

Content

Preface

◆ Special Report

① Fostering Robust Governance

② **Enabling Unlimited Innovation**

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③ Navigating a Green Future

④ Creating Inclusive Society

⑤ Cultivating Compassionate Bonds

⑥ Advocating Balanced Coexistence

⑦ Appendix

2

Enabling Unlimited Innovation

2.1 Instigating Production and Product Innovation 61

2.2 Developing Green Products 64

2.3 Honing Product Management 66

2.4 Building Customer Rapport 67

Target Readers

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



Content

Preface

◆ Special Report

① Fostering Robust Governance

② Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③ Navigating a Green Future

④ Creating Inclusive Society

⑤ Cultivating Compassionate Bonds

⑥ Advocating Balanced Coexistence

⑦ Appendix

2025 Highlight

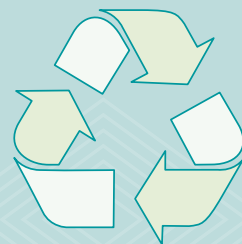
Green Product Revenue

NT\$ **50.6** Billion
Accounting for **41%**



Developing High-performance Power X

Enabling Fiber to Fiber with Mono-material



A Friendship Extending from the Sports Field to Environment

Adidas Football Tournament

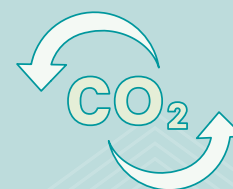
939

Patent Approvals to Date



Green Chemistry Application and Innovation Award and
Circular Economy Excellence Award

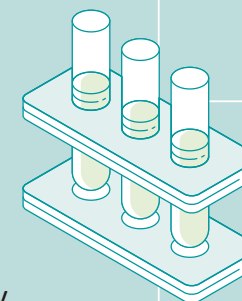
From Ministry of Environment



AirTek PU

A Global Breakthrough in CCU Materials

Asia's First Winner of "Best CO₂ Utilisation 2025" Innovation Award in Germany



Promoting T2T Footwear Materials

With Freudenberg Far Eastern Spunweb

Top 10 Decarbonization Pioneer Suppliers in North Asia Award

From L'Oréal Groupe

Smart Outgoing Quality Control System

Winner of GenAI Stars Rising Star Award

From Ministry of Digital Affairs

Light-weight PET Preform

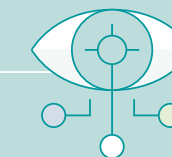
From PFEM

Reducing Raw Material Usage

Co-creating Performance Sports Textile

Next-generation Biodegradable Yarns

With Value Chain Partners



Enhancing Vehicle Safety

With **NIR Optical Identification Seat Belt Fibers**

Content

Preface

◆

Special Report

1

Fostering Robust Governance

2

Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

3

Navigating a Green Future

4

Creating Inclusive Society

5

Cultivating Compassionate Bonds

6

Advocating Balanced Coexistence

7

Appendix

Target and Progress

	Expanding Revenue Growth from Technology Transfer	Increasing in Proportion of Green Product Revenue	Obtaining Product Certifications	Improving Customer Satisfaction
2035 Target	NT\$ 130 billion	60%	Lowering the carbon emissions per unit of product for main sustainable products by more than 60% compared with regular products	Implementing 3 customer satisfaction initiatives yearly
2030 Target	NT\$ 100 billion	50%	Continuing to obtain third-party verification for main sustainable products and align with the latest regulations and certifications	Implementing 3 customer satisfaction initiatives yearly
2027 Target	NT\$ 82 billion	38%	Continuing to obtain third-party verification for main sustainable products and align with the latest regulations and certifications	Implementing 3 customer satisfaction initiatives yearly
2026 Target	NT\$ 77 billion	35%	Keeping the main sustainable products in line with sustainability indicators and hazardous substance free requirements and conducting product life cycle assessments	Implementing 3 customer satisfaction initiatives yearly
2025 Target	New target	33%	Obtaining the latest international product standards and passing customers' certifications Products	Implementing 3 customer satisfaction initiatives yearly
2025 Progress	NT\$ 73.1 billion (see note)	Achieved 41%	Achieved Please refer to 2.2 Developing Green Products 2.3 Honing Product Management	Achieved Please refer to Boosting Stakeholder Dialogue 2.4 Building Customer Rapport
Action Plan	- Develop new recycled products that meet the environmental demand from the market - Shorten product development timeline by incorporating AI	- Accelerate research and development of green products - Expand production capacity - Enhance sales to customers	- Enhance production and provide quality products - Align with international certification standards	- Gain insights into customer needs through meetings and plant visits - Respond to customer requests on a timely manner and conduct review and improvements based on customer feedbacks

Note : The accrual of product revenues from technology transfer began in 2017.

Content

Preface

◆ Special Report

① Fostering Robust Governance

② Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③ Navigating a Green Future

④ Creating Inclusive Society

⑤ Cultivating Compassionate Bonds

⑥ Advocating Balanced Coexistence

⑦ Appendix

Sustainability Issues

	Production and Product Innovation	Green Products	Product Accountability and Life Cycle Assessment	Customer Relations Management
Significance and Purpose of Management for FENC	Innovation is the entrepreneur spirit that has been guiding FENC. With tremendous R&D momentum, we develop forward-looking products and transition into smart production and product services, making sustainability a reality through innovation, and generating green opportunities with circular economy.	To respond to the risks and opportunities posed by climate change while helping brand customers fulfill their green commitments, a total green transformation has begun at FENC. The Company revolutionized the product lineups with climate-mitigating features as in the eco-friendly series to foster sustainable development.	FENC supplies to major international brands worldwide. With multiple production sites offering a wide spectrum of products, FENC satisfies customers with products of the highest quality.	We establish committed dialogues with customers to help them achieve sustainability goals, and maintain rapport by providing diverse and innovative products with quality and the best after-sales service, building the reputation as a corporation that fosters both revenues and sustainability.
Management Approaches and Effectiveness Evaluation Mechanisms	• Establish R&D Center and continue to infuse resources into the research and development of innovative products and production. • Generate business opportunities through differentiation, value-adding and advantage in green products.	• Focus on recycle, replace and reduce as well as develop eco-friendly products. • Obtain green product labels and certifications.	• Ensure product certification and compliance with international standards. • Conduct life cycle assessments to understand potential environmental impacts posed by FENC products and mitigate such impacts through improvement measures. • Establish a management mechanism governing materials and applicable issues to ensure full product compliance.	• Establish Regulations Governing Customer Relationship Management as the principle guiding customer relations. • Actively participate in various exhibitions, showcase the latest products and record exhibition performance (including customer data, signed order quantities and business development status). • Managers of business units are to monitor the interaction between sales and customers and conduct customer satisfaction surveys to maintain customer orders.
Authority	• Production Units • R&D Center 	• Petrochemical Business • Polyester Business • Textile Business • Environment, Occupational Safety and Health (OSH), and Community Relations Management Task Force—Sustainable Products 	• Petrochemical Business • Polyester Business • Textile Business 	• Petrochemical Business • Polyester Business • Textile Business 



Content

Preface

Special Report

1 Fostering Robust Governance

2 Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

3 Navigating a Green Future

4 Creating Inclusive Society

5 Cultivating Compassionate Bonds

6 Advocating Balanced Coexistence

7 Appendix

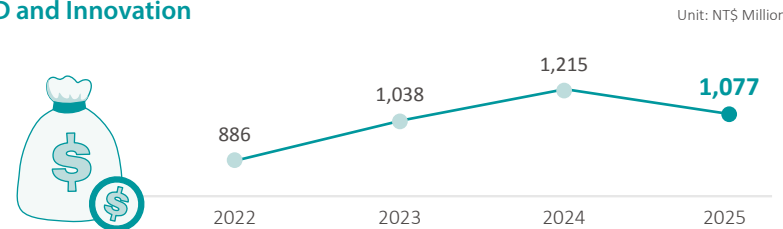
2.1 Instigating Production and Product Innovation

FENC is committed to continuous improvement and growth through the relentless promotion of new product launches and the enhancement of research capabilities. This includes focusing on the development of differentiated products that are high-value, eco-friendly, and highly functional. In addition, the company is actively adopting artificial intelligence technology to improve production efficiency and management effectiveness, thereby creating a competitive edge through digitalization.

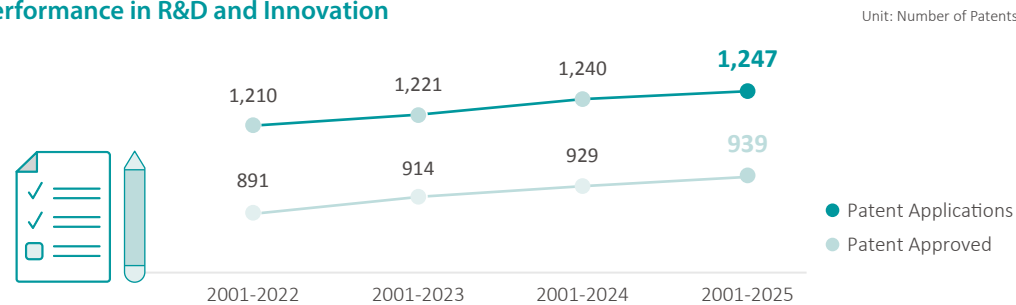
Enhancement of Research Capabilities

- Dedicated R&D units:** Far Eastern Group R&D Center (R&D Center) in Taiwan and Sharon Center in the U.S. are dedicated to product research and development. Synergizing their resources and expertise, the two entities focus on the development of highly specialized products as well as the advancement and applications of recycling technologies. Product categories span high-functional polyester, environmental protection and recycling, health and medical services, automotive materials as well as functional apparels. R&D Center, being the largest research center in Taiwan for polyester materials, has been an endless source of innovations for FENC.
- Product development departments within each business unit:** With a diverse product lineup, FENC established product development departments under each business unit to accelerate customer engagement and product launch. The Company also founded Innovation Direct to Market (IDM) and a cross-industry technological platform to align with the R&D resources from brand customers and fast-track the commercialization of innovative products.

Funds for R&D and Innovation



Performance in R&D and Innovation



Note:

- R&D Center was founded in 2001.
- FENC acquired Sharon Center in the U.S. in 2018, and the transfer of patent ownership has been ongoing. Sharon Center received approval on 559 patents. As of the end of December 2025, ownership for 483 of them has been transferred.
- The data collection period for patent approvals disclosed in this report ended on March 6, 2026. Once approved, a patent is listed under the year in which the application was filed.



Dual Honors from the Ministry of Environment for Low-carbon Manufacturing and Eco-friendly Materials



The world is at a critical juncture of net-zero transformation as industries gravitate towards breakthrough sustainable materials. Meanwhile, FENC's decades-long devotion to the R&D of green chemistry has borne fruit, bringing innovations which received dual honors from the Ministry of Environment in the 4th Green Chemistry Application and Innovation Award and the 8th Circular Economy Excellence Awards, during which FENC won the Gold Award for the Source Management category. The acknowledgements speak to the substantial progress the Company has made in low-carbon manufacturing and the R&D of eco-friendly materials.

FENC has moved beyond the limits of conventional manufacturing with its powerful R&D momentum. The awards recognized the Company's technological prowess, and its ability to apply chemical recycling to decompose and repolymerize polyester-containing waste into brand-new polyester products. The new products not only rival those sourced from virgin polyester in quality, but stay compatible with existing recycling systems, thus achieving resource circularity. An international partnership with LanzaTech has successfully converted carbon-containing waste gas captured from factories into monoethylene glycol (MEG), which is then processed into polyester products, creating a trailblazing blueprint for circular polyester. Another breakthrough arrived with the development of the world's first non-isocyanate polyurethane (NIPU). Boasting carbon sequestration capabilities, NIPU is a much safer and innocuous alternative to the toxic substances contained in conventional raw materials.

Moving forward, FENC will continue to focus on recycling, decarbonization and safety with its R&D efforts and delve deeper into commercial applications of green materials. Joined by worldwide brand customers and industry partners, the Company aims to amplify its market influence for low-carbon and circular materials, creating long-lasting value for the industry on the path of sustainability transformation.



Content

Preface

◆ Special Report

① Fostering Robust Governance

② Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③ Navigating a Green Future

④ Creating Inclusive Society

⑤ Cultivating Compassionate Bonds

⑥ Advocating Balanced Coexistence

⑦ Appendix

Innovative Industry Application

Innovation is pivotal to FENC’s rise as an industry leader, and the Company has tactically channeled its R&D focus on products such as high-performance polyester, eco-friendly recycled materials, medical and health products, automotive materials and functional textiles. The Company also forms strategic alliances with international brands, developing innovative materials and positioning its product design to meet the market demand and create value-added niches.



Enhancing Vehicle Safety with NIR Optical Identification Seat Belt Fibers

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The 2026 update of the European New Car Assessment Programme (Euro NCAP) requires advanced seat belt reminders in vehicles as part of its rating. To fully ensure safety, vehicles must be equipped with the function to instantly detect seat belt misuses such as dummy buckles or lap-only usage with the diagonal belt behind the back of the driver or passenger. To align with the update, FENC’s industrial fiber production team joined forces with the R&D Center and international seat belt manufacturer Autoliv. The partnership gave birth to a high-tenacity seat belt fiber with the near-infrared (NIR) optical identification capability, which is an innovative solution to the demand for active safety in the next-generation vehicles.

An NIR-absorbing material with high performance and stability is added during the spinning process, giving the yarn built-in optical properties. Once woven into specific patterns as part of the seat belt webbing with regular yarns, the NIR identification system is able to determine with precision whether the seat belt is placed correctly across the wearer’s chest. While allowing instant misuse identification, this design also enhances active safety during the drive when integrated with the built-in warning system inside the vehicle.

This innovation boasts not merely NIR optical identification, but all the critical physical properties required for a safety seat belt, meeting current safety requirements after passing rigorous testing for tensile strength and resistance to heat, moisture, light and abrasion. In the past, the detection of proper seat belt placement was limited to weight sensors or buckle switches. The incorporation of NIR optical identification yarn protects the safety of drivers and passengers by ensuring proper seat belt placement.

Patent applications have been filed in Taiwan and mainland China for this innovation, which is considered a key in helping automakers boost their Euro NCAP safety ratings. By introducing advanced materials technologies into automotive safety, FENC is safeguarding the road users, and through its innovative R&D, the Company is aligning with regulatory trends and protecting public safety.



AirTek PU, a Global Breakthrough in CCU and Asia’s First as Winner of “Best CO2 Utilisation 2025” Innovation Award in Germany

9 INDUSTRIAL INNOVATION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

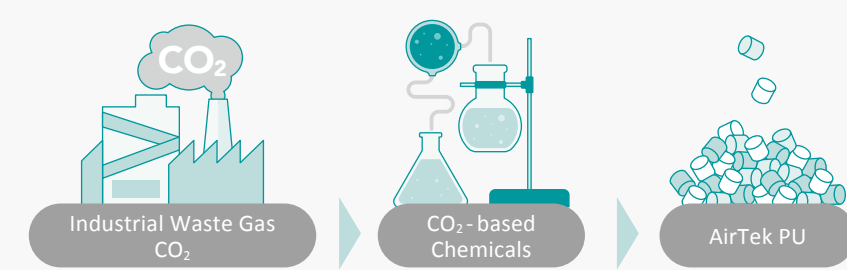
13 CLIMATE ACTION

As the world charges ahead towards net zero, FENC is countering the effects of climate change with visionary technologies. FENC’s TOPGREEN® AirTek PU, the world’s first NIPU derived from carbon dioxide (CO2), has revolutionized the application of carbon capture and reutilization (CCU). TOPGREEN® AirTek PU is a departure from the conventional polyurethane (PU) manufacturing, which relies heavily on highly toxic raw materials, such as phosgene and isocyanate. The technology converts CO2 captured from industrial plants into a raw material for high-performance elastomeric materials, achieving sustainability through carbon reduction and fixation at the source and low-impact production.

The core motivation behind the development of TOPGREEN® AirTek PU is the drive to maximize the value of resources and minimize the burden on the environment. The manufacturing process, which is free of toxins and solvents, is much safer and less risky for FENC employees and the environment. While reducing carbon emissions by up to 58% compared with traditional thermoplastic polyurethane (TPU), this innovation retains outstanding elasticity, durability and performance. Its versatile applications include footwear, elastic fibers, waterproof and breathable membranes and synthetic leather, while the only by-product, MEG, can be looped back to polyester production. Balancing high performance and low carbon footprints, this groundbreaking material is a significant contribution to sustainable living.

Despite multiple challenges, such as material purification, process integration and commercialization, FENC prevailed, paving the way for the production of TOPGREEN® AirTek PU by coupling its R&D capabilities with manufacturing advantages. Being thermoplastic and recyclable, this circular material is the embodiment of the circular economy.

Twenty-two international patent applications have been filed for this breakthrough. FENC also received multiple accolades for this innovation in 2025, including the Second Prize of the “Best CO2 Utilisation 2025” Innovation Award, making the Company the first Asian enterprise to win since the award’s inception. The Ministry of Environment also recognized FENC with the Green Chemistry Application and Innovation Award as well as the Gold Award for the Source Management category of Circular Economy Excellence Awards.



Industrial Waste Gas CO₂

CO₂ - based Chemicals

AirTek PU

62

Content

Preface

◆

Special Report

①

Fostering Robust Governance

②

Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③

Navigating a Green Future

④

Creating Inclusive Society

⑤

Cultivating Compassionate Bonds

⑥

Advocating Balanced Coexistence

⑦

Appendix



High-performance Power X: Enabling Fiber to Fiber with a Mono-material Solution



Facing brand customers’ increasingly specific demand for sustainable design and circular materials, FEFC is stepping up, developing cutting-edge technologies that tackle the challenge of garment recycling within the textile industry. FEFC’s answer is Power X, the high-performance nylon elastomeric fiber made entirely with nylon 66, a mono-material solution that is boosting the feasibility of and setting the direction towards fiber-to-fiber circularity for nylon 66 and functional apparel.

Elastic fabrics have traditionally been made with spandex to gain stretch. Spandex, however, is a composite material with high chemical stability, making the recycling of spandex-blended nylon or polyester very challenging as it complicates the sorting and processing operations, a major hurdle affecting the efficiency of garment recycling. Made of specially designed nylon 66 with FEFC’s exclusive spinning and extrusion technologies, Power X is a nylon-textured yarn with high stretchability, shrinkage and recovery, giving users comfort and unrestricted range of motion without extensive use of spandex. Achieving elasticity with nylon 66 and recyclability with mono-material, Power X is a much more eco-friendly choice as opposed to apparel items made of composite materials.

To make Power X possible, FEFC integrated the entire supply chain, aligning raw materials and manufacturing with the market. The material properties of nylon 66 are modified, and the solid-state polymerization process is optimized, giving the nylon 66 chips exceptional spinnability while retaining stable physical and chemical properties. The manufacturing process has been fine-tuned to control the spinning speed, viscosity, flow rate and moisture content with precision, enabling downstream processing plants to produce textured yarns with high stretch and shrinkage using existing processes, thus eliminating the need and expenses for complex equipment with high power consumption. FEFC establishes presence at trade expos such as the Taipei Innovative Textile Application Show and the INTERTEXTILE Shanghai Apparel Fabrics, partnering with fabric and garment manufacturers to provide brands with nylon 66 solutions that balance functionality, comfort and recyclability. Currently, collaborations are underway with manufacturers of woven fabrics in Taiwan and other Asian regions.

Power X boasts not merely high performance, but high recyclability. By incorporating circularity at the source with the use of mono-material, FEFC is taking the world one step closer to fiber-to-fiber garment recycling and remanufacturing.

Accelerating Digital Transformation

FENC is taking bold steps in implementing intelligent management systems to strengthen its smart production framework, such as the operations management information platform, intelligent recruitment system, WebHR integration system, customer contribution management system and big data visualization platform. To build smart factories, the Company has introduced the robotics, automated manufacturing, product quality prediction model, drone inspection and smart energy management system.



Winning Ministry of Digital Affairs’ GenAI Stars Rising Star Award with Smart Outgoing Quality Control System



Common challenges during the order-to-cash (O2C) process in cross-border manufacturing include complex contracts, difficulties in credit risk control and delivery delays. FENC is overcoming these obstacles by introducing the Smart Outgoing Quality Control System, which aims to enhance operational resilience and digital governance. The project demonstrates FENC’s support for the government’s push for the industrialization of artificial intelligence (AI) while embracing corporate sustainability and innovative transformation. By pairing computing resources from the GenAI Stars program, which is launched by the Administration for Digital Industries, Ministry of Digital Affairs, with the in-house AIFE 3.0 platform, FENC has transformed passive processes with heavy reliance on manual operations into a smart operational model with proactive management by AI.

Focusing on the key O2C processes, five intelligent modules were developed on the AIFE 3.0 platform as AI agents. These modules cover contract review, credit control, shipment scheduling, loading inspection and cargo tracking, facilitating automated end-to-end management from receiving orders to collecting payments. The system leverages GenAI to perform real-time data and risk scenario analysis, which reduces human-induced errors and enhances the efficiency of inter-plant and inter-departmental collaboration, thus improving on-time delivery rates and cash flow management.

This intelligent system is the embodiment of AI democratization and the user-to-builder talent development model as it empowers business and management personnel without any experience in information technology with the ability to design and optimize AI agents using low-code development, and allows the developed programs to be applied in actual scenarios. The system, which was fully incorporated in March 2025, has improved the export documentation process significantly. As of the end of 2025, the system had digitally managed 11,000 export and payment request documents, implementing automatic document approval, electronic storage and document delivery to business units. The system helped transition the reimbursement process for nine administrative expenses to paperless operations. Among them are international ocean and air freight, customs brokerage fees, drayage charges, commercial port dues, costs associated with trade promotion and cargo insurance premiums. The overall operational efficiency has been improved tenfold and the time spent on searching information has been reduced by 90%. The cost of printing and postages and the risk of lost documents have been eliminated entirely. The effects of digital transformation on operational efficiency and risk management are evident.

The Smart Outgoing Quality Control System received high marks from the Administration for Digital Industries, which presented FENC with the Rising Star Award in the GenAI Stars competition. The system was showcased during the Information Technology Month at the exhibition booth of the administration as a demonstration for the industry, government and academia on AI-driven process redesign in traditional manufacturing.

Content

- Preface
- ◆ Special Report
- 1 Fostering Robust Governance

- 2 Enabling Unlimited Innovation
- 2025 Highlight
- Target and Progress
- Sustainability Issues
- 2.1 Instigating Production and Product Innovation
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport

- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix

2.2 Developing Green Products

To embrace the risks and opportunities brought by climate change and help global brands fulfill their green commitments, FENC has focused its core strengths on green innovations and initiated a full-fledged green transformation. The Company is cultivating green competitiveness with 3R – recycle, replace and reduce as product strategies, developing eco-friendly products while safeguarding environmental sustainability.

Green Product Revenues

FENC set a record high in 2025 with NT\$50.6 billion in green product revenues, up by 5% from 2024 and marking revenue growth for the fifth straight year.

Green Product Certification

Global Recycled Standard (GRS) Version 4.0

Recycled Content Certification Version 7.0

Recycled Claim Standard, RCS Version 2.0

The Association of Plastic Recyclers (APR)

RecyClass Recycling Process Certification

Traceability of Plastics Recycling and Recycled Plastic Content EN15343:2007

Ocean Bound Plastic Recycling Standard Version 2.2

International Sustainability & Carbon Certification PLUS, ISCC PLUS

JCII Certification of Food Contact Materials (Recycled Plastic)

Carbon Footprint of Products ISO 14067 : 2018

bluesign® Standard

Registration, Evaluation, Authorization and restriction of Chemicals (REACH)

Based on Life Cycle Assessment ISO 14040 : 2006 ISO 14044 : 2006

OEKO-TEX® Standard 100 Tested for Harmful Substances

Taiwan Green Mark

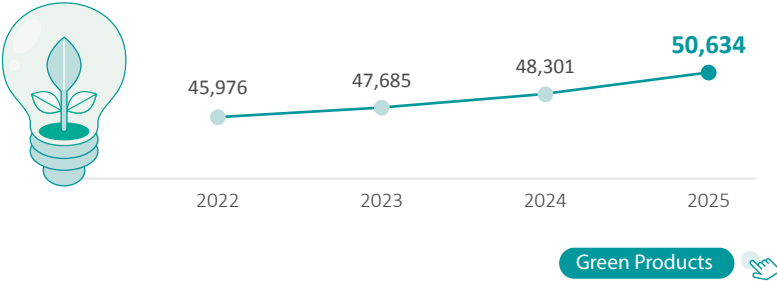
Organic Content Standard (OCS) Version 3.0

Global Organic Textile Standard (GOTS-NL) Version 7.0

Regenagri Content Standard, regenagriCS

Responsible Wool Standard (RWS) Version 2.2

Green Product Revenues



Climate Mitigation Series

Product development focuses on the mitigation of climate change with replace, recycle and reduce at its core.



Replace fossil fuels

FENC devotes long-term research and development efforts to biomass as a replacement for fossil fuels to minimize their environmental impacts. Products that are most representative of the fruit of this effort are bio PET, which is made of biomass materials, and FENC® TOPGREEN® Bio3 PET Filament, which is made of recycled waste gas.



Recycle waste materials

FENC leads the global rPET industry with multiple innovations, including rPET resins made of recycled PET bottles. While rPET itself is value-adding, the production process reduces GHG emissions by 61% compared with that of virgin PET. Applications of rPET are wide-ranging, including food and non-food packaging, functional apparels, footwear and automotive materials as well as household goods. In recent years, the Company went on to develop textile recycling and chemical recycling technologies for polyester to expand the materials that can be recycled.



Reduce energy and resource consumption

FENC improves the energy and resource efficiency of the entire value chain. The Company reduces energy consumption during production, processing, delivery and usage to minimize GHG emissions associated with its products, which range from fast reheat PET resin, light-weight PET preform, refillable resin and dope-dyed filament.

Content

- Preface
- ◆ Special Report
- 1 Fostering Robust Governance

2 Enabling Unlimited Innovation

- 2025 Highlight
- Target and Progress
- Sustainability Issues
- 2.1 Instigating Production and Product Innovation
- 2.2 Developing Green Products
- 2.3 Honing Product Management
- 2.4 Building Customer Rapport

- 3 Navigating a Green Future
- 4 Creating Inclusive Society
- 5 Cultivating Compassionate Bonds
- 6 Advocating Balanced Coexistence
- 7 Appendix

Eco-Friendly Series

FENC has developed an impressive lineup of eco-friendly products. By using organic raw materials as well as toxin-free auxiliary materials, catalysts and additives, the Company aims to reduce pollutants derived from production and minimize negative environmental impacts. Featured products in this series include TOPGREEN®Sb free PET, FENC®TopClean and PFC Free Nylon 66 Filament.

Green Initiatives

In pursuit of balanced economic and environmental development, FENC engages actively in green initiatives, establishing common goals with customers through platforms of dialogues, such as conferences and forums. The green initiatives in which FENC has taken part are:

Net-zero Transformation

- Science Based Targets initiative, SBTi
- Textile Exchange, TE

Circular Economy

- Japan Container and Packaging Recycling Association, JCPRA
- PET Resin Producers Association, PETRA
- The National Association for PET Container Resources, NAPCOR
- Association of Taiwan Bio-based and Sustainable Material Industry, TBSM
- Japan Clean Ocean Material Alliance, CLOMA
- Taiwan Circular Economy 100, TCE100
- The Association of Plastic Recyclers, APR

Initiative / Organization	Action
Science Based Targets initiative, SBTi	The Polyester Business and Textile Business have set the course of carbon reduction with targets based on the 1.5°C pathway established in the Paris Agreement, which have been approved by the Science Based Targets initiative (SBTi), keeping FENC on track towards its goal of net-zero 2050.
Japan Container and Packaging Recycling Association, JCPRA	The Japan Container and Packaging Recycling Association was established in accordance with the Container and Packaging Recycling Law to facilitate collaborations among the government, consumers and businesses to promote recycling efforts as mandated by the law. FIGP is the largest rPET manufacturer in Japan. With its advanced sorting and processing systems, the plant converts recycled PET bottles into premium-quality rPET, which is then supplied to beverage and non-beverage manufacturers.
PET Resin Producers Association, PETRA	PET Resin Producers Association (PETRA) is dedicated to promoting PET recycling and reuse, providing science-based information and engaging the government on behalf of the industry to discuss related issues. APG Polytech serves as a member of PETRA’s Executive Board with involvement in dialogues between PETRA and multiple government entities. Topics discussed include the plastic recycling and reuse legislations and policy design regarding Extended Producer Responsibility.



Reducing Raw Material Consumption with Light-weight PET Preform at PFEM



PFEM is reducing packaging by optimizing the design of PET preforms for bottles. An average carbonated beverage bottle holds 400 to 500 milliliters and weighs 22.7 grams. PFEM is able to cut down the weight to 21.0 grams, which reduces raw material consumption by 7%. Made 100% with rPET, the light-weight PET preform is advancing low-carbon transition through source reduction.

With its know-how, PFEM has reduced the weight of PET preforms and made the light-weight version its standard specification, which is promoted through collaborations with multiple brand partners. The optimized design has also lowered product carbon footprints. In addition, PFEM enables production modification and technological integration by teaming up with original equipment manufacturers, creating scalable and transferable low-carbon solutions without compromising product quality and safety. The collaboration has refined PFEM’s technical capabilities in developing rPET applications and light-weight packaging while encouraging value chain partners to take part and invest in sustainable innovation. By energizing the development of low-carbon products, a firm foundation has been set for a sustainable future in beverage packaging.



Promoting T2T Footwear Materials Through Partnership with Freudenberg Far Eastern Spunweb



Textile-to-textile (T2T) recycling has become a sustainable goal among brand customers, and FENC is showing support through a collaboration with Freudenberg Far Eastern Spunweb (FFS), which has created a closed-loop system of waste recycling, remanufacturing and reuse by promoting 100% T2T footwear materials.

This project utilizes post-industrial waste from the manufacturing of shoe uppers and strobel boards at FFS. FENC then leverages its mature mechanical recycling technologies and remanufactures the waste materials into 100% T2T recycled chips to be reprocessed by FFS into footwear materials. Extending beyond the bottle-to-textile model where raw materials are sourced from PET bottles, with textile products as the raw material, the T2T model is the true embodiment of textile circularity.

To help brand customers position T2T materials and establish footwear circularity, FENC has deepened its ties with partners from multiple disciplines. These partnerships aim to steer the textile and footwear industries away from linear manufacturing towards a T2T circular economy, providing feasible solutions for low-carbon and sustainable footwear.

Content

Preface

◆

Special Report

1

Fostering Robust Governance

2

Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

3

Navigating a Green Future

4

Creating Inclusive Society

5

Cultivating Compassionate Bonds

6

Advocating Balanced Coexistence

7

Appendix



Creating Performance Sports Textile with Next-generation Biodegradable Yarns



FENC formed a collaboration with Lululemon, an international athletic apparel brand, and OceanSafe, a polymer science company. The partnership is responsible for the birth of naNea, a next-generation functional polyester which has been modified to be biodegradable, a green textile solution that balances environmental responsibilities and product performance. It is inherently biodegradable as this characteristic is achieved through changes at the molecular level instead of additives, making naNea a circular material. Supply chain partners do not need to cross high technological thresholds to produce naNea as the entire process can be achieved using existing PET manufacturing equipment.

To manufacture naNea, FENC adapted to a set of processing conditions different than that for the production of conventional PET, accommodating its biodegradability with a low-temperature spinning process, which delivers consistent yarn tenacity and production flow. After completing the trial for low-temperature false-twist texturing with partners such as Everest Textile Co., Ltd. FENC successfully developed multiple fine denier yarns in 2025. With supple texture and consistent, tenacity, as well as moisture absorption and regain rates approximately twice those of typical polyester, naNea is the answer to brand customers’ high standards for performance sportswear materials.

FENC was a critical link during the collaboration, facilitating technological integration and connecting the upstream raw material suppliers with the downstream brand customers. Bolstered by its expertise in material development and yarn spinning technologies and the trust that has been fostered through long-term partnerships with international brands, FENC transformed raw materials from OceanSafe into scalable high-performance yarns. During the process, FENC involved downstream partners in weaving and garment production and made naNea an official supply chain component of major brands. The innovation offers a sustainable alternative in material choices while expanding the application of value-added green textiles.

2.3 Honing Product Management

FENC has a diverse product structure that caters to leading international brands in the food, household goods, apparel and automobile industries. With worldwide market distribution, FENC must supply quality and competitive products that are tailored to customers’ high standards while complying with local regulations. FENC believes there is always room for improvement, never ceasing to optimize production and product quality and seeking to strengthen product management by integrating digital technology.

Product Quality and Safety Certification

• ISO 9001 Quality Management System	• HACCP Hazard Analysis and Critical Control Points
• IATF 16949 Automotive Quality Management Systems	• Halal Certification
• FSSC 22000 Food Safety System Certification	• India BIS Certification
• ISO 22000 Food Safety Management System	

Product Life Cycle Assessment

To assess potential environmental impacts of products made with different raw materials, FENC conducts product life cycle assessments based on the ISO 14067, ISO 14040 and ISO 14044 standards or the guidelines of Product Environmental Footprint. Using systematic approaches, the assessment quantifies environmental impacts throughout a product’s life cycle, including the consumption of raw materials, energy and resources, as well as the GHG emissions. Multiple FENC products are included in the scope of the assessment. Among them are PTA, polyester filaments, recycled PET filaments, bio-PET filaments, dope dyed polyester filaments, low-melt bonding fiber, recycled low-melt bonding fiber and polyester tire cords. Following the cradle-to-gate approach, the assessment covers processes such as raw material extraction and production. For PET, rPET, high-tenacity polyester industrial yarn for seat belts and low-carbon black industrial yarn, the scope is expanded to include the point of delivery, encompassing a life cycle that stretches from raw materials to when the finished products reach the customers. According to the product life cycle assessment report, which was verified externally by TÜV Rheinland Taiwan in 2017 and 2021, environmental impacts of rPET and recycled PET filaments sourced from recycled PET bottles are lower than those of their virgin counterparts.

In the future, the Company will gradually expand the product life cycle assessment process to more products and broaden the boundaries. A clear assessment of the scale and significance of potential environmental impacts from FENC products will help the Company tackle these impacts from product management, R&D and design.

Life Cycle Assessment

Business	Product	Boundary
Petrochemical Business	PTA	Raw material acquisition, manufacturing
Polyester Business	Solid state polymer: PET, rPET	Raw material acquisition, manufacturing, distribution
	Fiber: polyester filament, recycled PET filament, bio-PET filament, dope dyed polyester filament, low-melt bonding fiber and recycled low-melt bonding fiber	Raw material acquisition, manufacturing
Textile Business	Industrial fiber: polyester tire cord fabric	Raw material acquisition, manufacturing
	Industrial fiber: high-tenacity polyester industrial yarn for seat belts and low-carbon black industrial yarn	Raw material acquisition, manufacturing, distribution

Content

Preface

◆

Special Report

1

Fostering Robust Governance

2

Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

3

Navigating a Green Future

4

Creating Inclusive Society

5

Cultivating Compassionate Bonds

6

Advocating Balanced Coexistence

7

Appendix

Concerned Substance and Issue Management

- Issues such as genetic engineering, nanotechnology, stem cell research, conflict minerals and endangered species are not applicable to products offered by FENC, nor to their raw materials and manufacturing processes.
- In principle, FENC does not conduct animal testing unless otherwise required by law. Under circumstances rendering animal testing unavoidable, FENC seeks alternatives, refined approaches and ways of reducing such testing to the best of its ability.
- Safety Data Sheet (SDS) is provided for all FENC products in compliance with regulatory requirements, and managed and updated by designated personnel. Hazard assessment is conducted through the requirements listed on SDS, which cover risk identification, implement, required documentation, information provision and communication. The assessment ensures the safety of product usage, storage, delivery and disposal.
- None of the products produced by Polyester and Textile Businesses are under hazard categories 1 and 2 of Globally Harmonized System of Classification and Labeling of Chemicals (GHS). PTA, a product under Petrochemical Business, is classified under health hazard category 2 (serious damage / Category 2B of eye irritation: the effects are fully reversible within 7 days of observation; Category 2 for reproductive toxicity: suspected human reproductive toxicant) .
- All of our products comply with the regulations of the countries where they are manufactured and sold, as well as with our customers' chemical substance management standards.
- During the reporting period, there were no incidences or disputes involving inappropriate usage, storage, transport or waste disposal regarding Company products.

2.4 Building Customer Rapport

FENC has a robust production and marketing framework powered by a vertically integrated production network that spans across the petrochemical, polyester and textile industries, which gives the Company the ability to respond to market trends and formulate R&D strategies with agility. Among FENC’s customers are major international brands across a wide spectrum of industries, and the Company bolsters these partnerships through diverse communication channels, such as in-person and virtual meetings, email correspondence, product launches and corporate visits. FENC also accepts invitations from international brands to attend their supplier conferences on a regular basis to assess customer needs.

FENC’s Customer Relations



Note: FENC is a material supplier engaging 100% in physical transactions without any business-to-consumer transactions and therefore, without product sales of any kind through online platforms, nor online customer management mechanism.

FENC enacted the Customer Rights Protection Policy in 2025 as a key guiding principle governing customer relations across the Company. The policy aims to boost customers’ confidence and safeguard their legitimate rights and interests with provisions covering aspects such as product health and safety as well as grievance and response mechanisms.

Customer satisfaction surveys are conducted to fully assess customers’ attitude towards FENC’s products and services. The survey mechanism is designed and implemented by the production and sales departments. Customer feedback is examined during internal review meetings with improvements and tracking.

Compliance with Customer Requirements

Customer Rights Protection Policy



We have signed agreements with brand customers, and abide by the ethical, safety and procurement rules set forth while aspiring for further self-improvement.

• Ethics provisions from brand customers and SEDEX Members Ethical Trade Audits (SMETA)
• Fair Trade Certified USA (FTC USA)
• Social & Labor Convergence Program (SLCP)
• Safety compliance standards of brand customers
• Green supply chain management
• Customs-Trade Partnership Against Terrorism (C-TPAT)

Customer Satisfaction Survey

FENC administers customer satisfaction surveys on a regular basis through the sales units to assess customers’ attitudes towards the Company, such as product quality, delivery management, communication responsiveness and technical support. The feedback serves as a key reference for fine-tuning customer relations management and services at FENC. The valid responses compiled during the reporting year cover major product types from upstream to downstream sectors within the petrochemical, polyester and textile industries. The surveys are largely administered annually in the form of questionnaires, and those conducted by the sales units target their main customer groups.

The 2025 survey shows positive feedback in terms of FENC’s performance in communication responsiveness, consistent product quality and long-term partnerships. In areas such as delivery scheduling, logistics and pricing, however, the feedback indicates a desire for improvement. The comments have been compiled by the sales units and referred to applicable departments for review. Ongoing efforts are devoted to strengthening the coordination of orders and shipment, logistics arrangements and customer engagement mechanisms to address customers’ needs and improve overall service quality.

FENC will continue to refine the survey process and ensure data integrity, gradually establish the foundation for traceable quantitative management in order to fully incorporate customer feedback in operational decision-making.

Content

Preface

◆ Special Report

① Fostering Robust Governance

② Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

③ Navigating a Green Future

④ Creating Inclusive Society

⑤ Cultivating Compassionate Bonds

⑥ Advocating Balanced Coexistence

⑦ Appendix



Sharing Sustainability Insights at the International Textile Forum in Celebration of the 50th Anniversary of Taiwan Textile Federation



FENC was invited to take part in the International Textile Forum in celebration of the 50th anniversary of the Taiwan Textile Federation. During the event, Judy Lee, President of the Textile Business, delivered a speech titled “Empowering Resilience, Innovation and Sustainability—As Always.” She provided an analysis on trends in the global textile industry, carbon reduction initiatives, progress in the circular economy and AI-driven smart manufacturing. She also shared FENC’s sustainability blueprint for 2030 with “50% carbon reduction, 50% green products and 50% green materials” as the targets. Her speech showcased the Company’s extensive network in the recycling industry, which entails over three decades of strategic planning, and illustrated how FENC remained competitive with low carbon solutions as international brands pledged to cut scope 3 emissions. Moving forward, FENC will continue collaborating with the Taiwan Textile Federation to strengthen the alliance between international brands and the supply chain in Taiwan, devoting efforts to promote green innovation as well as material recycling and reuse to enhance the sector outlook and global competitiveness, and leading the industry into the next brilliant 50 years.



Top 10 Decarbonization Pioneer Suppliers in North Asia Award from L’Oréal Groupe



FENC has been partnering with L’Oréal Groupe (L’Oréal) since 2017. As the two companies gain progress in sustainability transformation, the partnership also evolved, expanding from the supply and demand of raw materials to diversified collaborations, such as decarbonization campaigns, sustainable material applications, marketing initiatives and green innovations. FENC’s consistent supply of premium-quality recycled materials, implementation of science-based carbon reduction targets and transparent governance made the Company a key partner in L’Oréal’s global sustainable ecosystem.

Regarding collaborations related to sustainable materials, L’Oréal has committed to making 100% of the plastics used in its packaging to be either from recycled or bio-based sources by 2030, and FENC is contributing to this vision. As L’Oréal’s partner and a global rPET supplier, FENC supports the brand’s low-carbon transition in packaging materials and circular economy network with collaborative projects covering major markets in Asia Pacific, Europe, the Middle East and Latin America. With the capability of providing consistent supply and technical support for the long term, FENC is helping the brand boost the percentage of recycled materials, reduce the reliance on virgin plastics and decrease product carbon footprints.

FENC is the world’s first polyester manufacturing business to receive SBTi approval for its carbon reduction targets, which align with the 1.5°C pathway. In the CDP’s 2025 annual scoring, FENC reached the highest “A” score under the climate change category, which speaks to its exceptional performance in carbon reduction, supply stability and sustainable innovation. FENC also won the Top 10 Decarbonization Pioneer Suppliers in North Asia Award from L’Oréal during the reporting year, making FENC the only raw material supplier to receive this honor. Prior to this, L’Oréal also honored FENC with the L’Oréal Global Strategic Supplier Award and during the L’Oréal Big Bang Beauty Tech Innovation Program in 2024.

FENC envisions its future with a deepening strategic partnership with L’Oréal. By leveraging rPET applications, decarbonizing initiatives and circular innovation, the alliance will create a resilient and low-carbon supply chain for the global beauty industry.



Content

Preface

◆

Special Report

1

Fostering Robust Governance

2

Enabling Unlimited Innovation

2025 Highlight

Target and Progress

Sustainability Issues

2.1 Instigating Production and Product Innovation

2.2 Developing Green Products

2.3 Honing Product Management

2.4 Building Customer Rapport

3

Navigating a Green Future

4

Creating Inclusive Society

5

Cultivating Compassionate Bonds

6

Advocating Balanced Coexistence

7

Appendix



Immersive Smart Factory Tour–A Circular rPET Factory with Transparency



The Himeji plant of FIGP has implemented a smart rPET factory tour system. Incorporating smart mobile tours, data visualization animation and multimedia for the introduction of production processes, the system helps customers fully understand the key steps for rPET production and quality control at the production line, which enhances their visit.

Smart factory tours are designed to be “comprehensible for all,” offering videos, audio guides, illustrations and 360° visual elements with multilingual options and captions, which give visitors a full picture of the equipment operation, recycling technologies and traceability management involved during the manufacturing process. The system not only improves information accuracy and consistency for visitors, but offers flexible modular content tailored to different groups, such as brand customers, schools, government agencies and the general public.

After welcoming several significant international customers in 2025 and receiving high praise, the smart factory tour system has become an effective contributor to collaborations on recycling endeavors and exchanges on supply chain sustainability between FIGP and its customers. The system is expected to be applied at the Tokyo plant of FIGP in the future, promoting the plant to customers in the Kanto region.

While offering greater convenience during customer visits and boosting customer satisfaction, the smart factory tour system also enhances the transparency of FIGP’s production processes, creating a “visible circular economy.”





Adidas Football Tournament–A Friendship Extending from the Sports Field to Environment



FENC has been a trusted ally of adidas for years. An early collaboration also involved Parley for the Oceans, an environmental organization advocating the protection of oceans, and created the recycled ocean polyester filament sourced from plastics intercepted from the ocean. The recycled material was then made into ocean recycled anti-bursting jerseys showcased as team uniforms during the 2022 FIFA World Cup. The partnership delved further, converting waste gas captured from steel mills into TOPGREEN Bio3 PET, a type of low-carbon PET transformed into the adidas Melbourne collection for tennis players in 2023. These innovations are carriers of messages. When featured in international sports events, they represent a low-carbon and sustainable future for athletic products.

Long-term partnerships with international brands such as adidas are valuable to FENC. Aside from engaging through routine business operations and quality management, FEAV and FENV participated in the 2025 adidas Football Tournament, which was meant as an important tool for fostering interaction and friendship between the customer and supply chain. The participation is a token of appreciation for the partnership and respect for teamwork, which has garnered positive feedback from the brand customers and partners, building closer connections and stable partnerships for years to come.

