to be shared among all humanity, hence regarding energy and resource efficiency as the means to prevent resource depletion. FENC monitors the management approaches, reduction targets, strategies and implementation on the consumption of energy, water and raw materials. All practices are carried out in accordance with regulatory requirements with regular tracking on performance in areas such as energy and water efficiency.	FENC values all beings on Earth. With a strong commitment to protecting natural habitats and resources from pollution, the Company has been introducing innovative products that are made of recycled waste from the land and ocean. The objective is to protect natural resources, ensure biodiversity and safeguard environmental sustainability. Its corporate sustainability disclosure covers data on air pollution, waste materials and leakage incidents, as well as measures for prevention and control, targets setting, implementation and management.
Management Approaches and Effectiveness Evaluation Mechanisms	• Conduct regular evaluation of climate-related financial impacts. • Establish GHG reduction targets, formulate strategies and track project performance. • Continue to enhance the data quality of GHG inventory. • Obtain international certifications such as ISO 14064-1. • Introduce innovative low-carbon production facility. • Replace fossil fuels with low-carbon alternatives. • Increase the use of renewable energy. • Research and develop green products.	• Evaluate financial impacts related to energy and resource management on a regular basis. • Establish targets for reducing energy and resource use. • Appropriate budget and establish intercompany authority. • Implement reduction projects and regular performance tracking. • Obtain international certifications such as ISO 14001 , ISO 50001 and ISO 46001.	• Evaluate financial impacts related to environmental management on a regular basis. • Establish targets and strategies for air pollution and waste reduction and track project performance. • Appropriate implementation budget and establish intercompany authorities. • Implement pollution reduction projects and track performance on a regular basis. • Introduce innovative production and facilities. • Conduct environmental impact analysis prior to plant construction.
Authority	• Energy Task Force - GHG Emissions Management • GHG emissions management units of each production site	• Energy Task Force - Energy Management • Environment, Occupational Safety and Health (OSH), and Community Relations Management Task Force - Water Management • Energy, water and packaging material management units of each production site	• Environment, Occupational Safety and Health (OSH), and Community Relations Management Task Force - Air Quality • Air quality, waste and biodiversity management units of each production site

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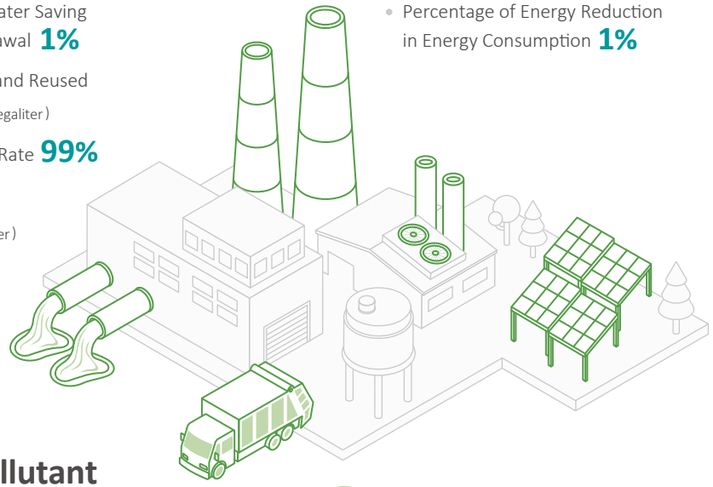
3.1 Fostering Environmental Sustainability

Water Resources

- Water Withdrawal **12,818** (megaliter)
- Water Saving **121** (megaliter)
- Percentage of Water Saving in Water Withdrawal **1%**
- Water Recycled and Reused **864,455** (megaliter)
- Water Recycling Rate **99%**
- Water Discharge **7,383** (megaliter)

Energy

- Energy Consumption **15,991** (TJ)
- Energy Reduction **154** (TJ)
- Percentage of Energy Reduction in Energy Consumption **1%**



Air Pollutant

- Air Pollutant Emissions **951** (metric ton)

GHG Emissions

- Scope 1 and 2 GHG Emissions **1,451** ($ktCO_2e$)
- Scope 3 GHG Emissions **10,172** ($ktCO_2e$)
- GHG Emissions Avoided **24** ($ktCO_2e$)
- Percentage of GHG emissions Avoided to Total Emissions **2%**

Waste

- Waste Generated **106,021** (metric ton)
- Percentage of Recycling and Reuse **82%**

Resources Consumed for Operation in 2025 | **Environmental Impact Avoided in 2025** | **Environmental Impact on Operation in 2025**

Note:
1. Historical data and data categorized by Business are available in 7.1 Environmental and Employee Indicators.
2. The percentage of GHG emissions avoided (%) is calculated based on the total GHG emissions of Scope 1 and Scope 2.

Environmental Sustainability Policy

The Environmental Sustainability Policy received the Board approval in March 2026 as the overarching guiding principle for environmental management at FENC. As the highest entity governing the implementation of this policy, the Board established the Sustainability Committee to steer corporate sustainable development, overseeing the progress of advancing sustainability targets and environmental performance, while senior management is tasked with spearheading policy implementation. This top-down governance structure ensures a seamlessly integration of the policy with FENC's overall operational strategies and risk management processes, fortifying operational resilience and sustaining value creation for the long term.

Environmental Sustainability Policy of Far Eastern New Century Corporation

Sustainability Strategies and Management Approaches

System Establishment and Management	Implement Business-wide measures, including establishing management mechanisms for internal environmental audits and environmental and energy management systems; assessing risks and opportunities related to climate change, GHG emissions, water resources and biodiversity; setting environmental targets and performance indicators; reviewing and tracking related performance in regular management meetings; prepare information disclosure at least once a year through internal management mechanisms to ensure effective implementation of environmental strategies and continuous improvement of environmental performance.
Incorporation of Innovative Technology and Equipment	Minimize the environmental impact of operations and value chain activities by introducing innovative technology and process optimization measures; implementing energy and emission reduction; lowering energy and resource consumption; adopting pollution prevention equipment and best available technology.
Value Chain Collaboration	Reduce the environmental impact of the entire value chain by collaborating with suppliers, contractors and other business partners to enhance the performance in energy, water resources and waste management and implement sustainable procurement, biodiversity engagement and training and empowerment across the supply chain.
Avid Support for Governmental Policies	Respond to governmental policies and regulations related to climate change, environmental protection and recycling with active support and incorporate decarbonization and environmental considerations into investment and operational decisions to keep corporate development aligned with national sustainability policies.
Reduction, Recycling and Reuse	Promote energy saving, water conservation and resource reduction at the source, facilitate waste reduction, recycling and reuse and incorporate circular economy principles into product design and service development to improve resource efficiency and minimize impacts on natural and ecological systems.

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Percentage of FENC Operational and Production Sites With Sustainability-Related ISO Certifications

Certification Standards	Coverage Rate	Verification Agency
ISO 14001 Environmental Management System	83%	AFAQ、BSI、CQC、DNV、GCC、SGS
ISO 50001 Energy Management System	57%	BSI、CQC、LRQA、SGS
ISO 46001 Water Efficiency Management System	16%	SGS

Note: The coverage rate is calculated as the percentage of revenue from production sites that have obtained third-party verification out of the total revenue of the Production Business within the reporting scope. The disclosure period ended on March 31, 2026.

ISO Certification Dates and Validity Periods

Special Budget for Energy Reduction and Environmental Protection

To fulfill its sustainable vision, FENC has been appropriating budgets earmarked for the implementation of energy conservation and environmental protection projects since 2010 to advance its performance in environmental sustainability. At the end of 2025, FENC appropriated NT$1.154 billion for the 2026 energy and emission reduction budget. A special environmental protection budget of NT$91.79 million was appropriated for 2025 and 2026 as capital expenditures for pollution prevention, regulatory compliance and environmental improvement.

Taipei Metro Tower Awarded LEED Gold Certification for Existing Buildings: Operations and Maintenance

Taipei Metro Tower, where FENC is headquartered, was recognized in 2025 by the Leadership in Energy and Environmental Design (LEED) of U.S. Green Building Council (USGBC) with the LEED Gold Certification for Existing Buildings: Operations and Maintenance. Having devoted continuous efforts in refining facility operations and management of existing buildings, Far Eastern Group (FEG) has been acknowledged for its achievements in sustainable building management and environmental stewardship. To attain this certification, the Taipei Metro Tower management team integrated operational and facility management resources and inventoried, optimized and standardized the energy efficiency, water resources management, green cleaning protocols and sustainable procurement systems across the facilities, which have been integrated into daily operations to fulfill FEG's commitment to implementing eco-friendly management practices.

The LEED for Existing Buildings: Operations and Maintenance focuses on the sustainability performance of a building during its actual operation. The evaluation encompasses critical dimensions such as indoor air quality, cleaning and purchasing policies, as well as the health and well-being of building occupants. Taipei Metro Tower received high marks across scoring categories, including energy performance, operational systems and sustainable management, meeting all certification standards with top scores across multiple indicators.

3.2 Marching Towards Net Zero

3.2.1 Building Climate Resilience

The Role of the Governing Body in the Governance of Climate-Related Risks and Opportunities

The Board of FENC, which serves as the highest governing and decision-making entity for climate and environmental sustainability issues, is responsible for reviewing major decisions and strategic directions concerning these issues and taking climate-related risks and opportunities into account while making business decisions. To strengthen implementation and oversight regarding sustainability issues, the Board established the Sustainability Committee in 2020 in accordance with the Sustainable Development Principles. As the governing body for climate and environmental sustainability, the Sustainability Committee is tasked with reviewing climate and environmental sustainability policies and management guidelines, supervising project execution, monitoring progress, consolidating material issues and presenting the issues to the Board. The goal is to ensure the fulfillment of compliance obligations and operation of risk control mechanisms in order to respond to stakeholder expectations and enhance sustainable climate and environmental governance.

The Role of Management Levels in the Governance of Climate-Related Risks and Opportunities

FENC established the Sustainability Implementation Committee to facilitate the implementation of corporate sustainable development. The committee is composed of the Presidents and Chief Operating Officers of each Business, managers of domestic and foreign production and operation sites, and dedicated personnel from the Sustainability Team under the Corporate Staff Office. The President of Corporate Management, serving as the convener, presents the implementation outcomes of sustainability projects to the governing body on a regular basis. The Energy Task Force and Environment, Occupational Safety and Health and Community Relations Management Task Force are established under the Sustainability Implementation Committee to reinforce and oversee the management of material risks and opportunities related to climate and environmental sustainability. The task forces are also tasked with preparing action plans, implementing projects and ensuring risk control in alignment with the targets approved by the governing body.

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Climate-Related Risks and Opportunities Affecting FENC's Prospects

The climate-related risks and opportunities that could reasonably be expected to affect FENC's prospects, along with their respective time horizons, are identified in the following table:

Topic	Climate-Related Risks and Opportunities			Potentially Effected Time Horizon		
	Type		Description	Short-term	Medium-term	Long-term
Greenhouse Emissions (Emissions Management)	Transition Risks	Policy and Legal	Increasingly stringent domestic and international carbon control policies and regulations could lead to the increase in the compliance costs or the risk of pecuniary penalties related to carbon control.	●	●	●
Greenhouse Emissions (Sustainable Products)	Opportunities	Products and Services	Increasing market demand for low-carbon products, investment in the R&D of sustainable products and reduction of the carbon footprint of existing products may lead to higher market share and revenue of sustainable products.	●	●	
Energy Management	Physical Risks	Acute	Chemical manufacturing processes are inseparable from energy use. External extreme weather events or inadequate internal management of energy-consuming equipment may lead to low energy stability and energy supply interruptions, resulting in reduced capacity, operational interruptions and operating losses.	●	●	●
	Opportunities	Resource Efficiency	Enhancing energy efficiency may effectively reduce energy consumption and energy expenditures.	●	●	●
Water Management	Physical Risks	Acute	External extreme weather events may lead to water shortages, resulting in the risk of reduced capacity and operational interruptions.	●		
	Transition Risks	Policy and Legal	Inadequate water resources management may lead to water pollution violations, resulting in pecuniary penalties.	●		
	Opportunities	Resource Efficiency	Enhancing water efficiency and implementing water resources management may effectively reduce water procurement costs.	●	●	

Current and Anticipated Impacts of Climate-Related Risks and Opportunities on Business Model and Value Chain

FENC categorizes the magnitude and timeframes of climate-related risks and opportunities to evaluate their current and anticipated impacts on the business model and value chain of its Production Business. Details are as follows:

Topic	Risks and Opportunities		Impacts on Business Model		Impacts on Value Chain	
	Type		Current	Anticipated	Current	Anticipated
Greenhouse Gas Emissions (Emissions Management)	Transition Risks	Policy and Legal	To address carbon fee risks, FENC has established internal inventory and compliance mechanisms in line with current carbon fee and reduction requirements.	As the carbon fee system grows extensive and regulations become more stringent, FENC must increase and enhance carbon reduction technologies during production, such as low-emission raw material alternatives and energy efficiency improvement, to maintain production flexibility.	No Direct Impact	FENC's procurement costs could increase as upstream suppliers raise the price of raw materials due to carbon fees.
Greenhouse Gas Emissions (Sustainable Products)	Opportunities	Products and Services	FENC has introduced low-emission raw material alternatives into certain product lines and developed sustainable products to meet market demand.	With rising market demand, FENC must accelerate the mass production of sustainable products and the adoption of low-carbon technologies to expand market share.	FENC's sustainable products are favored by downstream customers	To reach decarbonization targets, downstream customers may increase their demand for FENC's sustainable products.
Energy Management	Physical Risks	Acute	Energy supply has not caused a significant impact on production capacity allocation or process operation. However, considering factors such as extreme climate and aging equipment, FENC has incorporated contingency energy supply and dispatch into management planning in advance to reduce potential risks in the future.	The increase of extreme weather events or equipment failures may lead to insufficient energy supply and reduced production capacity. FENC continues to establish contingency energy supply and dispatch strategies to maintain process stability.	No Direct Impact	The instability of energy acquisition by upstream suppliers may lead to delays in raw material delivery, consequently impacting FENC's production schedule and delivery commitments.
	Opportunities	Resource Efficiency	Energy efficiency has been improved through process optimization and enhancement of energy management systems.	FENC may ensure process stability and reduce the reliance on external energy sources through continuous investments in energy efficiency and equipment upgrades.	No Direct Impact	No Direct Impact
Water Management	Physical Risks	Acute	There are currently no direct impacts. The status and stability of water withdrawal are monitored on an ongoing basis across all FENC production sites.	Extreme weather may lead to insufficient water supply, resulting in reduced production capacity, operational interruptions and increased operating costs. FENC must continuously implement contingency water supply and recycling measures to maintain process stability.	No Direct Impact	Water scarcity may affect the production capacity of upstream suppliers, which impacts FENC's manufacturing processes and product delivery capabilities
	Transition Risks	Policy and Legal	There are currently no direct impacts. FENC production sites have implemented drainage quality monitoring and management.	Inadequate water resources management may lead to the risk of pecuniary penalties or production suspension due to discharge violations and affect operational stability. FENC must continue reinforcing water quality monitoring and management to keep discharge quality compliant with regulatory standards.	No Direct Impact	Inadequate water management or discharge by upstream suppliers may lead to production restrictions due to water shortages or violations, consequently disrupting raw material supply to FENC, affecting production site operations and impacting production schedules and product delivery.
	Opportunities	Resource Efficiency	FENC production sites are continuously implementing water recycling and monitoring measures to enhance water efficiency	Expanding water recycling and management systems could enhance the resilience to water shortages at FENC production sites under extreme weather conditions and reduce the water cost per unit of production.	No Direct Impact	No Direct Impact

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Impacts of Climate-Related Risks and Opportunities on Strategy and Decision-making

FENC has established well-defined climate transition and action strategies for climate risk adaptation and mitigation based on the impacts of transition and physical risks and opportunities, refining production models through responsible actions to co-create a green future with value chain partners.

Topic	Risks		Changes in Business Model and Resource Allocation	
	Type		Current	Anticipated
Greenhouse Gas Emissions (Emissions Management)	Transition Risks	Policy and Legal	• Improve energy efficiency. • Develop renewable energy. • Utilize CCU. • Procure alternative fuels. • Purchase green power. • Conduct regular external testing and verification of GHG emissions. • Conduct regular outreach on policies related to GHG emissions. • Require regular reporting of carbon reduction data from production sites subject to Taiwan's carbon fee regulations.	• Improve energy efficiency. • Develop renewable energy. • Utilize CCU. • Procure alternative fuels. • Purchase green power. • Conduct regular external testing and verification of GHG emissions. • Conduct regular outreach on policies related to GHG emissions. • Require regular reporting of carbon reduction data from production sites subject to Taiwan's carbon fee regulations.
Energy Management	Physical Risks	Acute	• Properly maintain the operational reliability of energy-consuming equipment. • Conduct regular outreach on energy-related policies.	• Properly Maintain the operational reliability of energy-consuming equipment. • Build energy storage systems. • Conduct regular outreach on energy-related policies.
Water Management	Physical Risks	Acute	• Establish contingency plans for emergency water supply.	• Establish contingency plans for emergency water supply.
	Transition Risks	Policy and Legal	• Implement effluent management measures, including adding, updating, replacing or maintaining facilities. • Conduct regular inspections and testing. • Conduct outreach and training. • Obtain discharge permits.	• Implement effluent management measures, including adding, updating, replacing or maintaining facilities. • Conduct regular inspections and testing. • Conduct outreach and training • Obtain discharge permits.

Topic	Opportunities	Changes in Business Models and Resource Allocation	
	Type	Current	Anticipated
Greenhouse Gas Emissions (Sustainable Products)	Products and Services	• Obtain sustainable product certifications. • Procure sustainable raw materials. • Implement R&D of sustainable products.	• Obtain sustainable product certifications. • Procure sustainable raw materials. • Implement R&D of sustainable products.
Energy Management	Resource Efficiency	• Improve energy efficiency. • Continue integrating AI with energy management.	• Improve energy efficiency. • Conduct regular external audits of the ISO 50001 energy management system. • Continue integrating AI with energy management.
Water Management	Resource Efficiency	• Implement water conservation projects. • Implement water recycling projects. • Establish water efficiency management systems.	• Implement water conservation projects. • Implement water recycling projects. • Establish water efficiency management systems.

Impacts of Climate-Related Risks and Opportunities on Financial Position, Financial Performance and Cash Flows

FENC conducts financial impact assessments on the risk mitigation strategies. Based on the identified material climate-related risks and opportunities, the Company conducts strategic planning and risk control to achieve its climate targets, detailing their effects on its financial position and performance, which include the income statement (revenue and expenses), the statement of cash flows and the balance sheet (assets and liabilities, capital and financing). Details are provided below:

Topic	Climate-Related Risks and Opportunities		Financial Impacts During the Reporting Period
	Type		
Greenhouse Gas Emissions (Emissions Management)	Transition Risks	Policy and Legal	Through measures related to strategies such as improving energy efficiency, developing and procuring renewable energy, introducing alternative fuels, conducting regular external testing and verification of GHG emissions, conducting policy outreach and implementing carbon reduction management in response to Taiwan's carbon fee regulations, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, green power procurement and carbon fees) and cash flows.
Greenhouse Gas Emissions (Sustainable Products)	Opportunities	Products and Services	Through measures related to strategies such as the research, development and promotion of sustainable products as well as obtaining sustainable product certifications, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as certification fees, training expenses and consulting and assurance fees) and cash flows.
Energy Management	Physical Risks	Acute	Through measures related to maintaining the operational reliability of energy-consuming equipment, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation) and cash flows.
	Opportunities	Resource Efficiency	Through measures related to strategies such as improving energy efficiency and conducting regular external audits of the ISO 50001 energy management system, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, repair and maintenance expenses, certification fees and green power expenditures) and cash flows.
Water Management	Risks/ Transition Risks	Acute/ Policy and Legal	Through measures related to wastewater management, such as adding, updating, replacing or maintaining facilities, or strategies such as conducting regular inspections and testing and obtaining discharge permits, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as depreciation, certification fees and environmental, health and safety expenditures) and cash flows.
	Opportunities	Resource Efficiency	Through measures related to water conservation and recycling projects and strategies such as establishing water efficiency management systems, financial statement categories primarily impacted are property, plant and equipment (including construction in progress and prepayments for equipment), operating costs (such as certification fees and environmental, health and safety expenditures) and cash flows.

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Climate-Related Scenario Analysis and Assessment of Climate Resilience

FENC assessed the impacts of climate-related risks and opportunities through scenario analysis and determined corresponding operational strategies and measures to enhance resilience. Considering the progressing domestic and international climate policies and uncertain environmental changes to come, time and circumstances are factors that may alter the impacts of climate risks and opportunities on a corporation. It is FENC's intention to evaluate the resilience of its operations regarding material climate issues through scenario analysis to examine the impacts of climate risks and opportunities and modify business strategies accordingly.

The assessment of climate issues identified risks and opportunities related to GHG emissions as having the highest potential financial impacts. Given the high degree of uncertainty associated with such risks and opportunities, scenario analysis for material climate-related issues was conducted to assess the resilience of FENC in the face of climate risks.

The following sections describe the results of the scenario analysis regarding material climate risks and opportunities related to GHG, as well as the assessed impacts on business strategies and models.

Climate transition risks and opportunities are analyzed across different timeframes, with the magnitude of impact presented as low, medium or high to assess the future impact of each risk and opportunity on FENC. According to the effect of each issue on the revenue contribution of production sites, the magnitude of impact of the risks and opportunities are classified into four tiers, 0% as no impact; less than 10% as low impact; 10% to 30% as medium impact; over 30% as high impact.

Topic	Climate-Related Risks and Opportunities				Magnitude of Impact		
	Type		Description		Short-term	Medium-term	Long-term
Greenhouse Gas Emissions (Emissions Management)	Transition Risks	Policy and Legal	Carbon pricing mechanism	Due to the increasingly stringent domestic and international carbon control policies and regulations, the compliance costs or the risk of fines related to carbon control increase.	Low	Medium	Medium
	Transition Risks	Policy and Legal	Carbon border tax		Low	Low	Medium
	Opportunities	Resource Efficiency	Use of lower-emission sources of energy	Investing in renewable energy power generation facilities can effectively enhance the control over renewable energy costs, thereby reducing the acquisition cost of renewable energy and effectively achieving the renewable energy usage targets.	Medium	Medium	Medium
Greenhouse Gas Emissions (Sustainable Products)	Opportunities	Products and Services	Development or expansion of low-emission goods and services	Due to increasing market demand for low-carbon products, efforts are invested in the R&D of sustainable products and reduction of the carbon footprint of existing products to increase the market share of and revenue from sustainable products.	Medium	Medium	Medium
	Opportunities	Products and Services	Access to new markets		Medium	Medium	Medium

Qualitative scenario analysis is employed for the resilience assessment of additional climate-related risks and opportunities.

Topic	Resilience Assessment Description
Energy Management	FENC ensures the stability of its production operations by maintaining energy-consuming equipment with precision and building energy storage systems. The Company also enhances its readiness against power fluctuation risks by detailing the inventory of critical equipment, standardizing maintenance and repair plans across all production sites and installing energy storage facilities in phases. Meanwhile, all production sites support governmental energy policies and conduct regular outreach programs, keeping the management mechanisms in line with regulatory requirements. The multi-faceted energy management strategies has buttressed FENC with tremendous operational resilience as the Company tackles climate change and energy supply challenges.
Water Management	FENC has established comprehensive water pollution prevention and water recycling systems. By installing the continuous water monitoring system (CWMS) with real-time monitoring of critical process data, such as dissolved oxygen and mixed liquor suspended solids (MLSS), the Company monitors effluent quality with accuracy and ensures regulatory compliance. To enhance water efficiency, FENC has implemented the ISO 46001 water efficiency management systems, maximizing resource reuse rates by integrating the analysis of water consumption per unit of production, utilizing reverse osmosis/membrane bioreactor reclamation systems and implementing rainwater recycling projects. As water supply risks emerge with extreme weather events, FENC has prepared itself with contingency plans for emergency water supply, including alternative water sources and inter-plant water networks as mutual aid. Through equipment replacement and upgrades, rigorous job qualification certification and emergency response assessments, FENC has built a high degree of operational resilience, which enhances water supply stability and environmental compliance management.

Scenario Descriptions of Climate-Related Risks and Opportunities

Scenario	SSP5-8.5 (Very High GHG emissions)	NZE (Net Zero Scenario)
Type	Physical risks	Transition risks and opportunities
Detail	The SSP5-8.5 scenario is presented in the IPCC's Sixth Assessment Report (AR6) under the assumption of absence in climate actions from all countries, which would result in the highest CO_2 concentration. It could be regarded as the most stringent climate scenario. Adopting this scenario would help FENC assess the degree of impacts under the most extreme climate challenges.	The NZE scenario is published by IEA. To limit the global temperature rise to 1.5 °C, the NZE scenario represents a path to net zero emissions by 2050 for the world and is considered the most extreme reduction scenario. As the surge of carbon reduction policies sweeps through the world, adopting the NZE scenario would help FENC gain competitive advantages by taking preemptive strikes.
Parameter	Assuming the worst-case climate change scenario (SSP5-8.5), it is projected that by 2050, the average annual total precipitation in East Asia will surge by 15%, and the heaviest single-day precipitation will increase by 20% in intensity, accompanied by the occurrence of extreme weather events such as typhoons, floods and rainstorms.	Assuming the NZE scenario, carbon fees/taxes are levied across all sectors in all regions: By 2050, the carbon price will rise to US$250/$tCO_2e$ in advanced economies and US$200/$tCO_2e$ in selected emerging markets and developing economies.
Projected Temperature Rise by the End of This Century	>4℃	~ 1.5℃ (consistent with the commitment under the Paris Agreement)

Note: "Selected emerging markets and developing economies" is a regional category used in the International Energy Agency's World Energy Outlook, which includes Brazil, mainland China, India, Indonesia and South Africa.

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Processes for the Identification, Assessment, Prioritization and Monitoring of Climate-Related Risks and Opportunities

The following sections further illustrate the systematic approach FENC has adopted to manage climate-related risks and opportunities. The implementation is divided into a four-pillar structure, including identification, assessment, prioritization and monitoring, as detailed below:

1. Identification: Internal and external information is collected and applicable standards from the Sustainability Accounting Standards Board (SASB) are consulted to establish the list of climate issues in a systematic manner with continuous refinement.

2. Assessment: FENC units, including the production sites within the reporting scope, convene to assess the likelihood and magnitude of financial impacts of climate-related issues within their respective industries through survey mechanisms.

3. Prioritization: After consolidating and analyzing the surveys, results are ranked from high to low materiality with thresholds established as the basis for the preliminary screening of material sustainability issues. After the preliminary prioritization, actual operations and development directions are taken into account, and inter-departmental discussions are conducted as qualitative materiality judgements to supplement the quantitative results for the selection of material climate issues and related risks and opportunities, which are then submitted to the Sustainability Committee and the Board for approval.

4. Monitoring: Changes in climate-related risks and opportunities are continuously monitored. The governance mechanism and management effectiveness are also regularly reviewed to make necessary adjustments and improvements in order to fortify FENC's climate resilience and overall risk management performance.

To achieve systematic identification of climate-related risks and opportunities, FENC first identified climate-related issues from the SASB industry standards applicable to the chemicals industry. The International Financial Reporting Standards S2 Industry-based Guidance on Implementing Climate-related Disclosures is integrated to consolidate climate issues highly relevant to its operational activities, value chains and strategic development. During the preliminary identification stage, FENC also consults the Task Force on Climate-related Financial Disclosures (TCFD) framework, international sustainability ratings and guidelines, peer benchmarking practices, industry regulations, stakeholder feedback and additional international trends to compile the list of climate issues as the foundation for subsequent assessment and strategy formulation.

The list of climate issues covers all climate risk and opportunity factors listed by the TCFD. Among the issues identified during the first stage are climate litigation risks, licensing and regulation of existing products and services and the adoption of policy incentives. When identifying and analyzing climate-related risks and opportunities, descriptions of potential occurrences, such as the magnitude of operational impacts under a hypothetical extreme weather event, are also used as the basis for qualitative judgment to help the management understand potential impacts under various scenarios to prioritize risks and opportunities.

During the assessment stage of climate-related risks and opportunities, the magnitude of financial impacts and likelihood of each climate issue are taken into consideration, while the scale of FENC's assets, revenue and operating costs are also considered as the basis for analysis. The likelihood and magnitude of financial impacts of each climate issue are assigned scores ranging from 1 to 5 and weighted with multipliers. The issues are then ranked based on the scores.

Identification Outcome of Material Climate Risks and Opportunities

Through survey mechanisms and analysis, FENC identified seven material climate risks and opportunities, which were determined by establishing a cumulative impact threshold of the top 75% and integrating the feedback of senior management with the approval of the Sustainability Committee and the Board.

Climate-Related Metrics and Targets

Indicators of Climate Targets		Target Type	Base Year Data	2025 Annual Target	Short-Term Target (-2030)	Medium-Term Target (2031-2035)	Long-Term Target (2036-2050)
Greenhouse Gas Emissions (Emissions Management)	Reduction in GHG Emissions (Scope 1 and 2) (2020 base year)	Absolute Target	2,432ktCO2e	30% Reduction	50% Reduction	60% Reduction	Achieve Net Zero Emissions by 2050
	Reduction in GHG Emissions (Scope 1) (2020 base year)	Absolute Target	1,272ktCO2e	28% Reduction	47% Reduction	57% Reduction	Achieve Net Zero Emissions by 2050
	Reduction in GHG Emissions (Scope 2) (2020 base year)	Absolute Target	1,160ktCO2e	32% Reduction	53% Reduction	64% Reduction	Achieve Net Zero Emissions by 2050
Greenhouse Gas Emissions (Sustainable Products)	Sustainable Products Revenue Ratio (percentage of production business revenue)	Intensity Target	-	33%	50%	60%	75%
Energy Management	Reduction in Energy Consumption Per Unit of Production (2020 base year)	Intensity Target	2.91 GJ/metric ton of production	10% Reduction	20% Reduction	25% Reduction	40% Reduction
Water Management	Reduction in Water Withdrawal Per Unit of Production (2020 base year)	Intensity Target	2.98 kiloliters/ metric ton of production	30% Reduction	35% Reduction	40% Reduction	45% Reduction
	Number of Incidents of Non-Compliance with Local Regulations Regarding Water Pollution Control Operation Standards and Water Discharge Quality	Absolute Target	-	0	0	0	0

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2025 Progress and Indicators for Climate Targets

Indicators of Climate Targets		2025 Annual Target	2025 Progress	2025 Target Achievement Rate
Greenhouse Gas Emissions (Emissions Management)	Reduction in GHG Emissions (Scope 1 and 2) (2020 base year)	30% Reduction	40% Reduction	Achieved
	Reduction in GHG Emissions (Scope 1) (2020 base year)	28% Reduction	35% Reduction	Achieved
	Reduction in GHG Emissions (Scope 2) (2020 base year)	32% Reduction	46% Reduction	Achieved
Greenhouse Gas Emissions (Sustainable Products)	Sustainable Products Revenue Ratio (percentage of production business revenue)	33%	41%	Achieved
Energy Management	Reduction in Energy Consumption Per Unit of Production (2020 base year)	10% Reduction	8% Reduction	Not Achieved
Water Management	Reduction in Water Withdrawal Per Unit of Production (2020 base year)	30% Reduction	28% Reduction	Not Achieved
	Number of Incidents of Non-Compliance with Local Regulations Regarding Water Pollution Control Operation Standards and Water Discharge Quality	0	0	Achieved

Note: The disclosure of violations against local regulations is based on the list of "material information" referenced in the Taiwan Stock Exchange Corporation Procedures for Verification and Public Handling of Material Information of Securities Listed Companies. A single event resulting in pecuniary penalties of more than NT$1 million cumulatively shall be disclosed. Non-pecuniary penalties resulting in governmental orders of the suspension of work, suspension of business, termination of business, or the revocation or voidance of a permit pertaining to pollution shall be disclosed.

Climate Transition Plan

To address the risks and opportunities brought by extreme climate, FENC has designed specific and actionable climate transition pathways tailored to the operational models and emission structures of each Business. Based on key assumptions, including feasible carbon reduction technologies, the supply and demand of renewable energy and electricity emission factors, the Company has formulated a climate transition plan aligned with its mitigation and adaptation targets to support the short-, medium- and long-term reduction pathways that will ultimately lead to net-zero emissions. The Production Business focuses on improving energy efficiency, adopting low-emission fuels, incorporating renewable energy, developing CCU and transitioning to low-emission raw material structures. Through systematic process optimization and energy management, FENC is reducing process- and energy-related emissions while ensuring operational stability and cost control.

Climate Transition Plan and Action

Climate Transition Plan	Action
Improve Energy Efficiency	FENC improves energy efficiency by optimizing the production process, facilities and energy management. Energy projects in the pipeline include new cogeneration systems, which capitalize on thermal and electrical power by recovering waste heat.
Adopt Low-Emission Fuel Alternatives	FENC's short-term carbon reduction plan calls for substituting high-emission fuels, such as coal or heavy oil, with low-emission alternatives, such as natural gas and biomass fuels. The medium- and long-term plans are to replace natural gas with hydrogen fuels.
Develop Renewable Energy	FENC is investing heavily in and installing a diverse range of renewable energy equipment and increasing the purchase of renewable electricity annually to boost its percentage in the Company's energy mix.
Utilize CCU	The technology is utilized to convert carbon dioxide into usable products. The future plans will focus on the capturing and utilizing the carbon dioxide from the boiler exhaust.
Foster Raw Material Transition	FENC adopts low-emission raw materials as alternatives, including recycled and biomass options. Leveraging its core technological advantages, the Company is developing environmentally friendly and low-emission materials and expanding the applications of these innovations.

Details are provided in Special Report 2. Green Manufacturing in Action: Low-carbon Transition at FENC ↖.

3.2.2 GHG Management

GHG Management Regulations

FENC has set its sights on creating the highest value for energy resources and making net zero a reality. To reach its energy and emission reduction targets, the Company has established energy and carbon emission management mechanisms, reducing energy consumption and GHG emissions from its production processes and equipment and implementing low-carbon transition and innovation. In 2025, FENC enacted the GHG Management Regulations as an implementation reference, setting short-, medium- and long-term reduction targets with regular progress tracking. The indicators and targets are reviewed yearly and adjusted as necessary. In addition, FENC production sites conduct annual GHG inventories in accordance with ISO 14064-1:2018 or the Greenhouse Gas Protocol (GHG Protocol). Scope 3 emissions are inventoried based on the principle of materiality and classified into the 15 categories in the GHG Protocol, including purchased goods and services, fuel- and energy-related activities, upstream and downstream transportation and employee commuting. Since 2023, emission data have undergone annual third-party verification to guarantee data integrity and credibility, which exemplifies FENC's rigorous approach and unwavering commitment to ongoing improvement of GHG management.

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Establishment of GHG Management Systems and Protocols

Enhancing Energy Efficiency	Appropriate budgets annually for energy and emission reduction projects and implement energy efficiency enhancement projects.
Developing Renewable Energy	Assess the feasibility of installing renewable energy equipment using existing areas within FENC production sites.
Promoting Carbon Capture and Utilization (CCU) Technology	1. Closely monitor the direction of CCU-related policies from the local governments. 2. Evaluate the feasibility of incorporating the CCU technology and potential collaboration opportunities.
Use of Alternative Fuels	Increase the use of low-emission fuels and continue promoting and researching biomass fuels.
Procurement of Renewable Electricity	1. Focus on changes in the market supply, demand and price of renewable electricity. 2. Evaluate the timing of renewable electricity procurement through comprehensive multi-factor consideration.
Regular External Audits and Verification of GHG Emissions	Propose improvement measures addressing comments raised by the third-party agency verifying the annual GHG inventory.
Regular Outreach on Policies related to GHG Emissions	Conduct regular outreach at FENC production sites on GHG emission policies enacted by local governments and formulate corresponding strategies.
Regular Reporting of Carbon Reduction Data from Production Sites Subject to Taiwan's Carbon Fee Regulation	1. Require FENC production sites subject to Taiwan's carbon fee regulation to report the progress of voluntary reduction plans semi-annually. 2. Implement identical reporting mechanism at production sites in other regions when similar governmental carbon fee systems are in place.

Implementation of Internal Carbon Pricing System

FENC has established an internal carbon pricing system to accelerate carbon reduction within the Company. The system is established based on international studies, such as the International Energy Agency's World Energy Outlook and the World Bank's annual State and Trends of Carbon Pricing Reports. Considerations also include the internal and external carbon costs at FENC's worldwide locations as well as analyses conducted over the industry's pricing methods, instruments and strategies. The pricing has been finalized at NT$1,500/tCO2e in developed economies and NT$1,000/tCO2e in emerging economies. The internal carbon pricing system was formally implemented in 2024 after being presented to the Board. FENC adopts the Shadow Price method for internal carbon pricing, covering Scope 1 and Scope 2 GHG emissions, and the system encompasses two implementation approaches:

1. The system acts as an incentive for carbon reduction when evaluating the carbon benefits of energy and emission reduction projects.
2. The system serves as a reference during decision-making when calculating the carbon cost of each Business for the monthly management report.

The goals of implementing internal carbon pricing across FENC are as follows:

1. Drive energy efficiency.
2. Drive low-carbon investment.
3. Stress test investments.
4. Identify and seize low-carbon opportunities.

The internal carbon pricing system applies to all business decision-making processes. It is reflected in the review of 2025 implementation that all units have incorporated carbon costs into equipment investment and process modification decisions, which led to the prioritized implementation of high-efficiency carbon reduction projects.

GHG Management Authority: Energy Task Force

Establishment and Operation	FENC established the inter-departmental Energy Task Force in 2010. The scope of management covers FENC production sites in Taiwan, mainland China, Vietnam, Japan, Malaysia and the U.S.
Scope of Implementation	The Energy Task Force is responsible for the implementation of energy and emission reduction measures covering the management of GHG and energy, as well as the application of renewable energy and emerging decarbonization technologies. The task force systematically collects environmental data from all production sites through an online database, and conducts performance review and tracking during the regular energy management meetings to continue fine-tuning FENC's environmental performance.
Reporting Mechanism	Energy Task Force management meetings are held monthly at all production sites to report relevant performance, including measures responding to climate-related risks and opportunities, and to discuss strategic guidelines for GHG and energy management, thereby achieving FENC's goal of Marching Towards Net Zero. Furthermore, the Energy Task Force annually convenes a special report meeting on energy saving and carbon reduction, where the convener and members report annual performance to senior executives, including the Chairman, Vice Chairman, and President of each Business Unit, in order to establish future strategies and action plans.

Measurement Methodology, Input and Assumption for GHG Emissions

The organizational boundaries of all FENC production sites are based on operational control with the emission factor method as the measurement methodology, which quantifies emissions by utilizing inputs and assumptions such as activity data, emission factors and the global warming potential (GWP) values. Specifically, emission factors for various sources are referenced from the latest updates published by local authorities. The electricity carbon emission factors for purchased or consumed power from public utilities are based on the most recent announcements available during the inventory period. GWP values are cited from IPCC's AR6, with exceptions for certain production sites in Taiwan and Japan based on the specific needs of intended users.

The measurement of scope 3 emissions at FENC largely follows the methodologies and covers all categories of emission sources defined by the GHG Protocol. With the activity-based method as the primary measurement methodology, FENC makes emission estimates based on actual activity data and applicable emission factors. Due to the limited availability of certain data, it is difficult to obtain full activity data concerning capital goods and leased assets. The measurement is thus supplemented with the spend-based or asset-specific methods through a hybrid approach to enhance data integrity and consistency of FENC's GHG inventory. The estimation is based on verifiable information reasonably available as of the reporting date.

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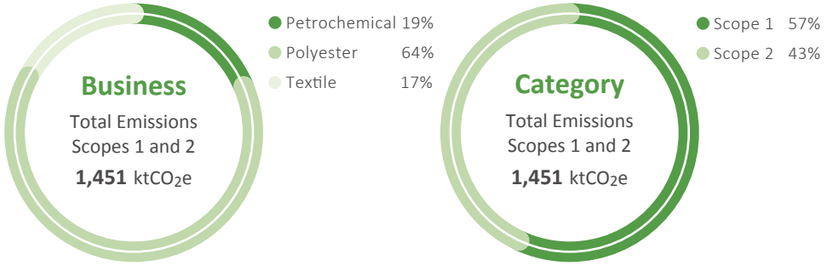
GHG Emissions in 2025



Note:
1. Total Scope 1 and Scope 2 emissions data covers 100% of the production sites included in this report. Starting from 2025, PFEM will be incorporated into the statistical scope.
2. Scope 2 emissions are accounted for according to the market-based method.

Direct and Energy Indirect GHG Emissions (Market-Based)

Unit: $ktCO_2e$

		2022	2023	2024	2025
Direct Emissions	Scope 1	1,163	1,016	934	824
Energy Indirect Emissions	Scope 2	869	806	664	627
Biogenic Emissions		37	33	44	30
Total		2,032	1,822	1,598	1,451

Direct and Energy Indirect GHG Emissions (Location-Based)

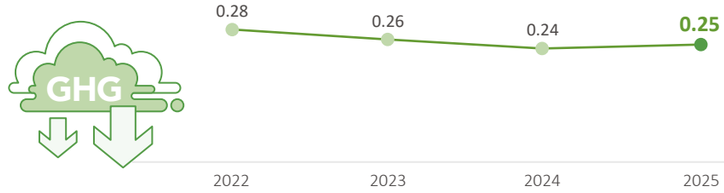
Unit: $ktCO_2e$

		2022	2023	2024	2025
Direct Emissions	Scope 1	1,163	1,016	934	824
Energy Indirect Emissions	Scope 2	881	829	700	665
Biogenic Emissions		37	33	44	30
Total		2,044	1,845	1,634	1,489

Note:
1. The disclosure of GHG emissions statistics covers 100% of the production sites included in this report. Starting in 2025, PFEM has been incorporated into the reporting boundary. All GHG emissions data presented in this report are consolidated using the operational control approach.
2. GHGs include CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.
3. The calculation is based on the ISO 14064-1:2018 GHG inventory standards.
4. Biogenic emissions are not included in the total.
5. From 2022 to 2025, 100% of the emission data passed the internal audit.
6. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 88%, 100%, 100% and 100% in 2022, 2023, 2024, and 2025, respectively.

Direct and Energy Indirect GHG Emissions per Unit of Production

Unit: tCO_2e / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

Other Indirect GHG Emissions (Scope 3)

Unit: tCO_2e

	2022	2023	2024	2025
Purchased Goods and Services	7,641	7,296	6,748	6,321
Capital Goods	91	91	177	90
Fuel- and Energy-related Activities (not included in Scope 1 or Scope 2)	406	338	297	259
Upstream Transportation and Distribution	220	224	200	275
Waste Generated in Operations	14	10	10	9
Business Travel	0.95	1.97	1.43	1.35
Employee Commuting	30.32	26.24	15.86	16.10
Upstream Leased Assets	3.14	4.15	3.66	3.01
Downstream Transportation and Distribution	381	375	568	419
Processing of Sold Products	2,824	2,809	2,866	2,469
Use of Sold Products	-	-	0.01	-
End-of-Life Treatment of Sold Products	294	355	402	309
Downstream Leased Assets	0.18	0.19	0.28	0.34
Franchises	0	0	0	0
Investments	0	0	0	0
Total	11,906	11,531	11,289	10,172

Note:
1. The disclosure of GHG emissions statistics covers 100% of the production sites included in this report. Starting in 2025, PFEM has been incorporated into the reporting boundary. All GHG emissions data presented in this report are consolidated using the operational control approach.
2. Significant indirect GHG emissions are identified in accordance with the ISO 14064-1:2018 standards and divided into the 15 reporting categories based on the GHG Protocol.
3. FENC production sites do not engage in franchising or investment activities, thus without GHG emissions under “franchises” and “investments.”
4. From 2022 to 2025, 100% of the emission data passed the internal audit.
5. The percentages of emission data being third-party verified under the ISO 14064-3 standards are 94%, 100%, 100% and 100% in 2022, 2023, 2024 and 2025, respectively.

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In 2025, total direct and energy indirect GHG emissions from scopes 1 and 2 went down by 9% compared with the previous year. Lower production and higher renewable energy usage were the main factors behind the decrease. A slight uptick in GHG emissions per unit of production was observed at the Textile Business due to adjustments in the product mix. However, the mild increase was offset by a higher percentage of renewable energy consumption at the Polyester Business. Therefore, the overall GHG emissions remained leveled, which is the result of FENC's persistent efforts in implementing low-carbon production while increasing energy efficiency and the use of renewable energy.

During the reporting year, FENC did not engage in any GHG removal activities within its own operations or across the value chain, nor did it purchase or retire any carbon credits. FIGP reduced its indirect GHG emissions related to electricity consumption by purchasing 91,800 MWh of CO_2-free electricity certificates from Chubu Electric Power during the year, aiming at supporting the use of renewable energy and carbon reduction efforts in Japan. The disclosures of FENC's GHG inventory and reduction are based on actual emissions from its own operational activities. Those from external offset mechanisms are excluded.

Impact Assessment on the Workforce Structure During Low-carbon Transition

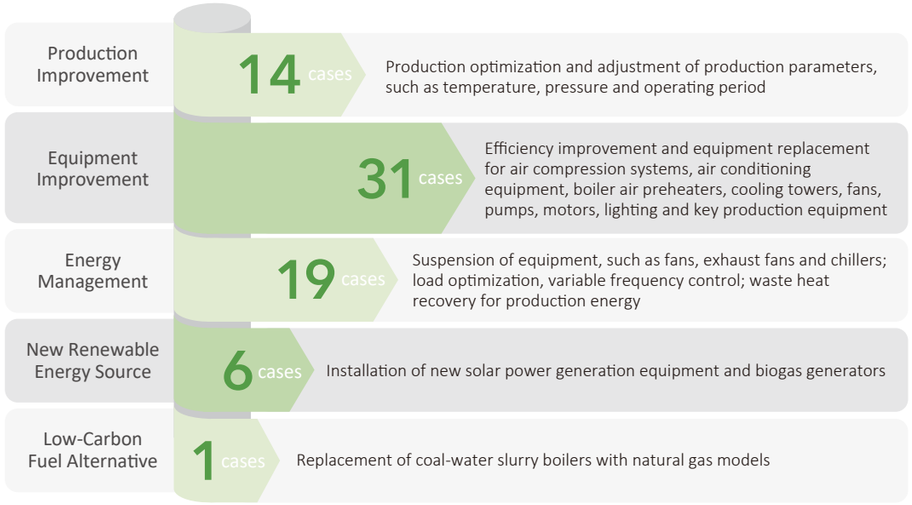
FENC's pursuit of sustainable operations and low-carbon transition is guided by the principle of just transition. The Company makes sure that measures implemented during the transition pose no adverse impacts on employees while ensuring inclusion and equality across organizational operations. During the reporting year, FENC's carbon reduction initiatives did not result in significant changes in its workforce structure, nor did climate-related decisions lead to any layoffs, reassignments or the creation of temporary positions. The new hires are recruited due to open positions or labor demands rather than climate-driven restructuring. All recruitment practices at FENC are open, transparent and governed by gender equality to guarantee equal and fair opportunities for all candidates.

To empower employees with skills matching future requirements for net-zero transition, FENC is upskilling employees, enhancing their professional capabilities through its career development systems and training resources. Learning opportunities are accessible and suited for employees of all genders and backgrounds, helping them grow steadily while the Company develops sustainably. Additionally, activities for transition or adaptation purposes at FENC's operation and production sites pose no actual or potential impacts on local communities or the indigenous peoples. Detailed information on recruitment and training are provided in 4.1.2 Recruitment and Retention and 4.2 Fostering Employee Career Planning.

Measures and Performance in Energy Saving and Emission Reduction

FENC's efforts in promoting energy and emission reduction measures continued in 2025 with the implementation of 71 energy and emission reduction projects, which averted 23,761 tCO_2e in GHG emissions. Equipment improvement was the primary focus, among which was the replacement of dated air compressors. The secondary focus was on the enhancement of energy efficiency through production and equipment improvement.

2025 Energy and Emission Reduction Projects



Energy Saving and Emission Reduction Project in 2025

		GHG Emissions Avoided (tCO_2e)		
		Scope 1	Scope 2	Total
Project Type	Production Improvement	0	1,869	1,869
	Equipment Improvement	0	3,352	3,352
	Energy Management	79	1,237	1,316
	New Renewable Energy Source	0	12,557	12,557
	Low-Carbon Fuel Alternative	4,667	0	4,667
Total		4,746	19,015	23,761

Note:
1. The estimate of energy efficiency is compared against the energy consumption with original production process and equipment prior to project implementation.
2. Scope 1 emission sources are coal-water slurry and natural gas; scope 2 emission sources are purchased electricity.
3. The emission factor of each energy source is based on the externally verified emission factor from each production site, including plant-specific / mass balance factors and those released by the local government.
4. GHGs avoided include CO_2, CH_4 and N_2O.

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Energy Saving and Emission Reduction Projects in the Past Four Years

	2022	2023	2024	2025
Actual Investment (NT$1,000)	204,725	828,566	759,187	326,296
Savings (NT$1,000)	64,121	349,047	242,239	101,993
Energy Savings (TJ)	1,188	586	648	154
GHG Emissions Avoided (tCO_2e)	135,168	78,425	70,188	23,761

Note:
1. The 2025 "actual investment" includes NT$4.64 million of operation and maintenance expenses (operating expenditures).
2. Since 2025, the benefits from internal carbon pricing have been included under "savings."

Priority Energy Efficiency and Emission Reduction Project

Site	Detail and Performance
FEFC	Due to low efficiency, the 900HP low-pressure air compressor is replaced with an 850HP model. The operation of the compressor fleet is also modified to reduce the energy consumption index of the air compression system. While providing the same output, the required power consumption dropped by approximately 13%, averting approximately 550 tCO_2e of GHG emissions annually.
Hsinpu Chemical Fiber Plant	In 2023, use permits were issued for the natural gas boiler project. To maintain consistent system operation and reduce risks during the transition of heat sources, a limited amount of natural gas had been introduced for heating tests and phased operation since 2024. On June 20, 2025, the CPC Corporation began providing consistent and sufficient natural gas supply for the boiler system, which started producing full output and supplying heat for on-site production and utility needs. By replacing coal-water slurry with natural gas as the fuel source, the project drastically improves combustion efficiency and reduces carbon emissions, averting approximately 9,816 tCO_2e of GHG emissions on average annually.
knitting & dyeing plant of OTIZ	To enhance energy efficiency and reduce carbon emissions, the knitting and dyeing plant of OTIZ implemented a project to upgrade all existing low-efficiency motors and water pumps to high-efficiency models. A total of 70 pieces of equipment were replaced, which improved equipment efficiency and reduced power consumption during production. Upon completion, the project helps the plant conserve approximately 1,010 MWh of electricity annually, equivalent to averting approximately 578 tCO_2e of GHG emissions and saving approximately NT$3.28 million in electricity costs per year.
polyester plant of FEPV	A comprehensive review was conducted to examine the operating mode of process air within the air compressor system. Through on-site investigation and data analysis, the control pressure settings for process air were recalibrated and optimized, allowing the air compressor system to maintain stable operation with a lower rotational speed amid higher pressure. Without compromising the stability of gas supply and quality during production, the project successfully reduced power consumption during equipment operation and enhanced the overall energy efficiency. The improvement conserves approximately 1,600 MWh of electricity annually, equivalent to reducing energy costs by approximately NT$6.39 million and averting approximately 1,061 tCO2e of GHG emissions per year. By adjusting the operating conditions and refining the management of existing equipment, multiple objectives, including energy saving, carbon reduction and process efficiency enhancement, can be achieved without adding or replacing large-scale equipment, making the project a highly practical solution that is worth promoting.

Accelerating Low-carbon Energy Transition with High-efficiency Natural Gas Boilers

The polyester plant of FEPV reached a major milestone in energy transition and carbon reduction through a boiler replacement project, in which existing coal-fired boilers were phased out and replaced by three high-efficiency natural gas models. The project tackles carbon emissions and mitigates environmental impacts by addressing the energy source. Compared with coal-fired boilers, natural gas models offer superior combustion efficiency and significantly reduce pollutant emissions, which improve air quality and overall energy efficiency, laying a firm foundation for low-carbon operations.

The plant finalized a long-term natural gas supply agreement with a Vietnamese supplier in March 2025, followed by the commencement of civil, structural and infrastructure works in August of the same year. Without any production interruption, the existing coal-fired boilers were removed and the natural gas models were installed in phases. The installation of the first new boiler was completed, and the trial run began in December 2025.

Once fully operational, the three boilers are estimated to avoid approximately 66,098 tCO_2e of GHG emissions annually.

Avid Support for Governmental Policies

1. Climate Change Response Act, Taiwan

On February 15, 2023, the Climate Change Response Act was promulgated in Taiwan. The law stipulates the levying of carbon fees as one of the policies to thrust Taiwan towards net zero by 2050. In August 2024, three delegated regulations governing the carbon fee system were announced.

FENC production sites in Taiwan have submitted voluntary reduction plans to the authorities to apply for a preferential rate. As of December 2025, the plans had passed the committee review, currently pending the written approval of the Ministry of Environment.

2. Decree 06/2022/ND-CP Regulations on Reduction of Greenhouse Gas Emissions and Protection of the Ozone Layer, Vietnam

In 2022, Vietnam enacted Decree 06/2022/ND-CP, which governs the reduction of GHG emissions, protection of the ozone layer and development of the carbon market. FEPV is among the enterprises on the control list and must start submitting a GHG inventory report biennially starting from 2024, and on March 28, 2025, FEPV submitted the report to the Department of Industry and Trade of Bình Dương Province. Enterprises on the control list are also required to submit a GHG reduction plan covering the period between 2026 and 2030, and starting on March 31, 2027, the annual submission of a GHG reduction report is required.

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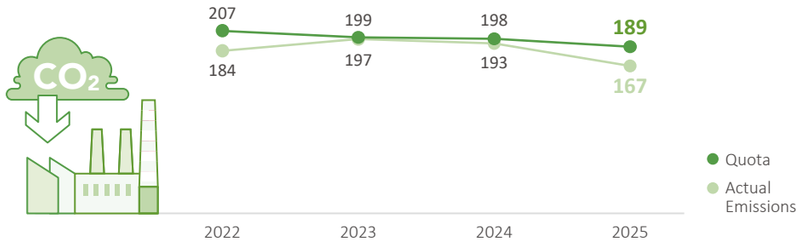
3. Interim Regulations for the Management of Carbon Emission Trading and the carbon quota provisions under Trial Measures for Shanghai Municipality on Carbon Emission Management, mainland China

On May 1, 2024, the Interim Regulations for the Management of Carbon Emission Trading, which governs the national carbon trading system in mainland China, went into effect. FEIS, though currently not considered as being within the polyester industry, is within the demonstration zone for the carbon emission trading pilot program. The plant ensures compliance with governmental mandates through various emission reduction projects and control measures with annual energy and carbon reduction targets established at the end of each year. Monthly meetings are held to track and review energy consumption and carbon emissions with proposals for improvement measures and the designation of departments responsible for implementation. FEIS also established the carbon emission management team, carbon trading decision-making team, carbon trading capital trading team and carbon trading confirmation team to track the daily fluctuation of carbon pricing, and present the report at the monthly energy conservation meetings to monitor the entire carbon trading process.

Carbon Quotas and Emissions of FEIS

Unit: $ktCO_2e$



Note:
1. The quota in 2025 were estimated emissions; the actual quota is yet to be verified by the government.
2. The 2024 carbon allowance was updated to reflect the actual allocation by the authority.

Value Chain Collaboration

1. Carbon Reduction Alliance with Value Chain Partners

The carbon reduction targets submitted by FENC's Textile Business has been validated by the Science Based Targets initiative (SBTi), placing FENC among the ranks of textile enterprises with science-based decarbonization commitments. The Textile Business's setting carbon reduction targets was inspired by an invitation from Nike to participate in the Manufacturers Climate Action Program, an initiative led by the Sustainable Apparel Coalition, which entails the establishment of systematic targets covering scopes 1, 2 and 3 emissions based on international methodologies. After inventorying data, recalibrating targets and undergoing review by international bodies, the targets were approved in June 2025. The carbon reduction targets submitted by the Polyester Business and OTIZ have also been approved by SBTi, making FENC the world's first polyester enterprise whose targets were validated under the 1.5°C pathway, joining the collective global pursuit of net-zero emissions.

2. Regular Tracking of Carbon Reduction Performance by Brand Customers

FENC conducts life cycle assessment (LCA) on its primary products to calculate and disclose product carbon footprints, which serve as references for downstream customers in procurement and product design and guide the market towards low-carbon choices. In 2025, FENC completed the update and third-party verification of the carbon footprints for solid-state PET chips, meeting the requirements of ISO 14067 for the carbon footprint of products. Details on additional products with completed LCA are provided in 2.3 Honing Product Management.

To continue reducing product carbon footprints, FENC has implemented recycling solutions that promote full circularity, phasing in recycled and biomass materials to address and satisfy the demand for low-carbon and sustainable products from customers across the value chain.

Co-creating Sustainable Value Across Supply Chain with Customers

On June 16, 2025, the tech textiles plant of OTIZ co-hosted an exchange event with its customer, Autoliv on the subject of sustainable development. A total of 32 industry representatives attended the event, which centered on the theme, "One Heart, One Conviction, One Path," and shared strategies, implementation roadmaps and objectives to actualize sustainability.

Autoliv selected the tech textiles plant of OTIZ as the supplier representing its "green alliance" to co-host this event. Autoliv's decision was largely based on FENC's robust planning and significant achievements in sustainability and decarbonization, which align closely with Autoliv's sustainability requirements across its supply chain in carbon management, energy efficiency and the incorporation of low-carbon materials. Multiple speakers were invited to share the latest trends in sustainable development, including Wallice Li, Vice President of Autoliv China, Qianqian Wang, Sustainability Lead at Polestar and M.J. Wu, Chief Operating Officer of the Textile Business at FENC, who attended the roundtable forum to discuss the topic, "Earth Is Not a Credit Card; Do Not Max Her Out" and explored cross-chain collaboration and decarbonization challenges.

The tech textiles plant of OTIZ was the winner of the Supply Chain Decarbonization Pioneer Award, which demonstrated its leadership in low-carbon transition and sustainable supply chains.

Participating in Climate Change Initiatives and Associations

As a member of the Center for Corporate Sustainability, FENC dedicates ongoing efforts to strengthening climate governance by participating in its climate change and sustainable development initiatives and exchange, striving towards low-carbon transition and sustainability transformation through concerted action with industry, government and academia. Details on FENC's participation in additional climate-related industry associations and initiatives are provided in the section, Green Initiatives, under 2.2 Developing Green Products.

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3.3 Elevating Energy and Resource Efficiency

3.3.1 Energy Management

Energy Management Regulations

FENC established the Energy Management Regulations with clear provisions on the management framework, division of responsibilities and protocols for target setting and performance tracking, delineating systematic approaches to enhance energy efficiency and carbon reduction performance. Executives overseeing energy management are tasked with formulating response strategies, action plans, and short-, medium- and long-term targets, ensuring continuous review and dynamic adjustment. Supervising managers across all production sites implement the strategies through daily energy and emission reduction operations while reviewing implementation progress and analyzing variances on a monthly basis. Additionally, management meetings and annual technical exchanges are held monthly and the overall energy and emission reduction performance is presented to senior executives on a yearly basis to ensure full implementation and bolster FENC's low-carbon operations.

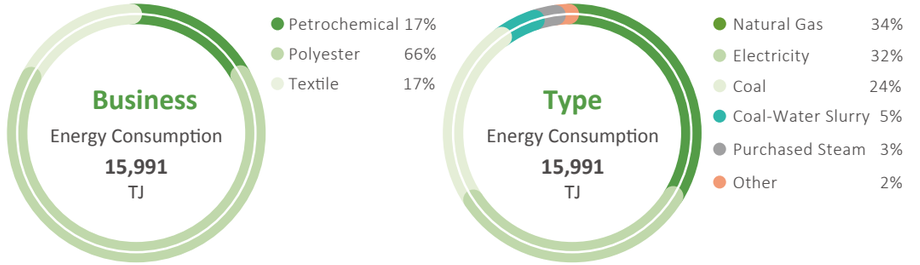
Energy Management System and Establishment

Proper Maintenance of Operational Reliability of Energy-Consuming Equipment	Inventory energy-consuming equipment and establish itemized lists and maintenance plans.
Installation of Energy Storage Systems	Gradually build energy storage systems.
Regular Outreach on Energy-related Policies	Conduct regular outreach regarding the local energy-related policies and formulate corresponding strategies.
Energy Efficiency Enhancement	Appropriate budget annually for energy and emission reduction projects and implement energy efficiency enhancement projects.
Regular External Verification of ISO 50001 Energy Management System	Conduct regular third-party verification and implement improvements based on the feedback to continue enhancing energy management performance and meeting higher standards and requirements.
Continuous Integration of AI with Energy Management	Continue promoting the establishment of systems related to the integration of AI with energy management.

In 2025, FENC reduced its total energy consumption by 10% compared with the previous year, while energy consumption per unit of production remained on par. Throughout 2025, FENC completed 71 energy efficiency enhancement projects, including process optimization, equipment upgrades, energy management, self-generated renewable energy for self-consumption and low-emission fuel alternatives. FENC will continue planning and implementing energy conservation projects to maximize energy efficiency.

FENC's total renewable energy use in 2025 amounts to 1,157 TJ, which accounts for 7% of its total energy consumption during the year. Of the total electricity consumption, 18% is renewable electricity

Energy Consumption in 2025



Energy Consumption

Unit: TJ

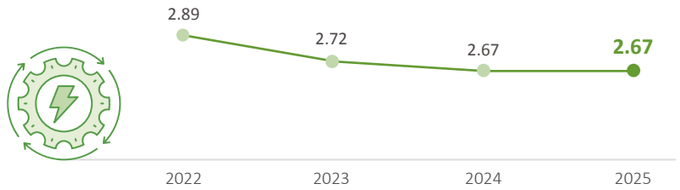
	2022	2023	2024	2025
Purchased Electricity	5,704	5,308	4,600	**4,157**
Purchased Renewable Electricity	349	589	609	**830**
Self-generated Renewable Electricity	49	66	87	**93**
Total Electricity Consumption	6,102	5,963	5,296	**5,080**
Natural Gas	7,428	7,416	6,304	**5,506**
Heavy Oil	255	74	25	**53**
Diesel	47	39	29	**24**
Coal	4,536	3,497	3,976	**3,783**
Coal-Water Slurry	2,062	1,390	1,253	**844**
Biomass Fuel	341	310	452	**234**
Purchased Steam	505	499	499	**467**
Total Energy Consumption	21,276	19,188	17,834	**15,991**
Percentage of Renewable Electricity	7%	11%	13%	**18%**
Percentage of Renewable Energy	3%	5%	6%	**7%**

Note:
1. Energy consumption is mainly for production purposes, covers energy used for the generation of electricity, heat and steam; cogeneration; firefighting pumps; vehicles for internal transport.
2. The calorific value is based on the factors of calorific value from all production sites.
3. External energy consumption is not taken into account.
4. The disclosure on energy consumption covers 100% of the FENC production sites in this report, and since 2025, PFEM has been included in the reporting scope.
5. Percentage of renewable electricity = (purchased renewable electricity + self-generated renewable electricity) ÷ total electricity consumption
6. Percentage of renewable energy = (purchased renewable electricity + self-generated renewable electricity + biomass fuel) ÷ total energy consumption

Content

Energy Consumption per Unit of Production

Unit: GJ / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

Polyester Plant of FEPV Honored with 2025 Vietnam Industrial Energy Efficiency Award

The polyester plant of FEPV has been recognized for its exceptional performance in maximizing energy efficiency, winning the third-place honor in the Energy Efficiency Awards in Industry from the Ministry of Industry and Trade of Vietnam and Vietnam Energy Conservation and Energy Efficiency Association. Senior Plant Manager Tsai Hsiao-Nan was also distinguished as an energy management officer with outstanding achievements in energy management. This national recognition underscores FEPV's dedication to aligning itself with the energy regulations in Vietnam through proactive measures. By devoting persistent efforts to optimizing energy management systems and integrating green technologies, FEPV is enhancing energy efficiency and mitigating environmental impact, fulfilling its commitment to reach net zero.

FEPV Honored With 2025 Vietnam Energy Efficiency Awards in Industry

Enhancing Energy Efficiency Through High-Efficiency Equipment: Energy-saving Upgrades for Motors and Water Pumps

The knitting and dyeing plant of OTIZ retrofitted the low-efficiency water pumps and motors with wear-resistant ceramic coatings and applied superhydrophobic nano-coatings on impeller surfaces to reduce limescale deposits. This project has significantly extended the lifespan of critical components and curtailed kinetic energy loss.

The retrofit cut the rated power by 11% and the operating power by 23%, yielding a 23% electricity saving rate. These enhancements are projected to conserve 1,010 MWh of electricity and reduce electricity expenditures by NT$3.28 million annually, while averting approximately 578 tCO2e of carbon emissions, which is setting a benchmark of success for green transformation within the industry.

OPTC Distinguished with Silver Award at Energy Saving Leadership Awards from the Ministry of Economic Affairs

OPTC has long been dedicating efforts to energy and emission reduction. Through methodic planning and continuous investment, OPTC has delivered exemplary performance across the board, including energy management, renewable energy and the circular economy. Key achievements include:

1. Establishing comprehensive energy management certification systems

OPTC has been incorporating international standards and management systems, obtaining multiple energy management and carbon-related certifications, including the ISO 50001 energy management systems, ISO 46001 water efficiency management system, ISO 14067 carbon footprint of products and International Sustainability and Carbon Certification, affirming its determination and capability to implement sustainable operations.

2. Creating a robust network of renewable energy facilities

To support the government's renewable energy policies, OPTC has installed a comprehensive network of solar power generators with expansion completed in three phases. The total installed capacity has reached 1,873 kW, which increases green electricity in OPTC's energy mix and reduces the reliance on conventional energy sources.

3. Implementing extensive energy conservation projects

With energy-saving equipment upgrades and process optimization as the focus, the projects include incorporating the rotary pressure filter into the production process to boost production efficiency; adding the back-pressure steam turbine generators to recover waste heat for power generation; installing biogas generators to transform waste into energy. These projects have significantly boosted energy conservation performance.

4. Utilizing reclaimed water resources at scale

To implement water recycling and reuse, OPTC signed a recycled water use contract with the Taoyuan City Government, taking aggressive actions to adopt reclaimed water as a substitute for tap water and setting a paradigm for its industry peers in water resources management by drastically reducing the consumption of natural water resources.

5. Propelling sustainable transformation through green investment plans

OPTC issued Taiwan's first sustainable exchangeable bond and directed the funds towards investment plans with green benefits, targeting 50% carbon reduction, 50% green products and 50% green raw materials by 2030 as its targets for sustainable transformation.

The Silver Award at the Energy Saving Leadership Awards from the Ministry of Economic Affairs serves as a testament to OPTC's long-term dedication to energy and emission reduction, which will propel OPTC to further refine its performance. Looking ahead, OPTC will continue to strive towards sustainable development, supporting government policies on energy and emission reduction and delving deeper into energy-saving measures and green transformation plans.

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Renewable Energy Use

FENC has been aggressively investing in renewable energy, building a wide array of power generation facilities and purchasing renewable electricity. The total renewable electricity use in 2025 was approximately 260 GWh, accounting for approximately 18% of the total electricity consumption. The target is to reach 680 GWh in 2030.

Renewable Electricity Consumption Targets

2025 Target	2025 Achievement Achieved	2028 Target	2030 Target
250 GWh	260 GWh	290 GWh	680 GWh

1. Installation of Renewable Energy Facilities

"Develop renewable energy" is one of the five major strategies propelling FENC forward along its march towards net zero. The Company has been intent on investing in and installing a broad mix of renewable energy facilities with additional solar and biogas power generators installed in Taiwan, mainland China and Vietnam. FENC is supporting renewable energy use and GHG reduction with actions, minimizing environmental impacts from its production activities.

Since 2016, FENC has been installing renewable power stations at its production sites in mainland China with a main focus on solar power. In 2025, the combined solar power generated at FENC sites in Taiwan, mainland China, Vietnam and Malaysia reached 26,278MWh, of which 98% was consumed by FENC, which averted 13,556 tCO2e of GHG emissions.

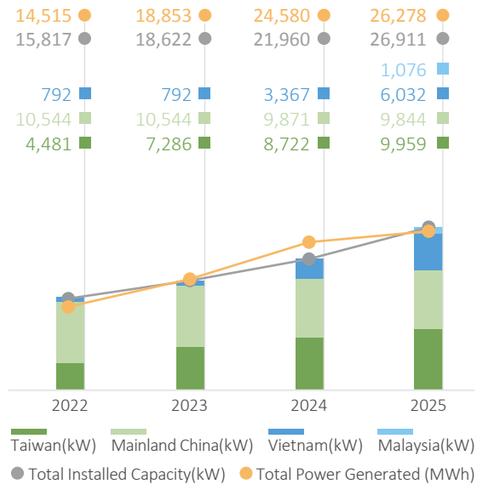
2. Support for the Renewable Energy Development Act

The Renewable Energy Development Act stipulates that energy-heavy industries in Taiwan must build renewable energy generation facilities with a capacity equivalent to 10% of their contract capacity. FENC showed its support when the law went into effect by stepping up plans to construct new energy facilities, and by partnering with the government to promote the development of renewable energy. As of the end of 2025, FENC has installed solar power stations with 7,171 kW in capacity at its production sites in Taiwan, and the expansion will continue. FENC also signed long-term power purchase agreements to increase the percentage of renewable electricity in its energy mix.

3. Purchase of Renewable Energy

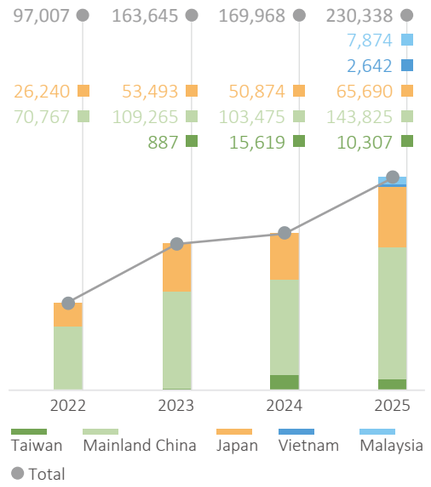
FENC has been purchasing green power since 2015. In 2025, ten FENC production sites in Taiwan, mainland China, Japan, Vietnam and Malaysia purchased a total of 230 GWh of renewable energy certificates and avoided 108,366 tCO_2e of GHG emissions. FENC plans to purchase a minimum of 200 GWh of renewable energy certificates per year in the future to avert indirect energy-related GHG emissions.

Renewable Energy Generation and Installed Capacity



Purchased Renewable Electricity

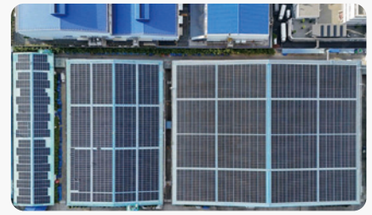
Unit: MWh



Innovative Low-carbon Energy Transition Model at Zero Cost Through Rooftop Solar Leasing

To support renewable energy and carbon reduction policies and protect the environment, FEAV collaborated with professional energy providers for the second phase of the solar power project, which involves a rooftop solar leasing model. FEAV provided approximately 17,000 square meters of its rooftop space, while the energy provider oversaw the installation and long-term maintenance of the solar panels, which lowered the project costs.

The N-type bifacial solar panels were selected for this project. Capable of absorbing solar energy from both sides, this new model boosts power generation efficiency by approximately 3% compared with the older models. Completed and in full commission in October 2025, the project operates on a collaborative framework, through which FEAV gains discounted electricity rates by providing space. Of the electricity generated by the solar system, 97% is allocated for self-consumption at FEAV. The plant is also able to purchase electricity from the energy provider at roughly 20% below standard grid rates. The project is expected to reduce annual operational expenditures by approximately NT$2.4 million. Aside from these benefits, the utilization of 3,880 MWh of renewable electricity also reduces approximately 2,624 tCO_2e of carbon emissions.



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Building a Network of Low-emission Energy in Vietnam with Solar Power Stations

The knitting and dyeing plant of FEPV is aligning with the energy and carbon reduction requirements from its brand customers, including adidas, PUMA and Lululemon, and aiming to boost the consumption of renewable energy to over 40% of its energy mix by 2030. The plant has installed a large-scale solar power system with a total capacity of 10,000 kW. The project was launched in November 2025 and completed in the first quarter of 2026. Operation has begun, and once fully in commission, the system is projected to generate approximately 14,780 MWh of renewable electricity annually and reduce carbon emissions by 9,997 tCO2e per year. This advancement is anticipated to elevate the renewable energy utilization rate at the plant from 23% in 2025 to 27%.

Providing Uninterrupted Renewable Energy Supply with Concurrent Advancement in Biogas and Solar Power Generation

OPTC believes in persistence when it comes to innovation and low-carbon manufacturing. With an extensive renewable energy supply system established within the plant, the total installed capacity has reached approximately 4,661 kW, including 1,873 kW from a solar power station and 2,788 kW from biogas generators.

While solar energy is generated during the day, biogas power, which is available round-the-clock, kicks in at night, forming an uninterrupted green power supply system running 24/7, thus eliminating the issue of intermittency of renewable energy. The biogas generated from wastewater treatment systems is transformed into fuel for power generation, and all performance data is integrated and analyzed through the energy management system for precision monitoring.

In 2025, the total annual power generation reached 9,850 MWh, with which 5% of OPTC's externally purchased power could be substituted. This project cut operational costs by NT$38.7 million and significantly reduced carbon emissions by 4,669 tCO_2e.

Aiming for 2030 Carbon Reduction Targets with Taipei Headquarters' Push for Renewable Electricity Purchase

To fulfill FENC's commitment to reducing 30% GHG emissions by 2025, the Corporate Management coordinated the planning and execution of carbon reduction initiatives at the Taipei Headquarters (Taipei Metro Tower and Mega Tower) with increasing renewable electricity consumption as the core strategy. The Taipei Headquarters has been integrating renewable electricity since 2023 and gradually decreasing operational carbon emissions through the procurement and utilization of renewable electricity and renewable electricity certificates.

In 2025, FENC purchased a total of 858 MWh of renewable electricity, which averted approximately 407 tCO_2e of carbon emissions. With 2023 as the base year, the Taipei Headquarters cut GHG emissions by 34% in 2025.

Helping Nestlé Achieve Carbon Reduction Targets with Precision

At PFEM, climate-related risks and opportunities are regarded as significant references for setting the course of operational strategies. Through engagement efforts with Nestlé, its international brand customer, PFEM clearly recognized an immense emphasis on renewable electricity usage and carbon reduction performance within the supply chain. To translate the awareness into action, PFEM initiated the effort to scale up renewable electricity purchase and integrated diversified renewable energy sources, which have been fully allocated towards the manufacturing processes for Nestlé-related products. Meanwhile, PFEM collaborated with Nestlé on creating an annual renewable electricity purchase model, in which Nestlé finances a portion of the renewable electricity surcharges, giving the partnership stability and sustainability. By transitioning the energy structure at the production end, PFEM helped Nestlé successfully avert approximately 264 tCO_2e of scope 3 emissions within the year, substantially boosting the carbon reduction performance of the supply chain. On the materials front, the preforms supplied to Nestlé by PFEM are made entirely with 100% rPET, and the manufacturing process is 100% powered by renewable electricity. The ability to deliver sustainable packaging solutions boasting circularity and low carbon footprints made PFEM customers' crucial partner when implementing climate actions. This partnership has progressed beyond special projects and become standard operations. Moving forward, PFEM will continue increasing the percentage of renewable energy in its energy mix and explore scalable solutions using sustainable energy and circular materials with Nestlé, striving for an ecosystem of low-carbon packaging with enhanced resilience.

Internal Energy-Saving Incentives

To take energy management to a higher level, FEG is encouraging collaboration among its affiliates. Through peer exchange, these corporate entities may acquire energy conservation approaches that inspire technological advancement and maximize energy efficiency. Since 2005, FEG has been presenting the Far Eastern Energy Award to inspireand recognize excellence in improving energy conservation technologies and practices within the conglomerate. In 2025, FENC submitted 16 projects, accounting for approximately 24% of the total entries, the highest among FEG affiliates.

Avid Support for Governmental Policies

For the past decade, FENC's Taiwan sites consistently met the Ministry of Economic Affairs' 1% energy-saving target. On January 2, 2025, the Ministry raised the 2025–2028 target to 1.5% for entities over 10,000 kW. Through optimized energy management systems and various conservation measures, FENC achieved a 3.5% energy-saving rate in 2025, far exceeding the goal and fulfilling its commitment to energy sustainability.

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3.3.2 Raw and Packaging Material Management

The refinement of production processes and techniques is an ongoing pursuit at FENC. Through technological and system innovation, the Company minimizes raw material losses and maximizes packaging material recycling. FENC selects suppliers that comply with regulatory and sustainability standards in accordance with its procurement management procedures and operational guidelines, while quality control units conduct raw material testing to ensure quality.

All FENC production sites have packaging material management guidelines in place. Appropriate materials and packaging methods are selected based on customer product and transportation needs, with priority given to recyclable and reusable materials. FENC sets packaging material recycling targets and monitors recycling quantities, rates and achievement monthly to identify areas for improvement. Through internal reuse and collaboration with suppliers, customers and qualified recycling companies, FENC extends packaging material lifecycles, reduces consumption, costs and waste, and facilitates the reuse of packaging materials at production sites.

Raw and Packaging Material System Establishment and Management

Establish Goals and Compile Achievement Rates Regularly	Set targets for raw and packaging material usage, and regularly tabulate and review resource consumption and waste generation.
Develop the Material Usage Safety Management System	Establish systems for raw material classification, inspection and inventory management to ensure safe usage and minimize scrap risks.
Establish Warehouse Management Operation Standards	• Establish standardized warehousing and material allocation procedures to enhance inventory management efficiency. • Promote the recycling and reuse of packaging materials, such as pallets, bulk bags and paper tubes, to reduce the consumption of single-use packaging materials.
Conduct Training on Raw and Packaging Material Management	Leverage systematic training and standard operating documents to reduce variances resulting from manual operations, which minimizes defective products and waste generation.
Create the Proposal Improvement System	Incorporate effective proposals into actual operating procedures through cross-departmental review and improvement projects to continuously reduce raw material loss and waste generation.

Sustainable Practice for Packaging Materials

Paper Boxes	• Once the finished products are delivered to customers, the paper boxes are returned to FENC through the deadhead trucks. The boxes are then sorted and selected based on specifications, overall condition and usability. Those in decent quality are returned to the warehouse to be collected and reused by on-site units for packaging and shipment.
Paper Tubes	• The recycled paper tubes are boxed and sealed properly to prevent deterioration due to moisture.
PE bag / PP bag / Bulk Bag	• The tank truck option is increased for shipping finished products to reduce the use of bags and additional packaging materials.
Pallets	• Engagement efforts are made with domestic customers to reduce the use of pallets. • Unusable wooden pallets are outsourced to be processed into wooden boxes.

FENC engages customers consistently on recycling packaging materials such as pallets, paper tubes and peg boards to establish a robust recycling management system. In 2025, the average recycling rate for packaging materials from the production sites within the scope of this report reached 56%.

Supplier assessments and development process for Raw and Packaging Materials

Quality Control for Raw and Packaging Materials	• Establish annual production plans and goals. • Regularly review raw material and auxiliary material consumption rates, new product/process technologies, to improve production efficiency and reduce waste. • Hold at least one management review meeting annually. • Implement supplier assessments to ensure quality and reduce substandard products. • Engage with suppliers to reduce packaging material usage.
Training and Inspection	• At least once a year, conduct training on raw material and packaging material management in accordance with company policy. • The quality control unit conducts random inspections of packaging materials and works on improving the size and method of packaging.
Supply Chain Engagement	• Planning and preparation of packaging materials are based on the customer targets discussed in sales and marketing meetings. • Engage with customers to achieve packaging reduction through improved packaging methods.
Packaging Material Recycling	• Recycling and reuse are implemented on-site. • Packaging materials are recycled from domestic customers. • Qualified suppliers are commissioned for off-site recycling.

3.3.3 Water Resources Management

Water Resources Management Regulations

FENC established the Water Resources Management Regulations, which has gone into effect following the Board approval. As stipulated by the regulations, the heads of responsible units are tasked with establishing response strategies, action plans, management indicators and targets and overseeing progress tracking and management. Implementation progress is periodically reported to senior executives and the Board. The aim is to continuously reduce water withdrawal per unit of production and align water resources management across all FENC production sites with local regulatory requirements to ensure operational continuity.

Water Resources Management System and Establishment

Establishing Contingency Plans for Emergency Water Supply	Establish contingency plans for emergency water supply, install inter-plant water networks as mutual aid with surrounding facilities or create emergency water trucking plans.
Implementing Water Conservation Projects	Implement water conservation projects for production processes to reduce water consumption and discharge.
Implementing Water Recycling Projects	• Establish a rainwater recycling system. • Increase the water recycling system to raise the recycling rate of discharged water.
Establishing Water Efficiency Management Systems	Install flow meters to monitor water withdrawal and consumption, combine the meter readings with production data to manage water consumption per unit of production and conduct systematic water use assessment to identify opportunities for water efficiency improvements.

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FENC believes that water resources should be shared and protected, and pays close attention to the health of water resources and environment in regions that house its production sites. The Company continues to lower water consumption during production by establishing reduction targets for water withdrawal per unit of production. Partnering with its customers, FENC strives to protect water resources. Its water resources management plan has 100% coverage, and takes governmental policies, corporate development, industry evolvement as well as the local needs into consideration. FENC manages, allocates and distributes water resources in a reasonable and effective manner, aiming to minimize consumption and maximize efficiency during storage and utilization. In addition, the quantity and approach of water withdrawal at FENC do not pose any significant negative impact on the water sources as well as the surrounding habitats and residents.

Water Conservation Measures and Performance

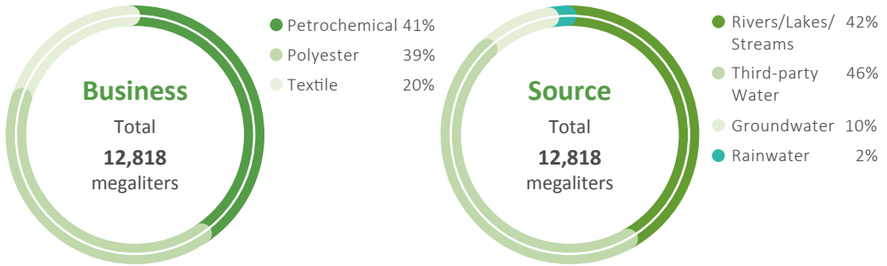
Avoidance	Water conservation devices and technologies are incorporated to reduce water withdrawal. The pipelines and equipment are inspected and maintained regularly to avoid leakage and waste. Water conservation training is provided to heighten staff awareness and encourage employees to integrate water conservation practices into their work routines.
Rainwater Recycling	Rainwater is harvested in the retention pond to replenish the cooling tower or stored for reuse. After being filtered through the RO system, the harvested rainwater may be used as domestic water. • At FENV, a total of 6,407 KL of rainwater was harvested and recycled in 2025 for restroom cleaning or landscape irrigation purposes. • In 2025, Hsinpu Che mical Fiber Plant channeled rainwater through existing rain shelters and drainage pipes from certain factory buildings to nearby ponds for reuse, and approximately 192 KL of rainwater was recycled annually. • FEIS recycled reusable rainwater from the stormwater outlet, recycling 120 KL of rainwater annually.
Reclaimed Water Reuse	Water reclamation and reuse measures include the recycling and reuse of water that circulates through the boiler and production process. • OGM implemented a water reclamation project to recycle process water through multiple steps from the later production stages, including washing, flotation and crushing. The project reduced water withdrawal and consumption and enhanced circular efficiency, helping OGM recycle approximately 55,752 KL of water annually. • In 2025, Kuanyin Chemical Fiber Plant implemented an effluent reclamation project. The effluent, pre-treated through wastewater treatment and filtration, was purified through the RO system, and then used to replenish the cooling tower. Approximately 5,120 KL of effluent was recycled annually.
Equipment Improvement	Improvement measures include the adoption of new equipment to enhance water efficiency. • In 2025, Kuanyin Dyeing and Finishing Plant implemented several projects involving equipment enhancement to improve water efficiency. Existing dyeing machines were updated to low-liquor-ratio models, which significantly reduced water consumption. Process control was optimized to increase the cloth capacity by 0.5%. Washing machines with high water consumption were replaced, and a low-concentration wastewater RO recycling system was installed to increase the wastewater recycling rate. Through equipment upgrades and process optimization, the plant cut the total water consumption per unit from 91 L/kg in 2020 to 77 L/kg in 2025, saving approximately 53,000 KL of water annually and achieving a 15.4% water conservation rate. • FEFC initiated a water conservation project for the cooling tower in 2025. The on/off cycle of the cooling fan was optimized to reduce unnecessary operation and drift loss. A side-stream filtration system was also added for the cooling tower to control sedimentation and significantly reduce the makeup water required for blowdown. The project lowered water consumption from the cooling tower by approximately 18,000 KL compared with the previous year, achieving an 11% water conservation rate. The side-stream filtration system alone conserved approximately 4,656 KL annually. • In 2025, FENV launched an improvement project to enhance water efficiency at restrooms. Urinals with adjustable flush settings were installed to replace existing models to control water usage with higher precision and avoid waste. Adjustable flush valves were also installed on squat toilets to lower water consumption for each flush cycle, which conserved 37,166 KL of water annually.
Production Refinement	The refinement of production processes is ongoing with production parameters calibrated based on professional expertise to improve water conservation. • In 2025, Hsinpu Chemical Fiber Plant recycled the water sprayed in the hydrolysis system at the production line. The wastewater was filtered and looped back for reuse, saving 2,064 KL of water. • Kuanyin Dyeing and Finishing Plant increased the cloth capacity of the printing and dyeing machine by 2%, which saved 7,260 KL of water in 2025.

Water Resources Management and Emergency Supply Measures

Contingency Plans for Emergency Water Supply	Response measures have been established based on the water shortage warnings issued by local governments. In Taiwan, this refers to the water level signals issued by the Water Resources Agency. All production sites have established contingency plans to provide emergency water supply. In 2025, there were no occurrences of production interruption caused by water shortages. FENC's emergency responses to water shortages are as follows: 1. Adjust the discharge flow from water towers and air conditioning systems to reduce the need for discharge and replenishment. 2. Activate effluent recycling and the RO filtration system as a backup water source. 3. Initiate evaluation procedures to assess the need for activating the backup water supply at production sites when the water level in the retention pond reaches the lowest permitted level. 4. Minimize risks by evaluating the need to establish additional water supply as a backup to the primary source. 5. Establish contingency plans for emergency water supply and install inter-plant water networks as mutual-aid with surrounding facilities. 6. Create water trucking plans, make regular price inquiries regarding water tankers and delivery distance and formulate contingency plans as emergency responses.
Real-time Water Consumption Monitoring	Water meters are installed to record daily consumption, track areas with unusual water usage and perform leak inspections and timely repairs.
Incorporation of Management Systems	FENC conducts water consumption review, completes performance evaluation and optimizes daily management for major water facilities based on the international standards of ISO 46001:2019 water efficiency management systems. The Company also incorporates the Plan-Do-Check-Act cycle regarding the improvement of water recycling procedures, formulation of response strategies and actions that address water risks and opportunities, as well as the establishment, implementation, operation and control of water efficiency targets. In March 2022, OPTC was among the first ten entities in Taiwan to obtain the ISO 46001 certification. The plant also passed the recertification audit in 2025.

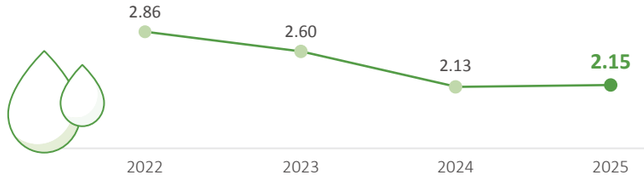
Water Consumption Performance

Water Withdrawal in 2025



Water Withdrawal per Unit of Production

Unit: kiloliters / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

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The total water withdrawal in 2025 was down by 10% from the previous year, and the total water consumption declined by 12%. Water withdrawal per unit of production saw a marginal increase of 1% compared with 2024, primarily caused by adjustments to the product structure at several production sites. FENC will continue to invest in water conservation projects and deliver results. These projects and measures will also be fine-tuned on an ongoing basis to optimize water efficiency.

Water Withdrawal and Water Consumption

Unit: megaliter

	2022	2023	2024	2025
Rivers/Lakes/Streams	8,316	7,316	6,497	5,387
Third-party Water	10,723	9,271	5,888	5,811
Groundwater	1,804	1,553	1,556	1,321
Rainwater	153	162	228	299
Total Water Withdrawal	20,996	18,302	14,169	12,818
Total Water Consumption	9,515	8,556	6,176	5,435

Note:
1. Rivers, lakes, streams and rainwater are surface water. Third-party water refers to tap water as well as wastewater from external organizations. Groundwater includes well water.
2. The difference between water withdrawal and effluent discharge is considered water consumption, which is mainly the result of evaporation at the cooling tower. Loss during production is a minor contributor.
3. The concentrations of total dissolved solids (TDS) across the water withdrawal categories are under 1,000 mg/L.
4. No quarry water, seawater, or produced water that enters an organization's boundary because of extraction (e.g., crude oil), processing (e.g., sugar cane crushing), or use of any raw material, and has to consequently be managed by the organization is used at any of FENC production sites.
5. The disclosure related to water resources covers 100% of the FENC production sites in this report, and since 2025, PFEM has been included in the reporting scope.

Water Risk Management

FENC regularly assesses the level of water risks in areas where FENC production sites are located using the Aqueduct Water Risk Atlas from the World Resources Institute (WRI). The tool assesses the overall water risks, such as water stress, riverine flood risk as well as regulatory and reputational risks. When the overall water risk score is between 3 and 4, which indicates "high risk," the production site is located in an area with high water risks.

The assessment conducted in the fourth quarter of 2025 identified nine FENC production sites as being located in high-risk areas, four of which are located in water-stressed areas. FENC is responding by strengthening its adaptation strategies, such as improving production water efficiency, establishing a rainwater harvesting system and increasing reclaimed water recycling rates. The details are provided in Water Risk Adaptation and Mitigating Actions under "3.3.3 Water Resources Management".

In 2025, total water withdrawal from FENC sites in water-stressed areas increased by 22% and water consumption by 65% compared with 2024. The main factors were short-term fluctuations in water efficiency caused by adjustments in the product structure and production processes at certain production sites, as well as equipment anomalies at individual facilities during the reporting year. FENC promptly completed the repairs and reinforced monitoring and management protocols with the aim to continue enhancing water efficiency and risk prevention, ensuring stability and sustainability with the utilization of water resources.

Water Withdrawal and Water Consumption of Production Sites Within Water Stress Zones

Unit: megaliter

	2022	2023	2024	2025
Rivers/Lakes/Streams	0	0	0	0
Third-party Water	1,674	1,603	1,511	1,846
Groundwater	0	0	0	0
Rainwater	16	27	25	25
Total Water Withdrawal	1,690	1,630	1,536	1,871
Total Water Consumption	477	468	429	707

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, a region is considered as facing high water stress when it is withdrawing 40% or more of its available water supply annually.
2. The boundary of data collection includes the four FENC production sites located in water-stressed areas. The concentrations of total dissolved solids (TDS) tested across all water withdrawal categories are equal to or lower than 1,000 mg/L.

Water Recycling and Reuse

The amount of water recycled in 2025 decreased by 12% compared with 2024. The main contributing factor is lower production, which led to a 12% reduction in the use of cooling water compared with the previous year. The water recycling rate stayed level at 99%.

Reused Water Volume and Recycling Rate

Unit: megaliter

		2022	2023	2024	2025
Circulating Water	Cooling Water	1,231,627	1,123,254	946,518	832,763
	Other circulating Water	15,527	29,173	28,063	28,259
Recycled Water	Recycled Water Excluding Reclaimed Water	1,392	1,046	930	846
	Reclaimed Water	2,898	2,543	2,067	2,587
Total (Reused Water)		1,251,444	1,156,016	977,578	864,455
Water Recycling Rate		98%	98%	99%	99%

Note:
1. "Circulating water" refers to water that is used by a water consumption facility and is directly recycled and reused within said facility without being discharged.
2. "Recycled water" refers to water that is recycled and reused after being discharged out of the water consumption facility.
3. The category, "other circulating water," primarily consists of boiler and process circulating water.
4. Water recycling rate = total reused water ÷ (total water withdrawal + total reused water) × 100%. The calculation is based on the formula for recycling (reuse) rate, R1, in the Water Usage Plan issued by the Ministry of Economic Affairs of Taiwan.

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Effluent Management Regulations

FENC established the Water Pollution Management Regulations, which has gone into effect after the Board approval. According to the regulations, the heads of the responsible units are tasked with establishing response strategies, action plans, management indicators and targets and overseeing progress tracking and management. Implementation progress is periodically reported to senior executives and the Board. In the event of violations against effluent quality regulations related to the operational status of water pollution treatment equipment, anomalies and improvement plans at production sites, while implementing remedial and improvement measures prescribed by the authorities, FENC also reinforces preventive management, including the enhancement of training.

Effluent Management System and Establishment

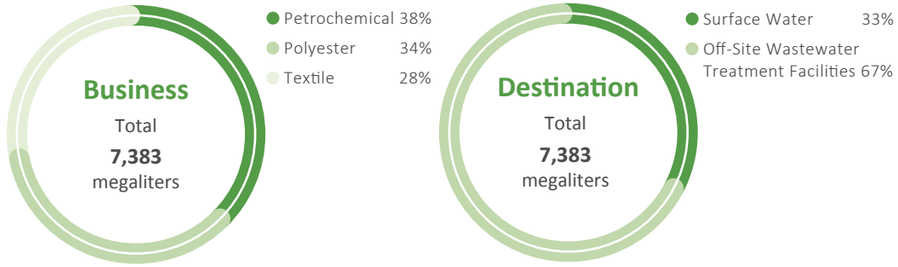
Water Pollution Management: Equipment Installation, Replacement, Maintenance and Effluent Management Measures	• Maintain the functional capacity of all water quality treatment units in the effluent system, and arrange for inspection and replacement when the performance declines, such as replacing the fine-bubble diffusers in aeration tanks, to ensure the regulatory compliance of wastewater discharge. • Establish a maintenance plan with routine inspection cycles for equipment and pipelines and inspect and maintain all systems and pipelines during the annual factory shutdown.
Water Pollution Management: Obtaining Discharge Permits	• Obtain discharge permits with scheduled renewals in accordance with the regulations and immediately apply for changes when modifications are made to the water treatment units.
Water Pollution Management: Regular Inspection and Testing	• Establish an inspection and testing mechanism for every shift and ensure full implementation in accordance with the regulations. • Arrange regular external testing in accordance with the local regulations applicable for each FENC production site. • Monitor critical process data in real time through means such as installing online monitoring instruments to ensure process capability by measuring and controlling MLSS in the wastewater treatment system. • Install CWMS for the online monitoring of effluent quality at all times.
Water Pollution Management: Outreach and Training	• Train dedicated effluent and operating personnel and assist them in obtaining national licenses. • Conduct job qualification certification and enhance water quality training. • Enhance abnormality handling capabilities and conduct regular emergency response training and assessment.

In the event of wastewater pollution or abnormal discharge, emergency management protocols are activated to contain the pollution source and prevent the escalation of impacts. Each incident is investigated methodically to identify the root cause, the scope of impact and responsibilities. The findings then dictate the formulation and implementation of specific corrective and preventive measures, such as optimizing operational procedures, increasing monitoring frequency, upgrading equipment and reinforcing personnel training, to keep similar incidents from reoccurring.

FENC has a comprehensive set of guidelines and operating procedures established to address effluent discharge. The Company conducts pollutant treatment with regular self-evaluation and testing that target an array of pollutants. Among them, those regulated by the local government are prioritized for treatment to keep the water quality in line with regulatory standards. Permits are obtained from the government authority prior to discharging the effluent into water bodies as stipulated by law, and the recycled effluent is for internal use only.

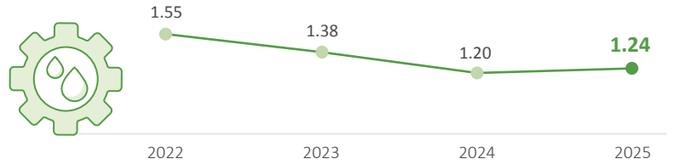
Since February 1, 2023, water users in Taiwan with over 9,000 KL in monthly consumption have been imposed a water conservation charge during the dry season. After the requirement went into effect, FENC paid a yearly charge that amounted to approximately 0.1% of the total revenues generated by its production sites in Taiwan, which does not constitute a material financial impact. FENC will minimize its water conservation charge by continuing to implement water conservation measures, utilizing reclaimed water and increasing the water recycling rate.

Water Discharge in 2025



Water Discharge per Unit of Production

Unit: kiloliter / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

In 2025, total effluent discharge decreased by 8% compared with 2024. However, an uptick of 3% is observed in effluent discharge per unit of production compared with the previous year, which is the result of structural adjustments in production capacity and changes in management conditions for cooling water and dyeing and finishing processes. FENC has optimized water management while installing and expanding effluent recycling and reuse systems to boost the water efficiency per unit of production. These measures aim to continue reducing the water footprint to help FENC implement water recycling and management with higher efficiency.

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Water Discharge

Unit: megaliter

		2022	2023	2024	2025
TDS	Freshwater	812	696	1,940	1,170
	Other Water	10,669	9,050	6,053	6,213
Destination	Surface Water	2,971	2,289	2,426	2,440
	Off-Site Wastewater Treatment Facilities	8,510	7,457	5,567	4,943
Total Water Discharge		11,481	9,746	7,993	7,383

Note:
1. FENC does not discharge effluent directly to the seawater or groundwater / well water. Please refer to the table, Effluent Treatment Methods and Final Discharge Destination.
2. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids>1,000mg/L

Water Discharge of Production Sites Within Water Stress Zones

Unit: megaliter

		2022	2023	2024	2025
TDS	Freshwater	231	182	197	226
	Other Water	983	980	910	938
Destination	Surface Water	0	0	0	0
	Off-Site Wastewater Treatment Facilities	1,214	1,162	1,107	1,164
Total Water Discharge		1,214	1,162	1,107	1,164

Note:
1. According to the Aqueduct Water Risk Atlas from the World Resources Institute, an area is considered to be faced with water stress when the ratio of total annual water withdrawal to the total available annual renewable water supply is 40% or higher.
2. The scope of the statistics covers the four FENC production sites located in water-stressed areas. Wastewater from these sites is treated on-site to meet discharge standards before being discharged into the municipal sewage system, where it is further treated by a wastewater treatment plant prior to final discharge.
3. "Fresh Water" means total dissolved solids ≤1,000mg/L; "Others" means total dissolved solids>1,000mg/L.

Effluents Treatment and Final Discharge Destination

Business	Production Sites	Effluents Treatment and Final Discharge Destination
Petrochemical	OPTC	OPTC wastewater goes through biotreatment, including anaerobic and high-efficiency aeration treatments. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Kuanyin Industrial Park and finally discharged into Shulin River.
Polyester	Hsinpu Chemical Fiber Plant	Wastewater goes through biotreatment internally. Once reaching effluent standards, it is discharged into Fengshan River.
	Kuanyin Chemical Fiber Plant	Wastewater goes through biotreatment internally. Once reaching effluent standards, it is discharged into Shulin River.
	FEFC	Wastewater goes through biotreatment (contact oxidation) and sedimentation internally. Once the water reaches the effluent standards, it is discharged into Shulin River.
	OGM	Plant 1: The wastewater is treated at the effluent treatment facility within OGM. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Kuanyin Industrial Park and eventually discharged into Shulin River. Plant 2: The wastewater is treated at the effluent treatment facility within OGM. Once reaching the sewage connection standards, the wastewater is discharged into the sewage system operational center in Taoyuan Science and Industrial Park and eventually discharged into Dajue River.
	FEIS	Wastewater is treated internally until reaching the required standards, and then discharged through the municipal pipelines to Fengxian District East Wastewater Treatment Plant. Once fully treated, the wastewater is discharged into Hangzhou Bay.
	WHFE	Treated in the internal wastewater treatment facility first, the wastewater then goes through the municipal wastewater treatment facility. Once fully treated, it is discharged into the Yangtze River.
	FEPV	Wastewater is treated internally until reaching the required standards (through online testing), and then discharged into ecological pond no. 1 in Bau Bang Industrial Park. Once fully treated, the water is discharged to Thị Tính River.
	FIGP	Tokyo Plant: Wastewater is treated internally until reaching the required standards and then discharged to Tone River. Himeji Plant: Wastewater is treated internally until reaching the required standards and then discharged to Yumesaki River.
	APG Polytech	Wastewater is treated internally until reaching the required standards and then discharged to Ohio River.
	PFEM	Wastewater is treated internally until reaching the required standards, discharged to the drainage system of Senai Industrial Estate 3, and eventually discharged into Skudai River.
Textile	Kuanyin Dyeing and Finishing Plant	Wastewater is treated in house, discharged to the wastewater treatment plant in the industrial park for further treatment, and then discharged into Shulin River.
	Tech Textiles Plant of OTIZ	Wastewater is treated internally until reaching the required standards, and then discharged through municipal pipelines to Hedong Wastewater Treatment Plant. Once fully treated, the water is discharged to the Jing-Hang Grand Canal.
	Knitting & Dyeing Plant of OTIZ	
	FEIW	Wastewater goes through Wuxi municipal sewage pipelines to the wastewater treatment facility. Once treated, the water is discharged into the Jing-Hang Grand Canal.
	FEAZ	Wastewater is treated internally until reaching the required standards, and then discharged through municipal pipelines to Chengnan Wastewater Treatment Plant. Once fully treated, the water is discharged to the Jing-Hang Grand Canal.
	FEAV	Wastewater is treated at the treatment center within the industrial park and then discharged to Saigon River.
	FENV	Wastewater is treated at the treatment center within the industrial park and then discharged to Song Be River.
	FEPV	Wastewater is treated internally until reaching the required standards (online monitoring), discharged to the wastewater treatment plant in the No. 1 ecological pond of Bàu Bàng Industrial Park , and finally discharged to the Thị Tính River.

Note:
1. On-site wastewater treatment is designed to reach the standards of secondary treatment, which aims to remove substances and materials that have remained in the water, or are dissolved or suspended in it.
2. Effluent discharge from Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, FEFC and FEIS includes wastewater from the manufacturing process, domestic use, cooling tower and cleaning water. Effluent discharge from OGM, WHFE, the knitting and dyeing plant of OTIZ, the polyester plant of FEPV and APG Polytech includes wastewater from the manufacturing process, domestic use and laboratory. Effluent discharge from PFEM includes wastewater from the manufacturing process, domestic use and cooling tower. Effluent discharge from Kuanyin Dyeing and Finishing Plant, the tech textiles plant of OTIZ, FENV and FIGP includes wastewater from the manufacturing process and domestic use. Effluent discharge from OPTC includes wastewater from the manufacturing process and cooling tower. Domestic wastewater is the only source of effluent discharge at FEIW, FEAZ and FEAV, and manufacturing process is the only source at the knitting and dyeing plant of FEPV.
3. There is no significant impact caused by the effluent on water bodies and adjacent habitats.
4. Minimum wastewater discharge standards have been established at all production sites in accordance with local regulations and industry characteristics.
5. The discharge water treatment method and final discharge location have not changed in the past three years.

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Water Risk Response Strategies and Actions

Among the risks induced by climate change is water scarcity, and FENC is responding by allocating capital towards mitigation and adaptation projects to manage or alleviate water-related physical, regulatory and reputational risks within its operations. In 2025, the capital expenditure directed towards preempting water risks and related financial impacts is approximately NT$410 million. From 2026 to 2030, the projected financial impact is estimated at NT$270 million.

Additionally, FENC is enhancing water efficiency through multiple water conservation projects, such as lowering evaporation and wind losses from the cooling tower; increasing the concentration ratio for the water circulating through the cooling system under controlled production conditions; creating water recycling and reuse systems; recycling and reusing effluents with membrane technologies.

Water Conservation Project in 2025

Actual Investment (NT$ 1,000)	Annual Water-Saving Benefit (NT$ 1,000)	Water Saved (kiloliter / year)	Percentage of Water Saving in Water Withdrawal
3,302	2,121	121,248	1%

Note: Estimated water saved is calculated by comparing it with the water consumption of the original equipment and processes before the project's implementation.

Situated in a high water-stressed region, FEPV takes proactive action by implementing process water management and water conservation projects that support water risk management policies. Both the polyester plant and knitting and dyeing plant propose process water conservation plans based on annual objectives while continuing the review and optimization of water efficiency. To advance recycling and reuse, FEPV has adopted rainwater and reclaimed water recycling systems, and the recycled water is applied towards appropriate production or non-production purposes. FEPV plans to increase recycled and reused water to reduce water withdrawal and strengthen the overall effectiveness of water resources management.

OTIZ is also located in a water-stressed area. To address water risks, the knitting and dyeing plant constructed rainwater harvesting systems on the rooftop and ground level. After treatment, the recycled water is directly applied towards the dyeing process, and the system recycles 18,000 KL of water annually. The tech textiles plant tackles water risks by harvesting surface runoffs and reusing water from the water softening process at the north plant, recycling 4250 KL annually. Through these water recycling projects, OTIZ has improved its ability to adjust water consumption, mitigate the risk of water shortages and bolster its overall water resilience.

Avid Support for Governmental Policies

OPTC signed a recycled water use contract with the Taoyuan City Government for a three-phase project to utilize reclaimed water. The first phase was completed on October 31, 2025. Of the 40,000 KL daily output, approximately 15,000 KL is utilized by OPTC. As of December 31, 2025, OPTC had utilized 697,830 KL of water reclaimed through this project. Taoyuan North District Water Resources Recycling Center supplies the treated effluent. Once meeting the water quality standards, the effluent is purified and reclaimed through the ultrafiltration and RO systems, and then sent to the end industrial users through the pipelines. This project is the exemplification of water recycling and reuse with the benefit of preventing water shortages during dry seasons.

3.4 Steering Environment Management

3.4.1 Air Pollution Management

FENC adopts a stream of technologies to prevent and control air pollution. Regular reviews are conducted over existing facilities and production flow to ensure compliance with all emission standards. The Company uses online monitoring systems and equipment to record real-time conditions and keep tabs on any unusual occurrences with a priority focus on mitigating environmental risks in production design and minimizing pollution caused by the production process. All pollutant emission data is in compliance with regulatory standards and filed with the authority.

Air Pollution Management Regulations

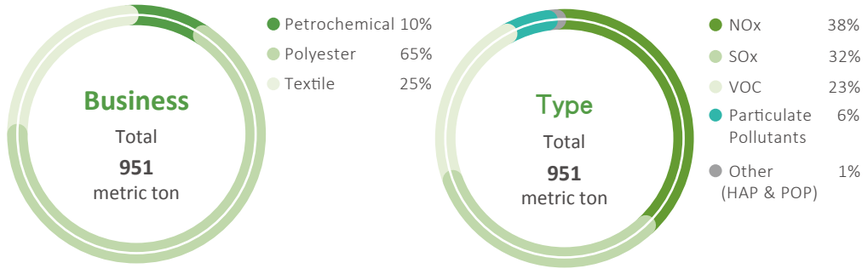
FENC established the Air Pollution Management Regulations in accordance with the ISO 14001 environmental management framework, which explicitly defines applicable entities, responsible units, management indicators, response strategies and action plans, and the air pollution control measures have been integrated into daily operations and management protocols. The Company ensures that pollutant emissions at all production sites comply with regulatory requirements through equipment operation and maintenance, regular monitoring, internal and external audits and response mechanisms addressing anomalies, while devoting ongoing efforts to tracking, reviewing and improving management performance.

Air Pollution System Establishment and Management

Optimization of Equipment related to Air Pollution Monitoring	1. Monitor data on air pollutant emissions in accordance with regulatory requirements. 2. Install particulate pollutant detection equipment for dust collection systems based on production requirements.
Personnel Operation and Control	1. Conduct regular air pollution training for operating personnel. 2. Enhance staff's abnormality handling capabilities and emergency response. 3. Conduct regular training for specialized air pollution control personnel. 4. Review amendments to air pollution regulations on a regular basis and conduct internal outreach and training based on actual regulatory provisions to enhance regulatory compliance.
Regular External Testing of Air Pollution Control Equipment	1. Conduct regular testing in accordance with regulatory and production requirements. 2. Conduct regular relative accuracy test audits on equipment utilizing gas emission monitoring and continuous emissions monitoring systems in accordance with regulatory requirements.
Replacement of Production Equipment to Reduce Air Pollutant Emissions	1. Replace fuels with high air pollutant emissions with low-emission alternatives. 2. Conduct regular inspections and promptly repair leaking pipeline and equipment to mitigate the risk of air pollutant leakage. 3. Continue improving or adding air pollution control equipment to minimize the impact of production activities on air quality.
Additional Air Pollution Control Equipment	1. Reduce air pollution by converting nitrogen oxides (NOX) into gases with lower environmental impacts before discharge. 2. Install multiple dust collection and filtration devices to intercept dust generated during production and prevent the dispersal of particulate pollutants into the air. 3. Utilize waste gas treatment equipment, such as wet scrubbers, to remove sulfur oxides (SOX) before discharge and minimize impacts on the environment and human health. 4. Reduce the emission of volatile organic compounds (VOCs) and odors using methods such as adsorption, combustion or condensation recovery to maintain the air quality in the surrounding environment.
Equipment Replacement with High Fuel-efficiency Options	1. Establish maintenance plans and perform regular maintenance to ensure stable equipment operation. 2. Conduct regular inspection and maintenance and upgrade the boiler air preheater as needed. 3. Continue improving or updating combustion equipment to enhance efficiency and reduce air pollution.

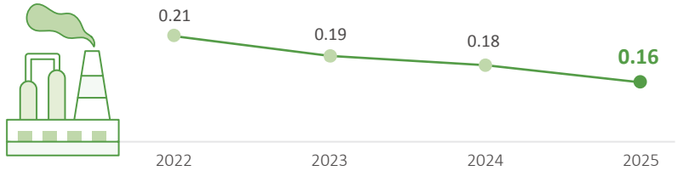
Content

Air Pollutant Emissions in 2025



Air Pollutant Emissions per Unit of Production

Unit: kg / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

In 2025, total air pollutant emissions decreased by 19% compared with the previous year, and air pollutant emissions per unit of production declined by approximately 11%. The main contributing factors behind the lower emission levels are fluctuations in overall production volume and improved fuel quality. In the future, FENC will continue to enhance the efficiency of air pollution prevention and control, as well as the monitoring of air pollution control equipment.

Incorporation of Innovative Technology and Equipment

1. At Hsinpu Chemical Fiber Plant, boilers are the primary source of air pollutant emissions. All existing pollution control equipment meets the standards of the best available control technology for stationary sources. In 2025, the plant enhanced production equipment and implemented fuel conversion, phasing in natural gas and low-sulfur fuels while reinforcing regular maintenance and self-monitoring for the control equipment. The efforts reduced total air pollutant emissions by 32% in 2025 compared with the previous year.
2. The primary source of air pollutant emissions at WHFE is the production line, with vacuum exhaust from the sheet production lines accounting for approximately 85% of WHFE's total emissions. After installing honeycomb activated carbon for waste gas treatment, the plant is in compliance with the air quality standards. WHFE also replaced all diesel forklifts with electric models and upgraded exhaust treatment facilities in the canteen to reduce non-process emission sources. To further improve exhaust treatment efficiency, a two-stage activated carbon adsorption system was installed at the hot-melt process exhaust outlets in 2025. The improvement enhanced WHFE's ability to remove VOCs, reduce pollutant discharge and minimize environmental impacts on the surrounding areas, helping the plant to continue bolstering the overall performance in emission reduction.
3. FEIS has ensured high-efficiency equipment operation by installing low-NOx burners, optimizing the operation of natural gas boilers and maintaining dust removal and VOC treatment equipment. FEIS also reduces emissions, such as particulate matters, through regular equipment inspections and maintenance, including timely replacement of filters and wear-and-tear items. In 2025, total emissions dropped by approximately 16% from the previous year.
4. In 2025, OGM continued enhancing air pollution control and management through production and equipment optimization. Projects completed include maintenance, repairs and application of internal coating for scrubbers and secondary external wall insulation for boilers to enhance operational stability and mitigate the risk of abnormal emissions. In 2026, OGM plans to upgrade activated carbon dosing equipment to improve its stability when dispensing carbon. The plant also intends to utilize online monitoring and warning systems to observe the operation in real time and keep the exhaust treatment systems operating consistently. The optimization of equipment and reinforcement of operational management have helped OGM comply with permit requirements and environmental regulations regarding stationary source emissions to minimize environmental impacts.

Air Pollutant Emissions

Unit: metric ton

	2022	2023	2024	2025
NOx	675	494	452	358
SOx	333	388	337	308
VOC	430	382	308	221
Particulate Pollutants	87	71	74	60
HAP	3	3	3	4
POP	0	0.07	0.08	0.08
Total	1,528	1,338	1,174	951

Note:
1. Only the emitted gas types are listed.
2. Particulate pollutants include particulate matter, dust and smoke.
3. The data types include: actual measured values, annualized sample values and estimated values.
4. Data sources on HAP emissions are collected at APG Polytech, FIGP, Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant and OGM. APG Polytech regulates HAPs in accordance with mandates from the U.S. Environmental Protection Agency; FIGP abides by the list of HAPs in Japan; Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant and OGM are governed by the Standards for Air Pollutant Emission from Stationary Pollution Sources enacted by the Ministry of Environment in Taiwan.
5. Disclosure on air pollutant emissions covers 100% of the FENC production sites in this report, and since 2025, PFEM has been included in the reporting scope.

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3.4.2 Waste Management

General and Hazardous Waste Management Policy

FENC is committed to optimizing waste management by improving resource efficiency in production activities, reducing waste disposed through avoidance and boosting the recycling and remanufacturing rates of production waste. The aim is to implement waste management through "classification to reduction; waste to earnings; earnings to valuables." In March 2026, the Board approved the Environmental Sustainability Policy, and the key provisions targeting pollution prevention and waste management are as follows:

- Establish environmental management systems that manage pollutants, ensure proper waste disposal and implement prevention measures.
- Implement resource circulation, the reduction of general and hazardous waste and recycling and reuse to mitigate environmental impacts.

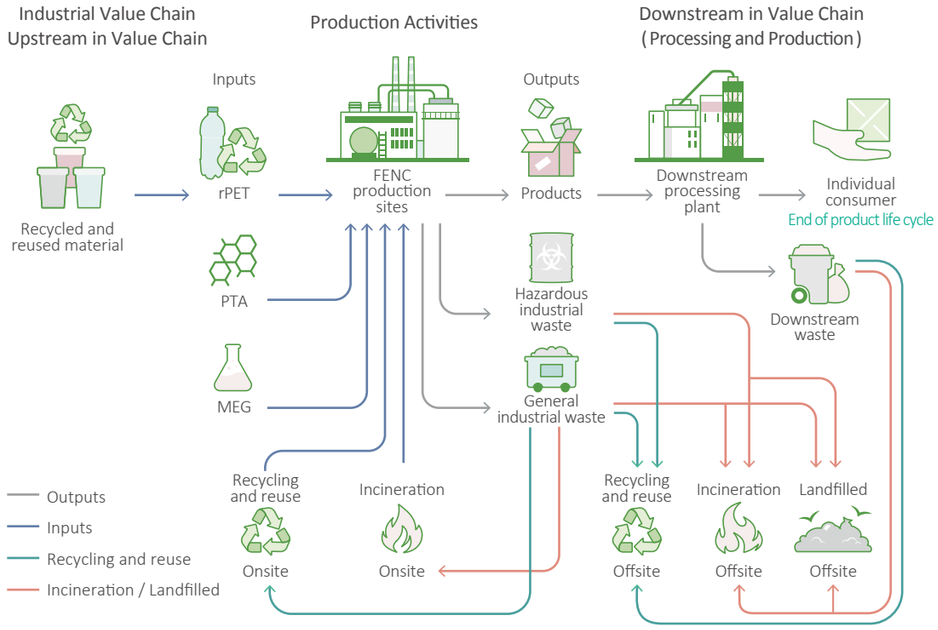
Waste Management System and Establishment

Compliance with ISO 14001 Environmental Management System	Implement avoidance, classification and recycling with the ISO 14001 environmental management system as guiding principles.
Waste Reduction at the Source	Reduce production and material waste through production and operation improvement.
Comprehensive Waste Classification System	Establish a waste classification and categorization system to increase the recycling and reuse rates.
Selection of Qualified Waste Management Companies	Select qualified waste management companies to ensure the recycling and reuse of valuable waste and proper disposal of valueless waste.
Waste Declaration and Tracking in Accordance with Regulatory Requirements	1. File the waste declaration and tracking in accordance with the law to ensure regulatory compliance of the waste treatment process. 2. Strengthen the control of hazardous waste and track the type, quantity, destination, storage, utilization and treatment of outsourced hazardous waste.

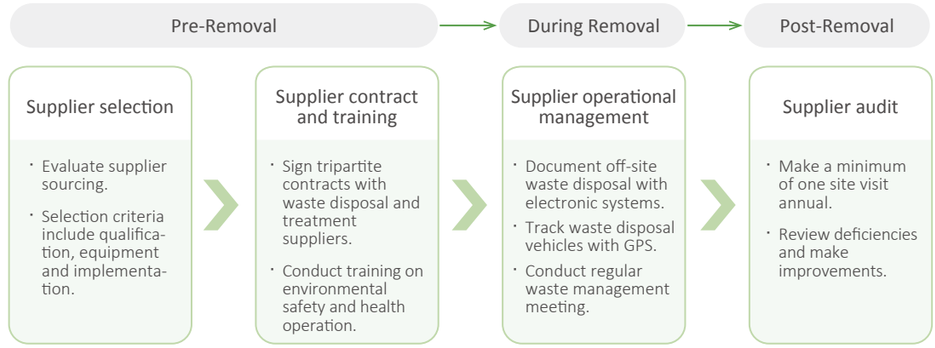
Waste Impact Assessment

Waste materials generated from the business activities at FENC can be broken down into 98% regular industrial waste and 2% hazardous industrial waste. The hazardous industrial waste includes used chemical bottles for testing, lubricant/oil and light tube/electrical batteries, which are stored in hazardous waste storage facilities and processed 100% by qualified waste management companies.

Waste Treatment Process Flow



Management Procedure for Waste Disposal Suppliers



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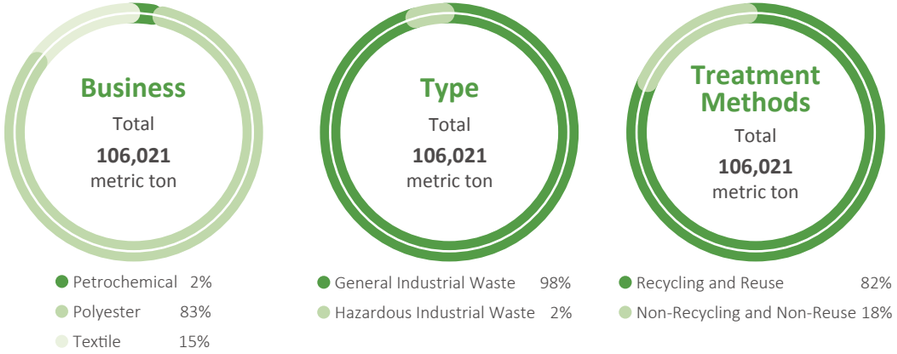
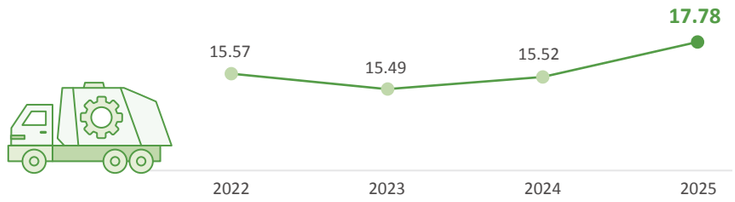
Waste Generated in 2025



Waste Generated per Unit of Production

Unit: kg / metric ton of production



Note: The production statistical unit at FEAZ, FEAV and FENV is pieces of garments rather than metric tons. Thus, the three production sites are excluded.

Waste Generated

Unit: metric ton

		2022	2023	2024	2025
Treatment Method	Recycling and Reuse	95,718	92,706	89,413	87,225
	Non-Recycling and Non-Reuse	18,496	16,384	13,821	18,796
Type	General Industrial Waste	111,023	102,545	100,776	103,566
	Hazardous Industrial Waste	3,191	6,545	2,458	2,455
Total Waste		114,214	109,090	103,234	106,021

Total waste generated at FENC in 2025 increased by 3% compared with 2024, and the waste per unit of production rose by 15% from the previous year. This increase was primarily attributable to the adjustment of production capacity, which led to a rise in on-site recycling and reuse, and the commencement of operations at expanded facilities. Looking ahead, FENC will continue to establish waste reduction and improvement plans to implement source reduction. By prioritizing waste recycling and reuse, FENC aims to achieve waste reduction management and resource circularity.

Data of Waste

Unit: metric ton

				2022	2023	2024	2025
Recycling and Reuse	General Industrial Waste	Production Waste	On-Site Recycling and Reuse	18,497	32,344	24,333	37,356
			Sold	28,230	22,775	25,160	17,474
			Off-Site Disposal	45,994	32,739	38,504	31,063
		Domestic Waste	On-Site Recycling and Reuse	0	0	0	0
			Sold	514	245	303	152
			Off-Site Disposal	720	82	99	126
	Hazardous Industrial Waste	Production Waste	On-Site Recycling and Reuse	0	0	0	0
			Sold	362	422	399	427
			Off-Site Disposal	1,401	4,099	615	627
	Total			95,718	92,706	89,413	87,225
Non-Recycling and Non-Reuse	General Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	495	2,344	2,816	2,747
			Incineration With Energy Recovery (Off-Site)	891	598	968	5,380
			Incineration Without Energy Recovery	3,554	2,802	2,428	2,705
			Landfilling	62	35	137	0
			Disposal Operations	6,128	2,894	1,718	2,138
		Domestic Waste	Incineration With Energy Recovery (On-Site)	0	0	0	0
			Incineration With Energy Recovery (Off-Site)	333	407	75	46
			Incineration Without Energy Recovery	1,248	1,808	1,438	1,294
			Landfilling	2,426	1,795	1,895	2,583
			Other Disposal Operations	1,932	1,676	902	502
	Hazardous Industrial Waste	Production Waste	Incineration With Energy Recovery (On-Site)	0	0	0	0
			Incineration With Energy Recovery (Off-Site)	25	59	3	2
			Incineration Without Energy Recovery	1,373	1,677	1,280	1,335
			Landfilling	1	5	1	26
			Other Disposal Operations	28	284	160	38
	Total			18,496	16,384	13,821	18,796
Total Waste				114,214	109,090	103,234	106,021

Note:
1. Waste materials are classified based on local governmental regulations. For instance, sludge generated from wastewater treatment is deemed hazardous industrial waste based on the definitions of Chinese and Vietnamese governments while it is deemed as general industrial waste in Taiwan.
2. Non-recycling and non-reused waste disposal are handled off-site by qualified waste treatment companies.
3. Disclosure on waste materials covers 100% of the production sites in this report, and since 2025, PFEM has been included in the reporting scope.
4. In 2025, production waste at FIGP was no longer sold. Instead, the production waste was incinerated without landfilling. Therefore, only valuable metals sold were accounted for in the disclosure of production waste under recycling and reuse.

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Rebirth in Spring: From Waste to New Life

In early 2025, FEAV launched the campaign, Rebirth in Spring: From Waste to New Life, aiming to raise employees' awareness of waste classification through engaging activities. FEAV adopted an innovative "incentivized" recycling model. While celebrating the festivities of the Lunar New Year, FEAV encouraged over 1,500 employees to bring the recyclable waste they had collected, including paper, plastic and metal in exchange for exquisite New Year gifts. Over 1,411 kilograms of reusable waste were collected over the course of the campaign, all of which were transferred to qualified companies for treatment. By making environmental actions an integral part of employee welfare, FEAV has built corporate cohesiveness while integrating sustainability into employees' daily habits, which realizes its green vision: to create miracles from waste.

Safeguarding Environmental Sustainability with Total Employee Participation During the Quarterly Waste Collection Program

The year 2025 marked the seventh consecutive year of FENV's quarterly waste collection program, which aims to boost employees' involvement in environmental protection campaigns with a strong sense of responsibility. Intentionally designed as a quarterly event, the program encourages employees to take the initiative, participating in the cleanup campaigns, cleaning adjacent environment and public areas and clearing and classifying the waste collected. In 2025, this program cleared 260 kilograms of waste materials. While keeping the work environment clean, the program also built a strong environmental defense by reinforcing green awareness among FENV employees.

Supply Chain Management and Education Training

FENC provides safety training to waste management suppliers, covering safety precautions for waste loading operations and the plant security management systems. In 2025, a total of 234 participants from 59 general waste management suppliers attended the training, representing 57% of its total general waste management suppliers. In addition, a total of 209 participants from 23 hazardous waste management suppliers attended the training sessions, accounting for 70% of the total hazardous waste management suppliers.

FEAV participated in the waste management exchange program that Nike, its brand customer, organized for suppliers to tackle waste through avoidance, recycling and reuse. FEAV launched its waste management program in 2023 with the objective of waste minimization. The plant listed specific management strategies targeting nearly 50 types of waste materials, such as waste fabrics, containers and oil. The plant also reinforced waste management training by conducting quarterly workshops and forming working and learning groups for employees to share practices in waste reduction and recycling. These approaches are helping FEAV accomplish its environmental goals.

Pioneering a Global Circular Supply Chain with the World's First Closed-loop Import Model for Textile Scraps

Hsinpu Chemical Fiber Plant has been implementing the textile-to-textile "rTEX" production process. By collaborating with FEAV, which is FENC's overseas subsidiary, the plant has successfully established a model for importing textile scraps.

Proceeding in accordance with governmental regulations, the plant imported approximately 8,000 kilograms of textile trimmings and scraps in 2025. Once the fabric composition was verified by third-party inspections, these materials were transformed into recycled raw materials and made into yarns supplied to world-renowned apparel brands.

While textile-to-textile recycling is a key strategic course for the circular economy, sourcing raw materials remains a challenge. Hsinpu Chemical Fiber Plant has overcome geographical constraints, securing recycled feedstock by establishing a stable stream of resources from overseas FENC sites. This import model is expected to help Hsinpu Chemical Fiber Plant fulfill the green missions of international brands such as Nike, adidas and Lululemon. While addressing the environmental issues caused by textile waste, the recycling and remanufacturing of textile materials also mitigate air and soil pollution caused by incineration and landfilling and reduce the consumption of natural resources.

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3.4.3 Ecological Protection

Biodiversity Management Policy

Guided by the Environmental Sustainability Policy approved by the Board, FENC is aggressive in the implementation of biodiversity management, and nature-related impacts have been incorporated into its corporate risk control procedures. Having committed to abiding by the Kunming-Montreal Global Biodiversity Framework and protecting nature, FENC has established the following long-term visions:

2030: Zero Deforestation

2035: No Net Loss

2050: Net Positive Impact

FENC established the Sustainability Implementation Committee to oversee policy implementation, inter-departmental collaboration and performance review across the entire corporation, including all self-owned operational sites and employees and subsidiaries under FENC's direct operational control, as well as affiliates, associates, suppliers/contractors and other business partners with significant influence. The Company's strategies regarding biodiversity are as follows:

- Evaluate or monitor biodiversity risks and opportunities, including the risks of biodiversity dependencies and impacts, follow the mitigation hierarchy of "avoid, minimize, restore and offset," establish management measures and integrate biodiversity risk assessment into the corporate risk management process to strive for reducing the impact of operations and the value chain on nature and ecosystems.
- Include nature-related and biodiversity risks as evaluation criteria when selecting suppliers, other business partners or the location of production sites to avoid operational activities in significant global or national biodiversity areas.
- Engage with stakeholders on biodiversity issues to enhance the awareness and management capabilities of suppliers and other business partners, forming collective actions in the implementation of environmental empowerment and nature-positive initiatives.

Environmental Sustainability Policy

Actions Supporting TNFD

In March 2026, FENC was officially recognized by TNFD as an adopter, the first enterprise in Taiwan's chemical industry to be included on this list, which underscores the Company's leadership and strategic foresight in TNFD disclosure.

Nature Governance Framework and Oversight Mechanism

FENC's nature governance is led by the Board of Directors which oversees the Company's climate- and nature-related strategies and management guidelines. It also set up a functional committee at the board level, the Sustainability Committee. Within its production business, the Sustainability Implementation Committee was established, with the President of Corporate Management serving as the convenor, collaborating with the production sites and business units of each Business and the Corporate Management to implement climate- and nature-related management actions.

Management Procedures for Nature-Related Issues

FENC has adopted the LEAP approach from the TNFD framework to establish management procedures for nature-related issues, integrating these topics into the Company's management processes. The responsible units coordinate nature-related management tasks, while the Sustainability Team under the Corporate Staff Office consolidates relevant performance outcomes and reports to the Sustainability Committee and the Board of Directors, ensuring the governing bodies effectively manage nature-related issues.

Ecological Footprint and Critical Natural Capital Identification in the Value Chain	Critical Natural Capital Risks and Opportunity Identification and Impact Analysis	Setting Measurement Metrics and Management Targets	Monitoring, Measurement and Disclosure
LEAP Approach: L1-L4, E1-E4	LEAP Approach: A1-A4	LEAP Approach: A2, A3, P1, P2	LEAP Approach: P3, P4
• Define the scope and boundaries of the nature assessment. • Use international nature-related databases to analyze value chain characteristics and establish evaluation principles for Critical Natural Capital. • Analyze the value chain's critical dependencies on ecosystem services, nature-related impacts, and sensitive locations. • Consolidate and analyze results to identify and locate Critical Natural Capital and priority management sites within the value chain.	• Study international reports and industry status to compile a list of risks and opportunities related to Critical Natural Capital. • Identify Critical Natural Capital risks and opportunities in accordance with material risk and opportunity identification principles • Use scenario analysis, financial impact estimation, and other methods to quantify the impacts of material nature-related risks and opportunities, providing information needed for decision-making.	• Develop measurement methods for Critical Natural Capital and establish monitoring and performance tracking indicators. • Formulate concrete management measures for material nature-related risks and opportunities, and set medium- to long-term action plans. • Set clear and traceable management objectives as the basis for performance evaluation and improvement.	• Refer to the TNFD framework's dimensions of governance, strategy, risk management, and metrics and targets to implement nature-related performance disclosure and information communication. • Regularly report management outcomes and progress on relevant issues to the Sustainability Committee and the Board of Directors.

Nature-Related Risk and Impact Assessment Using the LEAP Approach

Following TNFD's LEAP approach, FENC prioritizes its primary operation sites under the Production Business and critical raw material suppliers as the scope for assessment and considers the comprehensive evaluation of factors such as proximity to sensitive areas, species sensitivity, water risks, pollutant emission profiles, operational scale, management accessibility and value chain significance. The results are applied towards identifying sites, products and services with significant actual or potential impacts on biodiversity.

Data sources encompass internal operational data, site-specific information and supply chain records, supplemented by secondary and modeling data from public databases of international or local governments. At this stage, FENC is focusing on its major production operations and critical raw material suppliers, and the future plan is to gradually extend the scope upstream to include more supply chain tiers and downstream with additional value chain segments. Meanwhile, efforts to engage with suppliers and refine data will continue to enhance assessment accuracy and coverage.

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Identification of Critical Natural Capital

FENC references the Exploring Natural Capital Opportunities, Risks and Exposure (ENCORE) database to identify potential nature-related dependencies and impacts within its own production operations and across critical raw material suppliers to clarify the interdependencies between the value chain and natural capital.

The key ecosystem services identified are primarily provisioning and regulating services, such as water supply, soil and sediment retention, water quality improvement, water flow regulation, flood prevention and storm mitigation. Certain cultural and knowledge-based services related to material research and development are also identified, such as education, science and research services. The main beneficiaries of these ecosystem services are FENC production sites, employees, suppliers, customers and the communities adjacent to its operational locations.

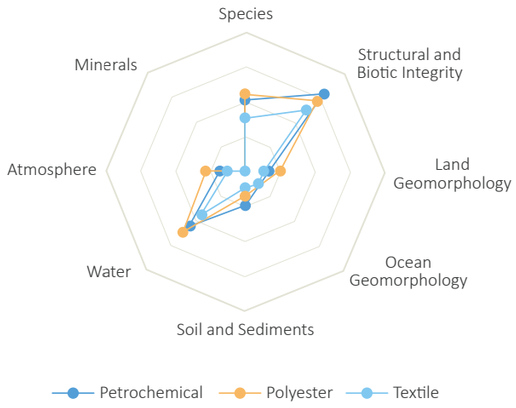
Nature Dependence and Impact Drivers Heatmap

Risk Level: Extremely High, High, Moderate, Low, Extremely Low, Not Relevant

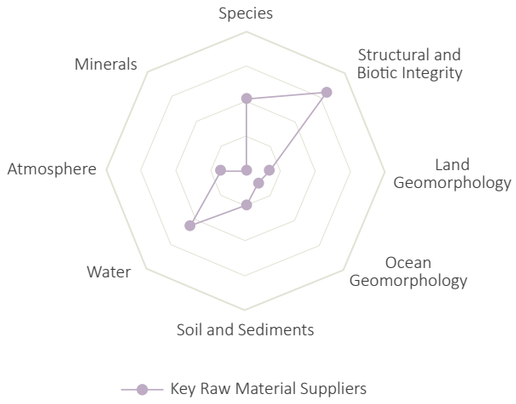
	Business Operations	Own Operation			Key Raw Material Suppliers
		Petrochemical Business	Polyester Business	Textile Business	
Dependency	Provisioning services: Biomass provisioning	-	-	-	-
	Provisioning services: Genetic material	-	-	-	-
	Provisioning services: Water supply	Low	Low	Low	Low
	Provisioning services: Other provisioning services- Animal-based energy	-	-	-	-
	Regulating and maintenance services: Global climate regulation	Low	Low	Low	Low
	Regulating and maintenance services: Rainfall pattern regulation	Low	Low	Low	Low
	Regulating and maintenance services: Local (micro and meso) climate regulation	Low	Low	Low	Low
	Regulating and maintenance services: Air Quality Regulation	Low	Low	Low	Low
	Regulating and maintenance services: Soil quality regulation	-	-	-	-
	Regulating and maintenance services: Soil and sediment retention	Low	Low	Low	Low
	Regulating and maintenance services: Solid Waste Treatment	Low	Low	Low	Low
	Regulating and maintenance services: Water purification	Low	Low	Low	Low
	Regulating and maintenance services: Water flow regulation	Low	Low	Low	Low
	Regulating and maintenance services: Flood control	Low	Low	Low	Low
	Regulating and maintenance services: Noise attenuation	Low	Low	Low	Low
	Regulating and maintenance services: Storm mitigation	Low	Low	Low	Low
	Regulating and maintenance services: Pollination	-	-	-	-
	Regulating and maintenance services: Biological control services	-	-	-	-
	Regulating and maintenance services: Nursery population and habitat maintenance	-	-	-	-
	Regulating and maintenance services: Other regulating and maintenance service- Dilution by atmosphere and ecosystems	Low	Low	Low	Low
	Regulating and maintenance services: Other regulating and maintenance service- Mediation of sensory impacts (other than noise)	Low	Low	Low	Low
	Cultural services: Recreation related services	-	-	-	-
	Cultural services: Education, scientific and research services	-	Low	-	-
	Cultural services: Spiritual, artistic and symbolic services	-	-	-	-
Impact	Disturbances (e.g noise, light)	Low	Low	Low	Low
	Freshwater Use (Area)	-	-	-	-
	GHG Emissions	Low	Low	Low	Low
	Seabed Use (Area)	-	-	-	-
	Emissions of Air Pollutants (non-GHG)	Low	Low	Low	Low
	Other biotic resource extraction (e.g. fish, timber)	-	-	-	-
	Other abiotic resource extraction	-	-	-	-
	Emissions of toxic pollutants to water and soil	Low	Low	Low	Low
	Emissions of nutrient pollutants to water and soil	-	Low	-	-
	Solid Waste Generation	Low	Low	Low	Low
	Land Use (Area)	Low	Low	Low	Low
	Water Use	Low	Low	Low	Low
	Introduction of invasive species	-	-	-	-

Note:
1. ENCORE was jointly developed by Global Canopy, the UN Environment Program Finance Initiative (UNEP FI), and the UN Environment Program World Conservation Monitoring Centre (UNEP-WCMC).
2. Data source: ENCORE Knowledge Base (October 2024 edition), used to analyze the potential dependencies and impacts of the following industries.
3. Industry sectors of FENC's Production Business: Manufacture of Basic Chemicals, Manufacture of Textiles, Manufacture of Wearing Apparel, Except Fur Apparel; Industry sectors of key Raw Material suppliers: Manufacture of Basic Chemicals

Natural Capital Dependencies and Impacts of Own Operations



Natural Capital Dependencies and Impacts of Key Raw Material Suppliers



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Results of Critical Natural Capital Identification

The results identified three natural capital issues essential to FENC's own operations and critical raw material suppliers: ecosystem structure and biological integrity; water resources; species.

For FENC, stable water supply, water quality regulation and disaster mitigation capabilities pose direct influence over process stability, operational costs and supply chain resilience, while education, science and research services provided by natural systems are beneficial for innovation in material design, green products and eco-friendly technologies. Meanwhile, FENC recognizes that its operations and supply chain activities may exert pressure on these ecosystem services in the form of pollutant emissions, water withdrawal, disturbances and resource consumption, thus taking management actions in alignment with key climate and nature-related management issues.

Identification of Natural Sensitivity

Natural Sensitivity Assessment Result of Own Operational Sites

VH Very high concern　H High concern　M Moderate concern　L Low concern　VL Very low concern

Region	Production Sites	Level of Concern	Sensitive species
Taiwan	OPTC	H	Leopard Cat
	Hsinpu Chemical Fiber Plant	H	Leopard Cat, Pangolin, Snakehead Turtle, Yellow Pond Turtle
	Kuanyin Chemical Fiber Plant	H	Leopard Cat
	FEFC	H	Leopard Cat
	OGM	H	Leopard Cat
	Kuanyin Dyeing and Finishing Plant	H	Leopard Cat
Mainland China	FEIS	H	None
	Tech Textiles Plant of OTIZ	H	None
	Knitting & Dyeing Plant of OTIZ	H	None
	FEIW	H	None
	FEAZ	H	None
	WHFE	M	None
Vietnam	FEPV-Polyester Plant	H	None
	FEPV-Knitting & Dyeing	H	None
	FEAV	H	None
	FENV	H	None
Japan	FIGP	L	None
U.S.	APG Polytech	L	None

FENC used multiple tools to analyze natural sensitivities across its value chains. For sites in Taiwan, ecologically sensitive area identification was conducted using the National Ecological Network spatial data published by the Forestry and Nature Conservation Agency, Ministry of Agriculture. For overseas sites, identification was carried out using Key Biodiversity Areas (KBA) spatial data, developed by the Key Biodiversity Areas Partnership. In addition, FENC used the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI) to assess water resource risks at both its own operational sites and those of its key raw material suppliers.

Finally, by integrating the results of ecologically sensitive area identification and water resource risk assessment, FENC completed its natural sensitivity assessment for both its own operations and key raw material suppliers.

The natural sensitivity analysis of key raw material suppliers shows that suppliers in Saudi Arabia have relatively high natural sensitivity ratings because their sites are located near KBAs and involve sensitive species such as Broad-billed Sandpiper. In Taiwan, key raw material supplier sites overlap with areas of concern in the National Ecological Network and involve sensitive species such as Leopard Cat and Eastern Grass-owl, resulting in moderate or above natural sensitivity ratings. In mainland China, key raw material supplier sites are located near KBAs and in areas of high water risks, so many of these suppliers in this region are rated moderate or above in natural sensitivity.

FENC will continue to enhance its management of nature-related impacts across its global key raw material suppliers, advancing together toward a nature-positive growth path.

Results of the Natural Sensitivity Assessment for Key Raw Material Suppliers

	Number of Key Raw Material Suppliers with Natural Sensitivity Rated Moderate or Above	Sensitive Species
Mainland China	17	None
Taiwan	9	Leopard Cat, Eastern Grass-owl
Saudi Arabia	4	Broad-billed Sandpiper
Korea	3	None
Japan	1	None
Kuwait	1	None
U.S.	1	None
Thailand	1	None
Vietnam	1	None

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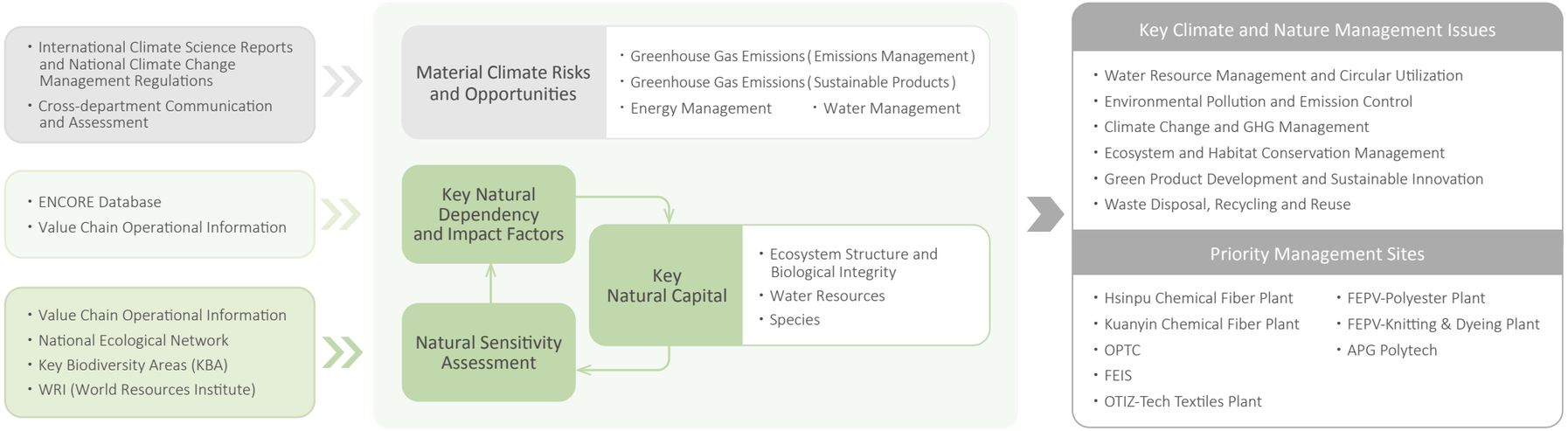
Nature-Related Management Issues Identification Process and Results

Based on the identification results of material climate risks and opportunities and critical natural capital, and with reference to the industry's nature-related risk and opportunity impact pathways, FENC has identified key climate- and nature-related management issues. These include water resource management and recycling, environmental pollution and emissions control, climate change and GHG management, ecosystem and habitat conservation, green product development and sustainable innovation, as well as waste disposal, recycling and reutilization. These issues remain core focus areas for FENC's ongoing efforts and continuous improvement.

The annual assessment results indicate that eight FENC's production sites have been identified as priorities for management, including Hsinpu Chemical Fiber Plant, Kuanyin Chemical Fiber Plant, and OPTC in Taiwan, FEIS and tech textiles plant of OTIZ in mainland China, the polyester plant and knitting and dyeing plant of FEPV in Vietnam, and APG Polytech in the U.S. At the same time, FENC has also engaged closely with suppliers to ensure the effective execution of its overall management strategy.



Actions for Biodiversity Impact Management

Avoid

- Avoid damaging critical natural habitats and ecologically sensitive areas, and reduce the stress of operations on ecosystems.
- Give priority to adopting eco-friendly and net-zero-oriented production and supply chain models to raise resource use efficiency and reduce GHG and pollutant emissions.

Reduce

- Reduce GHG and pollutant emissions, as well as energy and resource consumption in production processes, through low-carbon and recycling technologies.
- Improve existing products toward low-carbon, low-pollution technologies and green product design to reduce product carbon footprint and environmental impacts.

Restore

- Engage in habitat restoration and ecological rehabilitation projects to accelerate the recovery of ecosystem health, integrity, and sustainability.
- Participate in waste governance and resource recycling mechanisms to reduce long-term environmental impacts.

Regenerate

- Develop green materials to promote innovative applications of renewable resources.
- Assess the feasibility of Nature-based Climate Solutions (NCS), focusing on ecological carbon sink and ecosystem restoration capacity.

Transform

- Implement science-based climate and nature governance to enhance management effectiveness.
- Strengthen collaboration with government, industry, and academic institutions to promote energy transition, circular economy, and ecosystem restoration.

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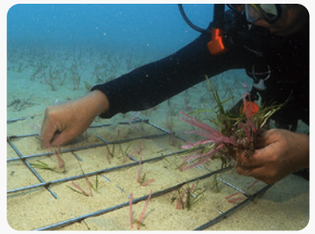
Restoring Seagrass in Penghu to Promote Habitat Rehabilitation and Biodiversity

Today's world is one that is encountering drastic climate and environmental changes, and one that has to witness ocean warming, plastic pollution and overfishing, which are destabilizing marine ecosystems at an alarming rate. Among them, seagrass beds, the blue carbon ecosystems, are facing a crisis. Seagrass beds are vital habitats, serving as breeding and feeding grounds for marine life. However, they are gradually declining. The loss of seagrass beds at a massive scale means not only the loss of food sources and sanctuary for marine life, but direct impacts on fishery resources and marine biodiversity. In light of the urgency, FENC reached across disciplines and formed a long-term partnership with Business Today and the Penghu Fishery Research Center of the Fisheries Research Institute, Ministry of Agriculture. In September 2025, the partners kicked off the seagrass restoration project targeting the waters of Tongliang, Penghu in the hope of restoring the marine ecosystem acre by acre.

The project site is located approximately one kilometer off the coast of Tongliang. With fine water quality and minimal human disturbance, the sandy subtidal area was chosen as the restoration base. Historically a vital nursery for juvenile fish, the site possesses immense potential for ecological recovery. As the sponsor of this project, FENC solicited the help of a professional team, which sent scuba divers to plant 1,200 seagrass shoots across the bare sandflats and made sure the restoration area exceeded 12 square meters. To boost the diversity of seagrass species and habitat resilience, the team adopted mixed-species planting and selected Halodule uninervis, Halophila ovalis and Zostera japonica, which are seagrass species among the primary food sources for green sea turtles and dugongs.

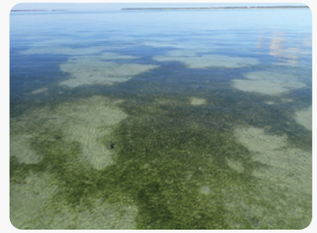


Seagrass transplantation using the Rhizome Method

A number of techniques have been adopted for this project. Among them is a pioneering method recently developed by the Penghu Fishery Research Center involving protective netting over the newly transplanted seagrass shoots. Given their susceptibility to dislodgement caused by frequent disturbance from sand-burrowing organisms or grazing by herbivorous marine life such as rabbitfish (Siganus), the team installed specialized protective netting over the restoration area immediately after anchoring the seagrass into the substrate using the Rhizome Method. Underwater monitoring conducted 33 days after the transplantation witnessed the powerful protection provided by this innovative approach, which delivered a flawless record of a 0% dislodgement rate, a stark contrast to the initial dislodgement rates as high as 60% prior to the use of the protective netting. Moreover, the majority of the seagrass had been thriving with the growth of new leaves and anchoring their roots firmly in the seabed.

As the shoots flourished, the seagrass coverage is significantly expanded from the initial 9.4% to 12% and the restoration area from 12 to 13.2 square meters. Especially evident was the growth of Halophila ovalis, a pioneer species. Gradually, the barren bare sandflats are transformed into a burgeoning seagrass bed with great potential to nourish a healthy habitat.

The restoration of seagrass beds is making a difference in terms of local biodiversity. Prior to the seagrass transplantation, Archaster typicus and Balcis grandis were the only two benthic species recorded on this stretch of the bare sandflats, with no traces of fish activities observed. However, as the seagrass flourished, food became abundant and sanctuaries available for benthic marine life, leading to growing species variety and composition. Within a single month, an additional eight species from five families were recorded, totaling 14 fish species across 10 families.



The gradual transformation of bare sandflats in the waters of Tongliang, Penghu into seagrass beds.

Additionally, with only two macroinvertebrate species initially recorded, the number has noticeably increased to 10. So far, a total of six species of mollusks have been recorded, including Natica gualteriana, Oliva mustelina, Balcis grandis, Dolabella auricularia, Vasticardium flavum and Atrina vexillum. Crustaceans have increased to three species, including Calappa hepatica, Portunus pelagicus and Dardanus lagopodes. As to echinoderms, the area has a large concentration of Archaster typicus.

For FENC and Business Today, the seagrass restoration project is a scientific and data-driven environmental action that has validated the clearly positive impact of habitat restoration on marine biodiversity. Meanwhile, it also paves the way for ensuring the sustainability of fishery resources and maintaining the vitality of the blue economy.

Key Survey Results Before and After Seagrass Transplantation

Indicator		Before	After	Benefit
Seagrass Coverage Rate in Bare Sandflat Within Survey Area		9.4%	12.0%	⬆ 2.6%
Seagrass Outward Expansion		12m^2	13.2m^2	⬆ 1.2m^2 (approximately 120 shoots)
Species Richness	Fish	5 families, 6 species	10 families, 14 species	⬆ 5 families, 8 species
	Large Invertebrates	2 species	10 species	⬆ 8 species

Note: The term, "bare sandflat," refers to an area without seagrass growth.

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Fish Species Composition Before and After Seagrass Transplantation

Before ● After ★

- **Scorpaenidae**
  - Scorpaenopsis cirrhosa ★
- **Lutjanidae**
  - Lutjanus fulviflamma ★
- **Gerridae**
  - Gerres oyena ● ★
- **Lethrinidae**
  - Lethrinus harak ● ★
  - Lethrinus nebulosus ● ★
  - Lethrinus ornatus ★
- **Nemipteridae**
  - Scolopsis monogramma ● ★
- **Mullidae**
  - Parupeneus ciliatus ● ★
  - Upeneus tragula ★
- **Callionymidae**
  - Dactylopus dactylopus ★
  - Repomucenus curvicornis ★
- **Gobiidae**
  - Valenciennea immaculata ★
- **Siganidae**
  - Siganus fuscescens ● ★
- **Bothidae**
  - Bothus pantherinus ★


Gerres oyena

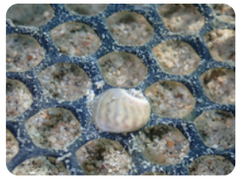
Lethrinus harak


Scolopsis monogramma


Valenciennea immaculata


Archaster typicus


Balcis grandis


Natica gualteriana


Oliva mustelina


Vasticardium flavum


Portunus pelagicus

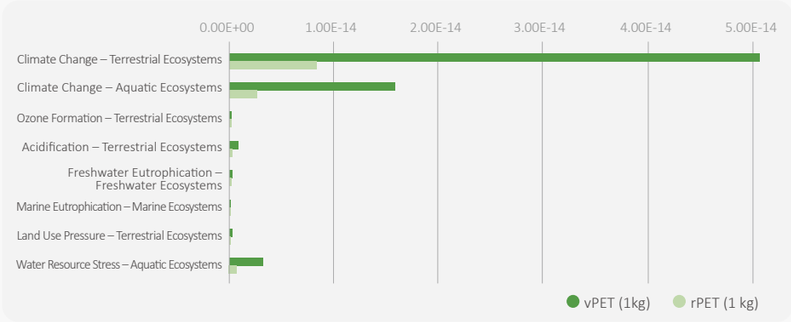
The Environmental Footprint of rPET Is Lower than vPET

FENC adopts the LC-Impact life cycle impact model, which measures biodiversity loss, to compare the environmental impacts of rPET and vPET. This model uses the Potentially Disappeared Fraction of species per year (PDF·year)—the proportion of species potentially disappearing globally each year under specific environmental impacts—to integrating the assessments of all environmental burdens across the product life cycle to evaluate their impacts on nature.

Analysis shows that rPET has significantly lower PDF.year values in terms of climate change and water stress. vPET production involves the extraction and processing of petrochemical raw materials, whereas rPET is made from recycled plastic bottles, thereby saving fossil resources and reducing GHG emissions from plastic waste decomposition. In terms of water resources, rPET production is more water-efficient, reducing stress on water resources.

Compared with vPET, rPET reduces overall ecological impacts by 83%, demonstrating lower dependencies and impacts on natural resources. FENC has also extended these recycling technologies into diverse applications, including food packaging, non-food packaging, functional apparel, footwear, automotive materials, and household products, underscoring its commitment to and practice of environmental protection and sustainability.

Environmental Impact Analysis of rPET vs. vPET (PDF.year)



Note: This analysis was conducted using the SimaPro 9.6 Ecoinvent 3 database, applying the LC-IMPACT | average preference | all impacts | infinite method. The assessment covers the cradle-to-gate life cycle impacts of 1 kilogram of rPET and vPET, including the environmental impacts associated with transportation.