

# 2019 企業社會責任報告書

Corporate Social Responsibility Report





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# 1

## **Corporate Culture and Governance**





## (I) Commemorating the Corporate Founders



Founders Wang, Yung-Ching & Yung-Tsai Brothers

Be diligent, simple and practical.  
Keep advancing till the perfect end Sustain businesses development  
Make contributions to society.

By Wang, Yung-Ching

## (II) Business Philosophy

### ● Harmony

With integrity, individuals, departments, our Company, clients, subcontractors, the community, industries, and local society are developing in harmony.

### ● Service

The Company is a service provider with rapid cycles, which is beneficial for getting a foothold in the industry, and we require all employees to be accommodating and altruistic to meet clients' needs with thoughtful services.

### ● Innovation

To enable the Company to achieve excellence and users to enjoy more utility, we motivate talents' potential and develop products with better intentions by proactively providing.

### ● Contribution

We endeavor to align goals of the Company with social humanitarian needs across borders so as to establish a connection with the world by providing quality products, promoting industry prosperity, improving quality of life, and continuing reaching out to society.

" Find out factors through detecting each regarding detail ."

"There is neither impossible thing nor simple thing in the world."

## (III) Vision

We can provide solutions to clients' various requirements and create an excellent research and development site to produce high-tech products. Through innovation, we will continue growing, satisfy the demands of stakeholders, and earn the loyalty of product users and the respect of society.

We emphasize good qualities and virtues of employees and hope them to be enthusiastic about efficient working and revolution and to value the protection of life, ecology, and environment. At last, the Company will become a famous brand for sustainable development in the industry and clients' first choice.

## (IV) Common Values

### ● Corporate Goals

To make both clients and the Company grow and be mutually beneficial, to satisfy clients, users, stockholders, and employees, and to win all of their respect,

### ● Quality Policy

To surpass the improvement speed of the same trade, and share profits of growth with clients.

### ● Corporate Mission

To provide quality products, relevant information, and services to respective users fast and reliably.

### ● Client Policies

To satisfy clients by serving them in a proactive manner.

### ● Cultural Image

Our Company is a professional and continuously running manufacturer, which means that our Company has an established history, philosophy, systems, organization, experience, technology, previous performances, integrity, responsibilities, and intellectual property. Our Company has formed strategic alliances with many global corporations, and kept clients' needs and trends in mind so as to pursue the growth of intelligence of our personnel and improvements to our product quality.



## (V) Sustainable Development

### ● Sustainable Development Policies

To follow what the vice chairman announced in 2013 Sustainability Development Report for the economic, social and environmental policies

### ● Sustainable Development Strategies

To create green processes and products through enabling FTC people to do themselves justice with environmental protection in mind, and to continuously grow and meet stakeholders' expectations through the promotion of lean production, advances in effectiveness of resource usage, the utilization of environmentally friendly materials and green equipment, and the supply of ecologically safe products.

### ● Sustainable Development Matrix

➤ For FTC's long- and short-term business development, please refer to of the 2019 annual report\V. Operational Overview\I) Business Status section\iv. Long- and Short-terms Plans (on pp. 91-94 [http://www.ftc.com.tw/newftc/annual\\_report.php](http://www.ftc.com.tw/newftc/annual_report.php)).

➤ For achievable work items for execution in long-term business development plan, please refer to the following matrix on sustainable development in the next 10 years.

#### **Matrix on Sustainable Development in the Next 10 Years**

**Since 2013**

Sustainable Development (Evergreen)	Vision	<ul style="list-style-type: none"> <li>● Standardize emerging processes</li> <li>● Continue to seek certification by ISO, international bodies, and renowned brands</li> </ul>	<ul style="list-style-type: none"> <li>● ISO 14001 certification in environmental management</li> <li>● ISO14064 verification in organization level GHG inventories</li> </ul>	<ul style="list-style-type: none"> <li>● ISO 45001 certification in occupational health and safety (OHSAS18001)</li> </ul>
	Purpose	<ul style="list-style-type: none"> <li>● Overachieve various KPIs</li> <li>● Make hazardous products, unfruitful equipment, services, or organizations exit or transform</li> </ul>	<ul style="list-style-type: none"> <li>● ISO 50001 certification in energy management</li> <li>● Carbon-footprint certification of PAS 2050</li> </ul>	<ul style="list-style-type: none"> <li>● Make performances of each certification are superior to government regulations and those of competitors in the same line</li> </ul>
	Mission	<ul style="list-style-type: none"> <li>● Develop strong global market connections</li> <li>● R&amp;D on and consolidate innovative green processes and products</li> </ul>	<ul style="list-style-type: none"> <li>● IATF 16949 certification</li> <li>● Cut energy consumption / carbon emission by 5% and water consumption by 20% per product unit a year from 2016</li> </ul>	<ul style="list-style-type: none"> <li>● Communicate with stakeholders in a systematic, regular, and friendly manner</li> </ul>
	Quality Policy	<ul style="list-style-type: none"> <li>● Provide clients complete and sustainable solutions</li> <li>● Become renowned brands and items of choice for products in their respective industries</li> </ul>	<ul style="list-style-type: none"> <li>● Abide by universal values, the advocacy of international organizations, and the norms of ZDHC</li> </ul>	<ul style="list-style-type: none"> <li>● Promote friendly neighborhood relations</li> <li>● Let management of work environment, well-being and human resource be passed on praise by the media and the community</li> </ul>
	Client Policies	<ul style="list-style-type: none"> <li>● Develop multiple advantageous strategic alliances, achieving simultaneous growth and mutual benefits with clients</li> </ul>	<ul style="list-style-type: none"> <li>● Achieve zero discharge of pollutants by 2020</li> <li>● Conversion to and employment of clean substitute energies</li> </ul>	<ul style="list-style-type: none"> <li>● Augment linkage with green supply chain and join hands with communities in holding events related to sustainable development</li> </ul>
	Sustainable Development Policies	<ul style="list-style-type: none"> <li>● Earn profits constantly</li> <li>● Develop supply chain for green strategic alliances</li> </ul>	<ul style="list-style-type: none"> <li>● Seven greens: green building, green energy, green procurement, green processes, green emissions, green products, and green supply chain</li> </ul>	<ul style="list-style-type: none"> <li>● Become an opinion leader by participating in establishment of industry standards</li> <li>● Make users enjoy safe and eco-friendly products</li> </ul>
		Economic Aspect	Environmental Aspect	Social Aspect



## (VI) Sustainable Development



The Late, 1<sup>st</sup> Chairman,  
Lai, Shu-Wang  
from 1973 to 1998



Chairman,  
Wong, Wen-Yuan  
1998 onwards

## (VII) Sustainable Development

### Business Performance along with Sustainable Development

A 7-11 outlet was opened in March 2019 on the first floor of the female-employee dormitory in the Taiwan factory premises of Formosa Taffeta Co., Ltd., selling coffee with bean ground on spot , as well as various snacks. Employees can patronize the store after exercise at basketball court and reading at a book room, both nearby. Owner of the store also opened a 7-11 outlet at the entrance of the premises back in Jan. 1999, serving some 3,500 persons working in the premises every day.



2019 was a devastating year with natural disaster. Extreme weather caused many countries such as in the U.S. and Canada to be hit by blizzard, and other areas hailed and snowed in the summer. Amazon rainforest, referred to as Earth's lungs accounts for 20% for abatement of CO<sub>2</sub> emission. 50 thousand fires on average happen around its 8 nations per year. However, more than 70 thousand cases happened in 2019, which caused that the rainforest is continuously reducing. The residents in Canberra were evacuated and only 20% of Koalas are survived for a bushfire in Australia lasting for a few months starting at the end of 2019 to the beginning of 2020. Such cases are happened around the world from time to time. Humanity is faced with the challenge of multiple sustainability issues, involving environment, ecology, pandemic, and humans' self discipline.

In March 2018, the U.S. launched trade talks with major trade partners with which it has significant deficits and has imposed high tariffs on specific goods from some countries, plus multiple trade and investment restrictions. The dispute has been mitigated, following signing of first-stage Sino-U.S. trade agreement in Jan. 2020. 2019 was a challenging year for Formosa Taffeta. The tire cord market was plagued with oversupply. To bypass high tariffs resulting from Sino-U.S. trade dispute , many orders for textile and garment were transferred to the Vietnamese plants for production. Filament fabric, however, scored exceptional growth, thanks to rising demand for environment-friendly functional textile products and strategic alliance with major international brands.

The Company has lowered its shareholding of Formosa Advanced Technologies Co., Ltd., on December 16, 2019, which reduced its shareholding to 30.68%. Formosa Advanced Technologies Co., Ltd., will no longer be included in the Company's consolidated statement.

The Company's consolidated revenue grew by 2.8%, from NT\$ 35,759.53 million in 2018 to NT\$36,762.19 million in 2019, an increase of NT\$ 1,002.66 million. The consolidated pretax profit increased by 14%, from NT\$ 4,529.41 million to NT\$5,163.96 million, an increase of NT\$ 634.55 million ; cash-dividend payout reached NT\$2.1 per share, an increase of NT\$ 0.4 per share.

Long An Plant expanded its dyeing and finishing capacity by 12 million yards/year in both 2018 and 2019. The board of directors approved the investment of 39.58 million Swiss francs for subscribing to cash capital increase of Schoeller Textile AG. of Switzerland in Oct. 2019, which was remitted in March 2020 (at exchange rate of 1:32.4787 then), marking a milestone for the company to step into the realm of high-tech textile industry.

Textile firms worldwide, whose operation involves technology and environmental protection nowadays, are faced with increasing competition and challenge. To cope with challenge, the company has significant progress in the aspects of economy, society, and environment, conducive to its sustainable development. Responding to the advocacy of universal value, the company has made continuing improvement in indicator and reform, as a result of which it was granted the 2018 certificate of top 500 foreign exporter/importer by the Bureau of Foreign Trade, under the Ministry of Economic Affairs, in Oct. 2019.

Since 2015, the Company has passed corporate governance best principles, procedures for verification and disclosure of material information, and ethical corporate management best principles for implementation, which have been incorporated into the Company's courses for education and training for the entire workforce, including directors and factory workers. The company was ranked second grade, among top 6-20%, in corporate governance among 686 companies listed on the central market in 2018 in an evaluation by Taiwan Stock Exchange, which publicized the result in April 2019. The company is one of a few local textile firms which are a constituent stock of FTSE4Good TIP Taiwan ESG Index. In May 2019, the company's board of directors approved institution of corporate-governance chief.

In line with the new "five-day workweek" scheme, implemented in Jan. 2017 followed by revision in March 2018, the company has adjusted work shift and raised hourly pay and overtime pay. Over the past eight years, from 2012 through 2019, the company has raised pays six times, at an average scale of 2.17% of base pay, in addition to giving year-end bonus equivalent to 3.145 times base pay on average. On top of gradual increase of pay base, the company has endeavored to harmonize labor-management relationship and optimize organization. Due to retirement of significant amount of employees in recent three years, many employees have been promoted to higher positions, including foreman and vice president. In 2019, unit chiefs below the rank of factory manager and department chief must pass TOEIC English-language test with score over a certain level before being recommended for promotion, in line with internalization trend and sustainability goal.

In R&D on waterless dyeing and waterless water repellent equipment and process, the company obtained four patents in 2019, namely smart temperature-adjustable apparel, crimped-fiber elastic fabric, multi-section fabric texture, and stereoscopic fabric with special pattern and tactile texture. In response to the demands of international renowned branded customers, the company has restricted or banned the use of multiple environment-hazardous chemicals. The company has aimed to attain the ZDHC (zero discharge of hazardous chemicals) goal by the end of 2020, creating an environment-friendly supply chain, covering materials, development, and end products.

As a member of the global community, the company is fully aware of the fundamental value of environmental protection and has been faithfully executing the policy, in line with the indicators of security, hygiene, and environment. Adhering to the policy emphasizing environment/security/hygiene, the company has spared no effort in implementing the policy, system, and management of environmental protection, hygiene and health promotion, job safety, and product safety, on top of legal compliance and institution of regulations and systems for discretionary management. Five plants in three countries have invested significantly in water-treatment equipment. Following reduction of total water-consumption by 20% in 2018, the company invested NT\$150 million in ultra-filtering RO (reverse osmosis) equipment in 2019, capable of recycling 2.4 million tons/year of printing/dyeing waste water for reuse and halving dyeing/printing water-consumption in Taiwan, Long An province, and Dong Nai Province.



Vice Chairman Shih-Ming Hsieh  
CSR commissioner,  
March 2015 ~ September 2018



Director & President Ming-Chang Lee  
CSR commissioner,  
September 2018 onwards

The system was inaugurated in April 2020. The newly installed ultra-filtering thin-film waste-water recycling equipment collects waste water for use in process, with the recycling amount reaching 2,644,312 tons in 2019, 30.2% more than 2019. With treatment efficiency for VOCs (volatile organic compounds) reaching 90%, plus 72% NOx (nitrogen oxide) emission reduction, the six dip-dryers at Taiwan factory premises switched to natural gas fuel, in place of pyrolysis low-sulfure fuel oil, in 2019, thereby slashing SOx (sulfure oxide) emission by 83%. To overhaul heating system of machines, the company installed underground 2,170 meters-long gas pipes which connects to outside gas meter station. The system was inaugurated in Feb. 2020.

Long An plant inaugurated a PV power system in Sept. 2019, with output reaching 108,205 kilowatts/hour in Dec., 2.7% of total power consumption that month.

The company conducted greenhouse gas-emission inventory and CDP disclosure, in an effort for carbon abatement, emission reduction, and hazard reduction. In June 2019, the company completed inventory on greenhouse-gas emission-scope 3, covering seven categories of waste treatment, business travel, employee commuting, merchandise and service procurement, fuel- and energy-related activities, transportation and distribution of upstream materials, and downstream transportation distribution, which has passed third-party certification. In Jan. 2019, publicized the result of the CDP climate-change questionnaire evaluation of the company, granting the company grade [B] for management, grade A for scope-3 emission (figures certified by SGS), grade A for value-chain participation, and grade A- for participation of suppliers in related issue. The company will make further improvement to upgrade the performance. CDP disclosed the result of evaluation of 2019 climate change disclosure in Jan. 2020, giving the company [A-], a leadership grade. 106 gas stations under auspices of Formosa Taffeta have been included in organizational greenhouse gas inventory, involving collection of data on CO2 emission. Under the assistance of consulting firm, the 106 stations, scattered throughout the island, will publicize statistics of their CO2 emission in the previous year from 2020, which will undergo external auditing and certification.

The Company's management system for occupational safety and hygiene has incorporated hazard identification and risk management strategy, handling related works according to the principles of documentation, set procedure, and standardization, on top of instant rectification of flaws for the sake of continuous improvement. Since June 2009, the Company has been upgrading OHSAS1800 1/CNS-15506 certification once every three years and is scheduled to upgrade ISO 45001 certification in July, 2020.

To catch up with the trends of Industry 4.0, AI, and big-data analysis, the Company has spared no effort in cultivating related talent via various vocational education and training programs. 2,145 training programs were implemented to the employees in five plants in three countries. Averagely, 32.63 training hour and NT\$4,219 were implemented on per employee in 2019. The Company expects that those training programs will contribute to the improvement of the performance of plants, such as increased success rate of "optimized dyeing recipe" and materialize the policy of "doing the right thing at first try," making improvement, via the assistance of big-data analysis, in failure cost, work-schedule rotation, and delivery time, which is also conducive to energy conservation, waste abatement, and emission reduction.



Since 2010, the Company has passed ISO 14001 certification every year, including follow-up certification for revised edition. Meanwhile, for plastic abatement and prevention of its entry into food chain via oceanic pollution, disposable cups and chopsticks, using one-off materials such as plastics, paper, and bamboo, and bottled water have been banned at Taiwan factory premises since Nov. 15, 2019, a practice expected to be adopted by four other factory premises, should the result be good. For the development of green supply chain, the company asked its top 70 suppliers (except affiliates of Formosa Plastics Group), in terms of transaction value, and their chief executives to sign "letter of CSR commitment" in 2019 and will begin inspect their performance in the second half of 2020.

Despite COVID-19 pandemic ravaging the world, the company has no danger for disruption of material supply or supply-chain operation but is faced with the risks of shipping disruption, economic downturn, and slackening consumption and demand. To counter the problems, the company has to consolidate supply and look for transferred orders, resulting from capacity reduction of some suppliers on the global market.

In March 2020, the CSR committee made comprehensive review of the company's carbon footprints, as shown in its meeting minutes, enlisted new members to substitute for retired and quitted ones, as a major step for connecting its CSR practice with international practice. The committee now oversees 22 sections with different themes, responsible for data collection/disclosure/accountability and improvement of CSR report. The company should make its CSR practice more akin to the concern and advocacy of branded customers and international organizations and make progress in conforming the 17 UN SDGs (sustainable development goal) indicators. Faced with the expectation of the society, the company has been making strenuous effort, one step at a time, towards sustainable development goal, including progress in carbon footprints into its business performance. Formosa Taffeta will blend its interests with that of its stakeholders worldwide, attaining co-prosperity and sustainability for both environment and business development

李敏章

April 17, 2020

#### (VIII) Business Policy



FTSE4Good  
TIP Taiwan ESG Index



「FTSE4Good臺灣指數公司  
臺灣永續指數」專屬標章

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## About This Book









## (I) Editing Principles

This corporate social responsibility report has been prepared in accordance with Core option of the GRI Standards and AA1000 standards; its information is gathered in line with the identified material topics so as to encompass as complete stakeholders' concerned topics as possible. Its contents can be grouped into economic, environmental, and social aspects, each of which elaborates the overview of sustainable policies, management approaches and performance indicators while corporate future risk evaluations and responses are placed an emphasis on. To obtain the assurance from the third party, this report is edited in accordance with three principles—inclusivity, materiality and responsiveness—of AA1000 APS (Accountability Principles Standard). Furthermore, reporting principles of GRI Standard are also taken as a work of reference—the contents of this report are disclosed conforming to materiality, stakeholder inclusiveness, sustainability context while its quality is in light of principles of balance, comparability, accuracy, timeliness, reliability and clarity.

Financial data is presented in New Taiwan Dollars while other relevant information is presented in the form of what international universal indicators require and/or explained with notes beneath or beside charts/tables.

The disclosed information is what took place from January 1<sup>st</sup> to December 31<sup>st</sup> 2019, but a summary of main events before the deadline for compilation in the first half of 2020 are covered so as to acquaint stakeholders with the full and latest status. The reported objects are invested subsidiaries over which FTC has, based on majority of shareholdings, operational control or significant influence, including the four oversea ones, Formosa Taffeta (Zhong-Shan) CO., LTD., Formosa Taffeta (Chang-Shu) CO., LTD., Formosa Taffeta Vietnam CO., LTD., Formosa Taffeta Dong-nai CO., LTD., and 106 stations of Formosa Petrol Stations (FPS); information of overall environment, financial performance, safety/hygiene, and performance of energy/water conservation of all these subsidiaries is disclosed. The coverage on all these objects includes information of their overall environment, safety/hygiene, and performance of energy/water conservation. FTC's 7 subsidiaries whose Sales Revenue Constitution and Profit-before-tax Constitution are not included in this report are still disclosed in the consolidated financial reports of the Company based on the accounting principles and government regulations. The exclusion of the other 7 subsidiaries, namely Formosa Development (in the Taiwan Plant), Formosa Taffeta (Hong Kong), Xiamen Xiangyu Formosa Taffeta Trading (shutdown in 2017), Formosa Taffeta (Cayman), Schoeller Formosa Taffeta (Hong Kong) CO., LTD., , Public More International Company Ltd., and Formosa Taffeta America Corp. (shutdown in 2018 and cancellation of registration in February 2019) from disclosure in this report results from their total workforce of 15; the total sales of the last three factories are zero, and their relevant data on Environment and Society aspect are only the small.

The former Report was called “Green Sustainable Development Report 2012” openly published in August, 2013. The Corporate Social Responsibility Report was initially published in December, 2015 and verified via the third party. The Chinese version of the Report has been published at the end of every June since 2016. The 2018 Report of Chinese version and English one were respectively posted at the end of June and September. Welcome to visit [http://www.ftc.com.tw/newftc/respons\\_report.php](http://www.ftc.com.tw/newftc/respons_report.php) to download CSR reports for reference.

Contact Information:  
Sustainability Goal Compilation Division  
Mr. Yeh  
+886-5-5577014  
t113001@ftc.com.tw



## (II) Stakeholders Engagement and Identification of Material Topics

### (i). Identification of Stakeholders, Concerned Topics, Communication Methods, and Frequency

Based on the five major principles of the AA1000SES, potential topics and stakeholders that may generate interactions with the Company's activities, products and services are first discussed and determined; then stakeholders' concerned topics are identified through surveys. Identified stakeholders and concerned topics, and their corresponding communication methods and frequency are as follows:

Stakeholders	Concerned Topics	Communication Methods	Frequency
Clients	Competitiveness in product quality, quantity, delivery date, and price, supply and demand, service or strategic partnerships; conservation of raw materials, energy and water resource, reduction of emissions, effluents and waste, and recycling; the degree of interaction with stakeholders, lawfulness of employment procedures and relevant regulations; the management system of workplace safety; gender equality, humanizing management, client privacy, and human rights protection	Phone / e-mail / Interviews / Attendance of meeting	Irregularly
Investors	Projected objectives and actual performance, earned profits and the allocation of dividends, the state of corporate governance, indicators of long-term shareholdings for foreign and international investors, and willing to add the shareholdings.	Board of Directors Meeting / the Shareholders'	Every Two Months / Annually Irregularly
Government	Environmental protection system and certification, exhaust and effluents discharge inspection, waste management and pollution prevention, continuity in issuance of permits to use coal, pension policy, water and energy conservation projects, control over the usage and storage of chemicals, labeling and safety of products, availability of the environment of fair competition.	Interview / Document / Phone	Irregularly
Supply Chain	Mutually beneficial partnership that enables each party to grow simultaneously, transparency of environmental protection information, compliance with the labor system, fairness of bidding and haggling, incoming quality control (IQC) and whether the selection of suppliers in compliance with regulations	Phone / E-mail / Interview	Irregularly
Employees	Whether the HR system explicitly regulate the payroll, promotions, performance evaluation, training and rewards and penalties and whether equitable treatment is put into practice, whether the condition of working environment and labor rules comply with the international human rights treaties, and whether systems of job protection, benefits, and career planning and development, and the channel of communication are complete.	Face-to-face Communication / e-mail/ Suggestion Box / Labor Organizations / Regular Union Meetings	Irregularly / Every Two Months
Community and Organization	Whether there are clear community communication channels, maintenance of public relations, involvement in community activities, concern for local vulnerable groups, resource allocation for emergency relief, the advocacy and sponsorship of public benefit affairs like education, fulfillment of energy conservation and reduction in carbon emissions and in environmental hazards, and control over the discharge of effluents, exhaust and noise to the required extent.	Face-to-face Communication/ Phone	Irregularly







# Internal and External Boundaries of FTC and its subsidiaries (including Formosa Petroleum Stations (FPS))

● Disclosed with materiality ○ Undisclosed with materiality ▲ Disclosed without materiality

Boundary Topic		Internal				External			
		Taiwan		Subsidiaries in China	Subsidiaries in Vietnam	Suppliers	Clients	Community	Government
		FTC	FPS						
Economic	Economic Performance	●	●	●	●				●
	Procurement Practices	●		●	●	●			
Environmental	Materials	●	●	●	●	●			
	Energy	●	●	●	●				
	Water	●	●	●	●				
	Emissions	●	●	●	●			▲	▲
	Effluents and Waste	●	●	●	●			●	
	Products and Services	▲		▲	▲			▲	
	Environmental Compliance	▲							
	Supplier Environmental Assessment	○	○	○	○	○			
	Employment	●	●	●	●				
	Labor/Management Relations	▲		▲	▲		○		
Social	Occupational Health and Safety	●	●	●	●				
	Training and Education	●	●	●	●				
	Diversity and Equal Opportunity	▲	▲	▲	▲				
	Non-discrimination	▲	▲	▲	▲				
	Local Communities	▲	▲	▲	▲				
	Anti-corruption	▲	▲	▲	▲		▲		
	Customer Health and Safety	▲	▲	▲	▲				
Products	Product and Service Labeling	▲							
	Customer Privacy	▲	▲	▲	▲				

# 3

## Management Overview









## (I) Overview of the Company

### i. Corporate Profile

Founded by Formosa Chemicals & Fibre Corp. and a few of business figures, the company was incorporated on April 19, 1973, initially named "Formosa Fiber Co., Ltd.," for engagement in the weaving, dyeing, finishing, and printing of polyamide and polyester filament woven taffeta fabric. Renamed as Formosa Taffeta Co., Ltd. in Jan. 1979, the company was listed in Dec., 1985 on Taiwan Stock Exchange, which has been enlarged in subsequent years, via several capital increments with earnings to fund business diversification. The company's registered capital reached NT\$16,846,646,370 since August, 2006. Major products cover filament polyamide/polyester dyeing-and-finishing fabric, fabrics for down-proof jacket, water-proof with vapor permeable fabric, composite organic fabric, multi-function smart temperature-control fabric, umbrella fabric, staple woven/ knitted yarn, tire cord, PE. bag, bullet/stab-proof fabric, flame-retardant fabric for military/police/firefighters, medical/ protective fabric, anti-static barrier for clean room garment/ anti-bacterial fabric, conductive fabric, carbon-fiber fabric and composite materials, and gas stations. Formosa Taffeta Co., Ltd. has become a world-class manufacturer, in terms of both production scale and quality, of polyamide and polyester filament woven fabric, notably in the fields of sportswear and outdoor functional clothes, progressing in sync with fashion current and the development of major international textile brands.





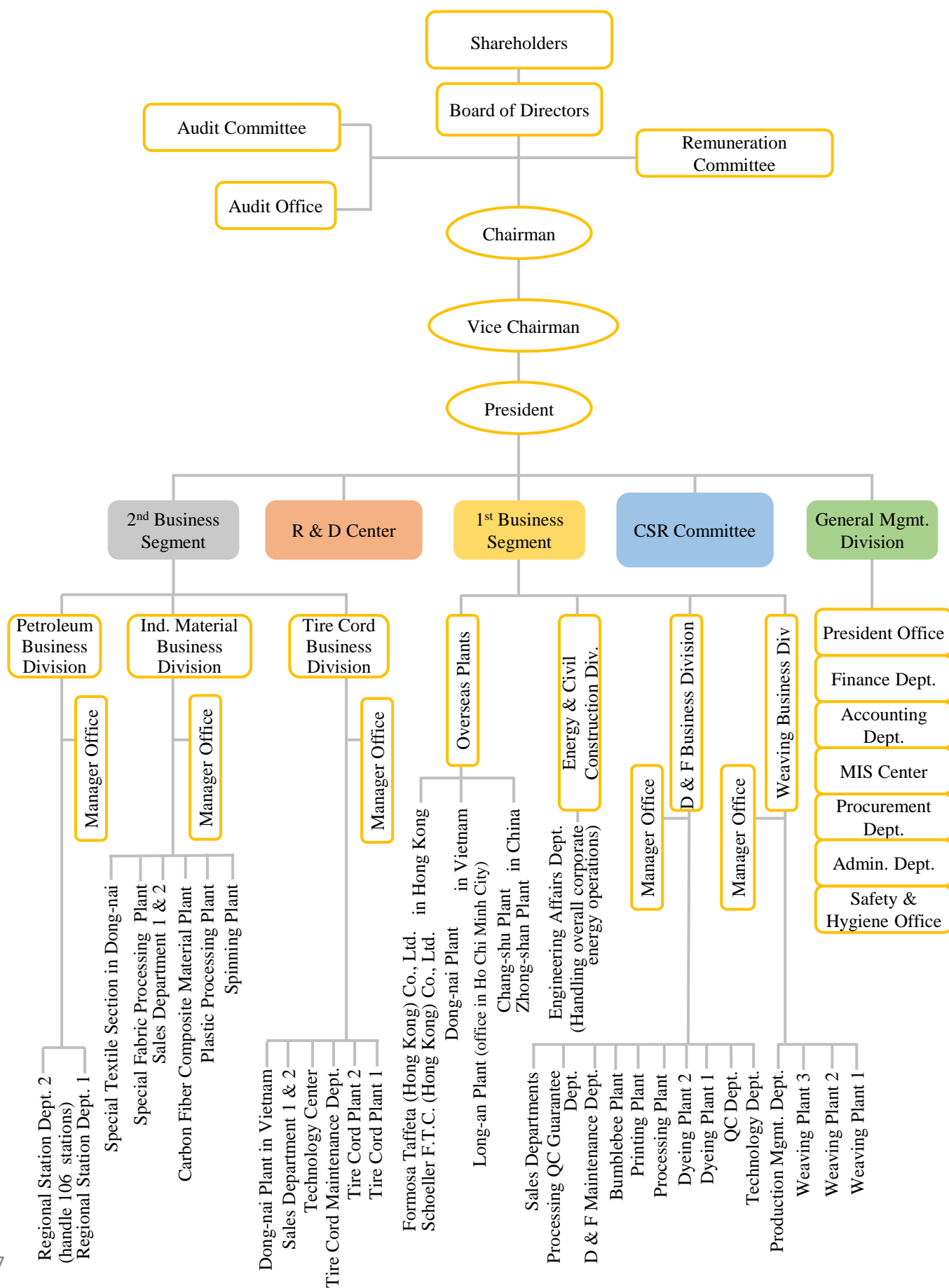
**(i) Overview of Subsidiaries**

**(in thousands of NTD)**

<b>Company Name</b>	<b>Date of Establishment</b>	<b>Address (as appeared on the license)</b>	<b>Paid-in Capital</b>	<b>Scope of Business</b>
Formosa Taffeta (Hong Kong) Co. Ltd.	Apr. 11, 1989	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	1,356,822	Sales of fabrics woven with filament/staple synthetic fibers
Formosa Development Co., Ltd.	Sep. 20, 1990	29, Ln. 224, Shiliu Rd., Douliu City, Yunlin County 640, Taiwan	161,000	— Urban land consolidation — Development, rental and sales of residential/business buildings and industrial plants
Formosa Taffeta (Zhong-Shan) Co., Ltd.	Dec. 3, 1992	167, South Shenwan Avenue, Shenwan Town, Zhong-Shan City, Guangdong Prov. 528462, China	1,402,085	5 Manufacture and sales of — Polyamine/polyester fabrics woven with synthetic fibers
Xiamen Xiangyu Formosa Import & Export Trading Co., Ltd.	Aug. 24, 1994	Room B5, 7th Fl., Xiangyu Building, No.22, Xiang Xing 4 th Road, Xiamen Logistics Park (Free Trade Zone), Xiamen 361006, China	15,273	Import/export/transit trades; suspension of operation for liquidation since July 2019
Formosa Taffeta Vietnam Co., Ltd.	Jun. 16, 1999 Reformed after M & A	SECTION 1, NHUT CHANH COM, BEN LUC DIST., LONG AN PROVINCE, VIETNAM	2,340,866	Manufacture, processing and dyeing of fabrics woven with synthetic fibers
Schoeller F.T.C. (Hong Kong) Co., Ltd.	Oct. 31, 2001	Room 1606, Tower 6, China Hong Kong City, 33 Canton Rd., Tsim sha tsui, Kowloon, Hong Kong	6,879	Trade in special textile
Formosa Taffeta Dong-nai Co., Ltd.	Jun. 25, 2004	NHON TRACH 3 IND. ZONE, HIEP PHUOC TOWN, NHON TRACH DIST., DONG NAI PROVINCE, VIETNAM	2,590,434	Manufacture, processing and sales of various dyeing fabrics and tire cord fabric woven with synthetic fibers
Formosa Taffeta (Chang-Shu) Co., Ltd.	Apr. 4, 2005	15, Peng-Hu RD., Dongnan St., Chang-Shu City, Jiangsu Prov. 215500, China	1,302,019	Dyeing and finishing of top-grade fabrics; Rental of owned facilities and the offer of property management
Formosa Taffeta (Cayman) Co., Ltd.	Mar. 12, 2014	Cassia Court, Suite 716, 10 Market Street, Camana Bay, Grand Cayman, Island KYI-9006	5,284,775	Investing Formosa Ha Tinh Steel Corporation (Vietnam)
Public more International Co., Ltd.	Feb. 15, 2017	27, Ln. 224, Shiliu Rd., Douliu City, Yunlin County 640, Taiwan	5,000	Human Resources Agency (including Employment service, and dispatched labor)



## (ii) Organizational Structure (January, 2019 ~ June, 2020):





## ii. Overview of Products

### (i) Products and Scope of Their Applications

Product	Scope of Application
Polyamine fabric	Wet breathable & waterproof rain coat, waterproof breathable snow coats, jackets, sleeping bags, garments, down jackets, sportswear, jackets, hunting suits, hats, tents, air beds, umbrellas, parasols, golf umbrellas, beach umbrellas, sails, gloves, shields with electromagnetic insulation etc. The multi-function cloth for smart clothing of temperature control, light display, detection and location
Polyester fabric	Sports casual wear, microfiber clothing, curtains, umbrellas, medical supplies, home accessories, etc.
Cotton fabric, blended fabric, fabrics interwoven with filament/staple fiber, pre-dyed plaid	Garments, jackets, shirts, umbrellas, backpacks, medical health care supplies, etc.
Tire cord	Various kinds of tire cords, chafers for tire-lips, conveyor Ducks, avoidance of a flat tire, liner
Plastic bags	Plastic shopping vest bags, perforated bags, garbage bags
Combed cotton yarn, blended yarn	All kinds of woven and knitted fabrics, cotton and blended fabrics, fabrics interwoven with filament/staple fiber, and pre-dyed plaid
New functional yarn	Individual or composite applications to diverse woven/knitted fabrics for various apparel, bedding, health care supplies, sports casual wear, hats, coats, parasol (umbrella), special processing purpose, etc.
Protective fabric	Flame retardant/resistant fabric, air force flight suits, tank suits, secret service suits, firefighting suits, and electric arc suits
Fabrics with special purposes	Clean-room clothes/aseptic clothes for electronic, foodstuff, and pharmaceutical factories, sterile gown, wrapping fabric, bullet-proof/stab-proof clothes, helmet, shield, drum paper for speaker, damper fabric for stereo equipment
Carbon fiber fabrics as composite materials	Sports equipment, bicycles, motorcycles, automobiles, aerospace industry, electronic products, industrial mechanical arms and mechanisms, construction reinforcement, wind turbine blades, etc.
Super diesel/98,95+,92 unleaded gasoline various motor oil / car wash service	Retails of vehicle fuel, generator oil, motor oil, and lubrication oil

### (ii) Sales Markets

#### 1. Textile Products :

The Company's sales markets are all over the world, including Asia, Europe, America, etc., and the target markets are the ones in Asia, mainly in Hong Kong, Southeast Asia, and the Middle East.

#### 2. Tire Cord Fabrics :

Besides tire manufacturers in Taiwan, these fabrics are also exported to Southeast Asia, India, Sri Lanka, the United States, China, Japan, Korea, and Eastern Europe; their export Rate is 80 %.

#### 3. Plastic Bags :

These are mainly sold to Japan, and then South America. 99% of them are for export, and the others are for the domestic market.

#### 4. Oil Products :

100% of oil products are for domestic markets.





(iii) Sales quantity and amount of main products for the last 2 years Expressed in thousands of NTD

Main Product	Year Quantity/ Amount	2019				2018			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Polyamine /Polyester Fabric (thousand yard)		37,089	1,363,574	249,441	14,189,276	40,407	1,449,212	255,574	12,567,647
Polyamine /Polyester Tire Cord Fabric (ton)		9,339	1,680,217	43,114	5,964,521	8,516	1,498,881	44,808	6,165,482
PE Bags (ton)		1,604	82,781	4,053	292,054	1,327	73,458	5,012	376,684
Yarn Count (piece)		16,488	319,969	993	21,290	21,168	407,882	2,038	22,878
Cotton Cloths (thousand yard)		-	-	-	-	558	39,415	381	41,830
Special Textile (thousand yard)		3,422	636,252	1,384	423,152	3,137	557,580	1,414	327,483
Oil Products (KL)		466,101	11,744,169	-	-	463,812	12,144,072	-	-
Land Development (-)		-	2,771	-	-	-	34,155	-	-
Investment Promotion income (-)		-	-	-	35,060	-	0	-	34,274
Commission Income (-)		-	7,103	-	-	-	8,107	-	10,488
<b>Total</b>			15,836,836		20,925,353		16,212,762		19,546,766

❖ Reference: 2019 annual report of the Company.

❖ The umbrella-rib plant in the Zhong-shan Plant ceased operation in Oct. 2017; it, in 2018, sold equipment and shifted to the production of woven fabrics, to unrelated party.

❖ After sales of shares on Dec. 16, 2019, the Company's shareholding in subsidiary Formosa Advanced Technologies has dropped to 30.6%, necessitating recompilation of the company's consolidated financial statement by excluding Formosa Advanced Technologies, including its revenue from domestic sales and export of product fabrication, testing, and modules.

### iii. Changes in Capacity

Capacity of the dyeing and finishing plant in the Long-an plant was respectively expanded by 12 million yards/year in 2018 and 2019, amounted to 24 million yards/ year to increase the supply.

### iv. Financial Information

FTC annually holds shareholders' meeting; board of directors meeting is averagely held six times per year. Special board meeting is occasionally convened. The Company regularly updates the financial information, audited by the third party, of the "Investors" section on its website, appoints a spokesperson and establishes mailboxes as communication media, etc. The first investor conference was convened in 2017 to communicate with stakeholders, and the subsequent are held twice a year, which has become an annual routine since 2018. Despite challenges in the global industrial environment, it drives profitability through creating competitive edge and operational efficiency in line with business policies of "Transform Mentality", "Accelerate Innovation," and "Pursue Value." The Company's consolidated revenue grew by 2.8%, from NT\$ 35,759.53 million in 2018 to NT\$36,762.19 million in 2019, an increase of NT\$ 1,002.66 million. The consolidated pretax profit increased by 14%, from NT\$ 4,529.41 million to NT\$5,163.96 million, an increase of NT\$ 634.55 million. Cash-dividend payout reached NT\$2.5 per share, an increase of NT\$0.4 per share. Its diversified businesses mainly include polyamine/polyester filament woven fabrics, polyamine/polyester tire cord fabrics, industrial materials, petroleum stations, IC assembly/testing/modularization, investment, etc.; its financial status is healthy because of stable cash flow from 106 petroleum stations. For more information, please refer to the annual report, downloadable on <http://www.ftc.com.tw/newftc/financial.php>.



## Annual Financial Review

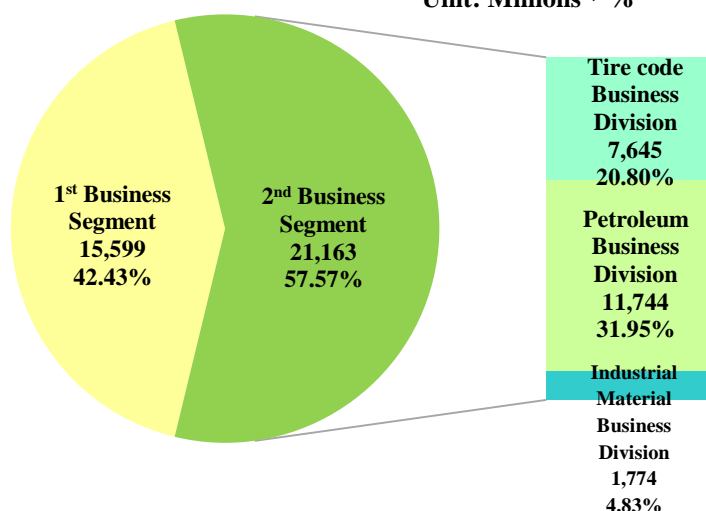
(in millions of NTD)

Year	2019	2018
Sales Revenue	36,762	35,760
Operating Costs	33,002	32,213
Employee Salaries and Wages	Employee Salary	4,211
	Other Employee Benefit Cost	905
	Subtotal	5,116
Profit after Income Tax	5,829	5,321
Research and Development Expenses	52	51
EPS Dollar/Share	3.08	2.81
Retained Earnings	10,836	9,743
Investment Tax Credit	0	0
Profit-Seeking Enterprise Income Tax	537	960
Government Grants	22.39	19.48

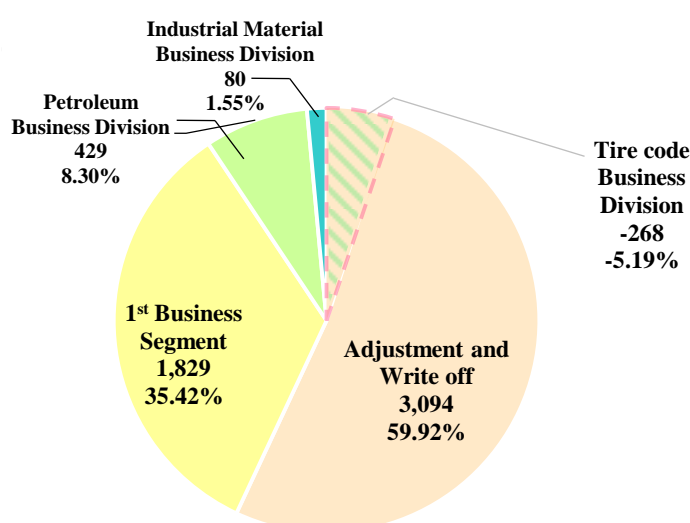
- ❖ The Company disposed the shareholding of its subsidiary, Formosa Advanced Technologies Co.(FATC), to 30.68% on 16th Dec., 2020. Based on the regulation, the company's consolidated financial statement was restated by excluding Formosa Advanced Technologies Co.
- ❖ For comparison purposes, only FATC's profits are included in the above table, based on the regulation.
- ❖ Employee benefit cost is included in employee salaries and wages.

## 2019 Sales Revenue Constitution (Consolidated Sales revenue : NT\$ 36,762 millions)

Unit: Millions · %



## 2019 Profit-before-tax Constitution (Profit-before-income-tax: NT\$ 5,164 Millions)



## (II) Corporate Governance

### i. Information of Corporate Governance Principles, Board of Directors, Audit Committee, Internal Control, Remuneration Committee, Managerial Officers and Subsidiaries:

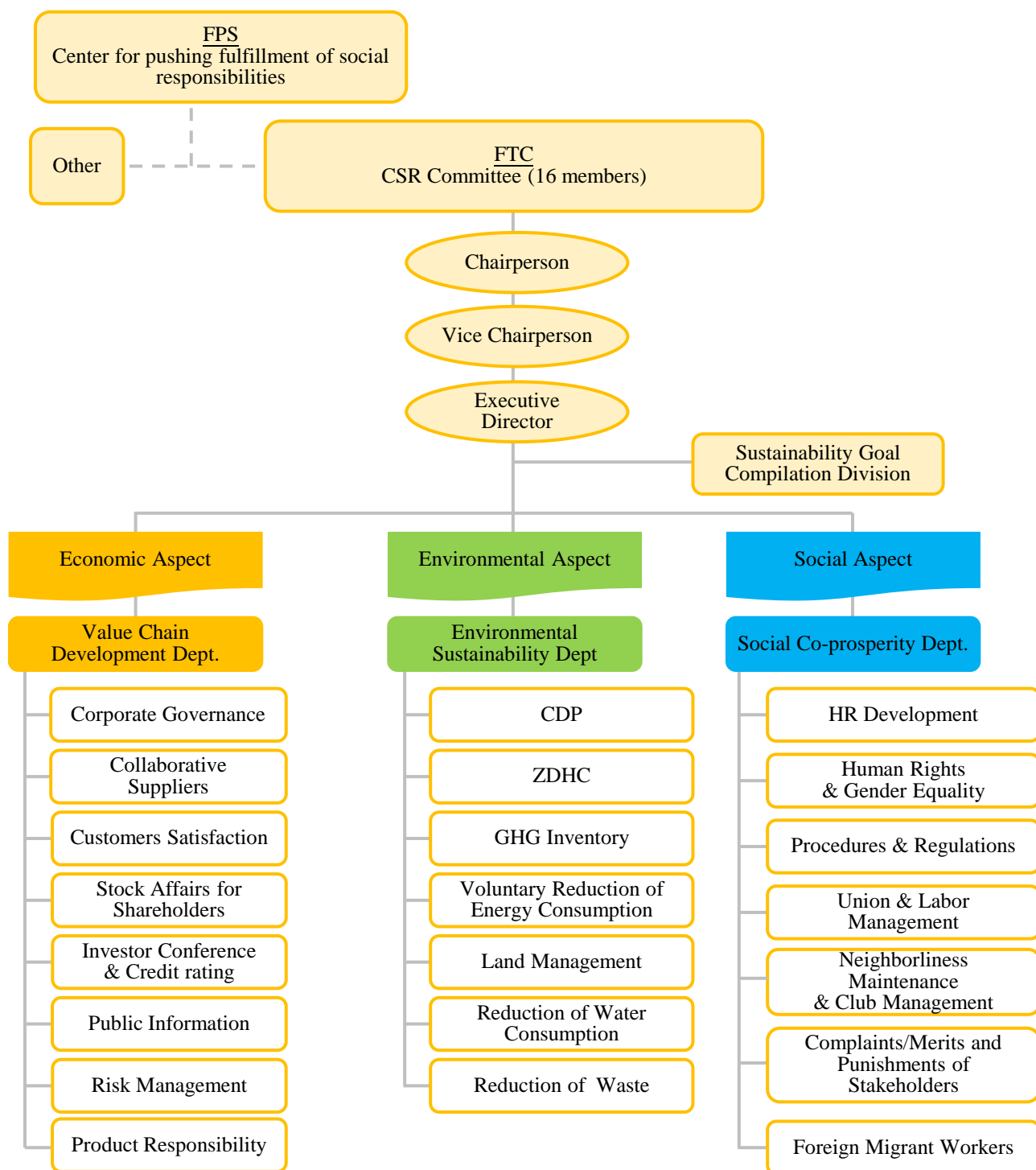
On November 7<sup>th</sup> 2014, 61 articles of "Corporate Governance Principles" were passed by the Board of Directors that is composed of 11 directors, among whom, three are independent directors who are also members of the audit committee, one female, two in the 51-to-59 age group, six in the 61-to-69 age group, and three above 70, and posted, as the Security Competent Authority required, on the Market Observation Post System (MOPS) and FTC's website. As for information of the background, experience, and academic qualifications of directors and members of the Audit Committee, President, Executive Vice Presidents, Senior Vice Presidents, managerial officers of each unit, branches, Remuneration Committee, and Internal Control System Statement, etc., please refer to pages 14-15, 18-20, 21, 44-45, and 63 of the 2018 annual report on [http://www.ftc.com.tw/newftc/annual\\_report.php](http://www.ftc.com.tw/newftc/annual_report.php). New directors and audit committee are going to be elected in June, 2020.



## ii. CSR Committee Organizational Structure and Task Group

“Corporate Social Responsibility Principles” were approved by the Board of the Directors on August 7<sup>th</sup> 2015, which includes 31 articles that specify aims, policies, and detailed regulations of corporate social responsibility.

A CSR Committee was set up On March 6<sup>th</sup> 2015 , and its chairperson was assumed by the managing director and President then, who was promoted as the Vice Chairman in June 2016. In September 2018, it was reshuffled and renamed, and its chairperson was assumed by the director and President instead. Its functions encompass three aspects—the economic, environmental, and social—and its tasks are executed by 23 Topic Groups( 22 Topic Groups left in March 2020). The related major matters must be reported to the chairperson; the submission of an annual CSR report is a must in the agenda of the Board of Directors prior to the publication of that report.





### **iii. Advocacy and Implementation of Business Integrity and Anti-Corruption**

#### **(i) Institutionalization of integrity-oriented management**

Corporate integrity management has been of social concern. In 1999, the United Nations proposed the Global Compact to include anti-corruption in main issues of CSR, advocating that corporations should be responsible for actively creating an ethical and fair environment. APEC also promulgated the necessity for corporations to face “Improving corporate social responsibility” and “Cracking down on corruption,” which are of global concern, and encouraged public and private sectors to cooperate in improvement of governance mechanisms and the fight against and elimination of corruption.

In June 2015, the Board of Directors passed the 26 Articles of FTC’s “Ethical Corporate Management Best Practice Principles,” which stipulated that the directors, audit members, managers, and staff, etc. must comply with relevant legal regulations and prevent unethical conduct. These principles are applicable to not only FTC but also its subsidiaries and posted on FTC’s website. The aim of these principles is the generation of internal consensus on the creation of ethical management environment and integrity-oriented business edge through the prevention of unethical conduct and the conformity to related legal regulations with ethical management and risk control mechanisms. These principles are mainly on :

1. Requirements of the inclusion of related rules of ethical management in the Articles of Incorporation and outgoing documents and of actual implementation of these rules so as to strengthen FTC’s commitment to such management
2. Prohibition on business dealings with parties with an unethical record(s) to ensure the fairness and transparency of commercial activities
3. Prohibition on direct/indirect bribery and fraud, directly/indirectly providing illegal campaign funding, false charitable donations, unreasonable gifts, entertainment, or other unjust enrichment
4. Duty of the Board of Directors to supervise conduct of the management and ensure the implementation of ethical management policies by, but not limited to, the dedicated compliance units.
5. Rules/regulations governing duty of the directors, audit members, managerial officers and personnel and precautions against unethical conduct
6. Requirements of stipulation of regulations on recusal of interest conflict for directors, supervisors and managers.
7. Requirements of establishment of effective accounting and internal control systems, regular/irregular internal audit of all personnel’s compliance, and periodical submission of written audit reports
8. Requirements of stipulation of relevant SOPs and regulations to facilitate ethical management
9. Requirements of regular training and outreach and establishment of reporting and punishment mechanisms
10. Requirements of strengthening information disclosure of ethical management implementation

#### **(ii) Anti-Corruption Mechanisms and Risk**

Anti-corruption measures and conduct audit are not only implemented but also incorporated into daily operations by FTC and other subsidiaries of Formosa Plastics Group. The possibility of exposure to the risk of corruption is rather low, in terms of the proportion of the amounts of money involved, which can be inferred from the following:

1. Independent, internationally renowned accountants without negative social images will be selected for the third-party verification.
2. Supervisors are independent of the Board of Directors and undertake independent audits.
3. “Corporate Governance Principles,” “Ethical Corporate Management Best Practice Principles,” and “Codes of Ethical Conduct,” etc., passed by the Board of Directors, are widely applicable to the self-discipline and recusal of directors, audit members, managerial officers, and personnel involved in trading, accounting, and warehousing. What are regulated, including bribes and illegal acceptance of entertainment, etc., are incorporated in the “Work Rules” and other relevant regulations that have been in effect for years.





4. The Audit Office conducts monthly audits of 9 transaction cycles—sale and receipt cycle, purchase and payment cycle, production cycle, labor and wage cycle, property, plant and equipment (PP&E) cycle, finance cycle, investment cycle, research and development cycle, and computerized information processing system cycle—, submits audit reports that specifies a material weakness and/or an abnormality, if any, to the independent directors and the audit committee for review, and further follows up on or conducts investigations into the weakness/abnormality in accordance with instructions; it also quarterly and annually reports its findings to the Board of Directors. In March, 2018 the new chief of internal auditors was appointed by the Board of Directors; new supervisors of finance and accounting were appointed in Nov., 2018. In May, 2019 the Board of Directors passed to initial the first chief of corporate governance.
5. Each unit, including each sector of President Office, Accounting Dept., Procurement Dept., Engineering Affairs Dept., Sales Dept., General Affairs Sector, Human Resources Sector, Manager Office, Plant Manager Office, etc., has the responsibility and obligation to conduct and undergo audits.
6. Overseas subsidiaries are required to avoid illegal rent-seeking; especially in China , no improper entertainment took place, which can partially attribute to the effective enforcement of Chinese government’s anti-corruption. Visits in Vietnam Plants for faster official approvals are admittedly inevitable sometime to meet the schedule and seek efficiency, but their occurrences have decreased.

To view more details of what above, please refer to the “Status for implementation of ethical management and measures” section in FTC’s Annual Report on its website.

#### **iv. Overall Corporate Risk Inspection and Countermeasures**

##### **Economic Aspect**

##### **(i) Inventory Valuation Loss Risk**

Inventory in 2019 is worth NT\$ 8,083,630,000, which accounts for 10% of the total asset, NT\$ 80,761,870,000. Inventory includes raw materials, works in process, semi-finished products, and finished products, with raw materials mainly consisting of reusable yarn, dye, and auxiliaries. Works in process are of high liquidity. Inventory of finished products, namely fabrics and gray, is worth about NT\$ 5,674,270,000. To reduce the inventory risk, inventories are sold in batches several times irregularly a year to lessen the load, and inventory valuation loss reserve is also set aside annually. The reduction and realization of inventory should be accelerated, but inventory valuation loss is not that serious to incur vital risk of insufficient turnover of working capital.

##### **(ii) Risks of Technology Concentration**

The textile industry is a mature one and doesn't involve R&D on key technologies as the hi-tech one does, which means that the completion of finished products of this industry still requires collaborative efforts of upper-, middle- and down-stream manufacturers. Including the four overseas plants, there had been 100 plant managers/division chiefs and those ranking higher as of December 31, 2019, with different kinds of expertise, working at respective plants, which attested that there is little risk for key-technology outflow or technology concentration. Some technological outflows resulting from retirement or poaching of key technicians are, however, inevitable, posing challenge to the Company's advantage based on certain unique technologies.

##### **(iii) Risks of Client Concentration**

FTC has always viewed clients’ 100% loyalty to our products as our target and honor, and thus strived to achieve a good cooperation or alliance relationship with clients, among which the main branded customers (such as Nike, Adidas, Columbia, Puma, Cheng Shin Rubber Ind., Kenda Tires and others) are our primary targets. Textiles are FTC’s main products, that is, FTC is in the globally so-called traditional industry, in which suppliers are numerous and competition is quite fierce. Therefore, unlike the electronic industry, there are hardly statistics of worldwide market shares of respective enterprise’s various products. Under such circumstances, what FTC pursues is clients’ orders with maximum fulfillment of their demand. With worldwide sales and distribution network, FTC has no risks of client concentration, but there are risks of major client switching and changing companies. The resulting excess production capacity can be immediately distributed to other domestic or foreign demanding branded customers, but the room for price negotiation will be small. For great flexibility in distribution and resolving excess capacity, FTC, for a long time, has endeavored to form strategic alliance with local branded clients with growth potential in a country. To meet customers’ needs in emerging countries such as India, Pakistan, and Brazil, the Company has implemented strategic emphasis and alliance on diverting the capacity and reducing the risk of low-high season.



**(iv) Manpower gap of rank-and-file workers and managerial staffers**

Due to difficulty in seeking fresh blood, caused by the trend of less offspring and young people flocking to service sector and abroad, the Company has been confronted with the problem of aging workforce, whose age, excluding foreign works, averages 45.0, with average service years of 19.1. In order to mitigate impacts of such risks, suffice manpower, especially solicitation of young employees and cultivation of basic-level cadres, for sustainable development, the Company has been improving significantly pays, fringe benefits, promotion opportunities, and education/training in recent three years. The employees' average ages of Chain and Vietnam plants are relatively low; therefore, the risk has not happened so far.

**(v) Risks of investigation and penalties by the customs for inconsistency in the recorded volumes for reception, release, and storage of imported tax-bonded materials**

The Vietnamese Plants should intensify warehousing management for the reception, release, and storage of tax-bonded imported materials to avoid risk and periodically regulate the import volume. Most of its polyamine yarn for export purpose after processing with 0% nominal tariff was imported via DDP (Delivered Duty Paid), and further, most of filament in 2019 was reduced the quantity of bonded materials and cut the related risk. Only yarn and flame-retardant fabric should be aware of inventory.

**Environmental Aspect**

**(vi) Risks of Effluent Discharge and Air Emissions**

In January 2015, 24-hour detection and quality analysis instruments of discharged dyeing wastewater were activated and connected to the Environmental Protection Bureaus (EPB) of Yunlin County; data of the quality of wastewater is updated every 15 seconds. For alarms about any abnormalities, timely reactions will be taken to reduce the hazards of industrial discharge. For corporate sustainability, FTC has striven to prevent its neighbors, who have paid close attention to and kept an eye on FTC's discharge and emissions, from harm of those pollutants and maintain the long-term relations.

**(vii) Restricted Use of Raw Coal and Petroleum Coke by Yunlin County Government:**

Based on the local government statute, Yunlin County Government will issue no use permits of bituminous coal and petroleum coke or establish a review panel, consisting of scholars in environmental protection, for strict review of the application of a permit to enforce a ban on big enterprises' burning coal and carry out less pollution sources. Such ban will increase production costs because of unstable supply of electricity and steam of substitute fuels; without a solution to the unstable supply, the Company prefers to follow its own environmental protection policy to upgrade its equipment with approximate costs of NT\$ 100 to 200 million instead of the deployment of substitute fuels. A petition for such ban has been submitted to the Environmental Protection Administration (EPA) by the Formosa Plastics Group, to which it is subordinate, in the expectations of consistency of the energy policy throughout the country. For the time of being up in the air for this ban, the step the Company is taking is to strive for intensive communications with the local government and extension of the term of a permit while the upgrade will be annually carried out as planned.

**(viii) Risks and Opportunities of Climate Change , including impact, verification, management, evaluation and target :**

Extreme weather and climate change may cause influential chain reactions among food, energy, water resources, hygiene and health, ecology, flood, forest fires, fluctuations in material prices, and so forth. It brings in pros and cons to the Company's products but do harm to the global environment. Locations of 5 plants in 3 countries range from 10.7 ° N to 31.6 ° N. Chang-Shu Plant in China is the northernmost plant where it is occasionally hit by heavy snowfall. Long-An Plant in Vietnam and office in Ho Chi Minh City are the southernmost ones where water shortage occasionally happens at dry season. Production activities are slightly subject to the impacts of climate changes compared with the nations with high latitudes, which are explained as below:

1. The extreme weather, especially blizzards induced by polar vortex and extreme heat waves as a result of global warming, will be beneficial to the widespread application of the Company's main products, functional fabrics—fabrics for cold-resistant down coats, thermal retention finished fabrics, Intelligent temperature control clothing, high-end waterproof and breathable laminated fabrics, etc.
2. Global warming generates adverse impacts on sales of cold-resistant down fabric but benefits on sales of fabrics made of cooling yarn. This risk is about to be addressed through the marketing of autumn clothes and alleviation of the burden of manpower deployment during off and busy seasons.



3. Climate change may lead to an upward trend in consumption volume and costs of water, electricity and oil, however, such trend will not bring severe impacts in that prices of water and electricity, under the government's control, will not skyrocket and the influence of oil prices can be much more directly and obviously attributed to American extraction costs of shale oil and the geopolitical conflicts among Middle East, Russia, Northeast Asia, and South China, rather than to climate changes. The international gas prices was dropped to U.S\$ 20 / per barrel in April, 2020, the lowest price over the past 21 years.

Climate Change and Index	Impact	Verification	Management	Target
Global warming	Decreasing demands for down coat	Decrease in orders, Weather Forecast	Work-shift adjustment for off and busy seasons, ISO 14001	Additional sale of summer and autumn apparels
Polar vortex	Increasing demands for down coat	Drop in customers' inventory, Rapid increase in orders	ISO 14001	Strengthened ability for acceptance of rush orders
Typhoon & flooding	Damage of assets, Flooding, Power outage	Weather Forecast, Plant inspection	Central Emergency Operations Center, Rainwater And Sewage Shunting	Flood subsides within two hours, restarting production within one day
Snow disaster	Increasing demands for down coat, Increasing cost of the steam	Weather Forecast, Plant inspection	Snow cleaning and warming of equipment and pipes (only in Chang-Shu factory premises in China)	Normal operation
Salty lake tracking	Quality	Inspection of Water Quality	Reservoir inauguration/adjustment ( in Zhong-Shan/ Long An Plants)	Stockpile of fresh water for four-month consumption, Normality in quality control
Rising electricity prices	Incremental cost	Announcement from the government/ the Taiwan Power Company	Work-shift adjustment for off and busy seasons	Work-shift adjustment for off and busy seasons · Electricity conservation
Air pollution	Fine, Lung cancer	ISO 14001/ Data collected from the instrumentation/ Air pollution control Act	Natural gas in replacement of carbon and fuels, Examination of smoke channel, Purchase of management system	Attainment of goal/carbon abatement/9.7% carbon abatement by 2022
Water conservation	Brand awareness	Total Consumed Water /Amount of Reclaimed Water	Sales growth via waterless and water repelling equipment, Improvement of dyeing rate	50% reduction of dyeing failure rate, annual 5% water-consumption reduction
Electricity conservation	Brand awareness	Amount of electricity	Installation of solar panel	10% share of renewable energy, carbon credit NT\$1,500/ton, annual 1% power saving
Conserved Steam	Incremental cost	Amount of steam	Cogeneration	annual 3% power saving
Corporate governance	Sustainable development	According to the regulation of corporate governance/ Corporate Social Responsibility, the risk, opportunity, verification, and management of climate change are added in the Report in June, 2020, and listed in the index of sustainable development.	Supervision by the Board of Directors, Regular report and review	On top 20% list among 1,000 companies listed on Taiwan Stock Exchange in performance evaluation by Financial Supervisory Commission
17 SDGs	Sustainable development	Advocacy of universal value and world organization	Performance review	Continuing progress, 2% optimized growth a year.

- ❖ According to the regulation of TCFD (Task Force on Climate-related Financial Disclosures), cases involving over NT\$20 million value must be designated as company-level risk (or substantial financial impact), which must be managed and dealt with according to regulations and procedure.



## Social Aspects

### (ix) Risks of Public-Safety Hazard for Petroleum Stations

1. Regular safety check for equipment: conduct safety checks for vehicles, tanks, and equipment related to the filling of oil storage tanks, as well as car-washing machines, electric-circuit boxes, auto shut-off device for nozzles, and breakaways according to SOP.
2. Personnel management: forbid station staffers to use fire, keep their cell phones during working hours, ask them to wear anti-static uniforms, and require them to follow SOP in providing service.
3. Control of customers and vehicles: ask, via posters or oral reminding, customers not to smoke, not to use cell phones for making or receiving calls, to turn off engine in filling, and to keep away from filling islands with necessary pause of service if a customer's behavior impacts daily operation. Such management is doing better than harm and is conducive to the image and repute of petroleum stations.
4. Carry out joint uniform improvement, calling for improvement of the other 100-plus stations entirely whenever one of them is penalized.
5. Phone numbers of the personnel from Petroleum Business Div. will not be printed on business cards since Jan., 2020. Only handset telephones are available while working.

### (x) Risks of Worker Strikes and Anti-Chinese Protests

The employment of labor in 5 Plants is conducted in accordance with local labor laws and regulations. The Company has taken provincial balance and adequate modulation of wages, rewards and benefits into consideration in employment. Strikes have been rare through the raise of wages; take the Vietnam Plants for instance, strikes here had seldom occurred in recent years following mandatory pay hike of at least 7% required by the Vietnamese government. Furthermore, employees are encouraged to express their opinions through provided communication channels, which have also been strengthened to prevent discontent from festering. In the wake of the anti-Chinese riot smashing Chinese-invested factories in May 2014, the Vietnam Plants have intensified communication with the local government and police and won their pledge to help uphold the safety of the factory premises by installing barriers, bring rioting people to justice, and remove political risk by distinguishing Taiwanese-invested plants from Chinese-invested ones.

Over million people around 150 countries were infected with COVID-19. Many countries took actions such as temporary restriction on non-essential travels and products to prevent the outbreak. It is adverse to the operating activities of 4 overseas plants of the Company. Furthermore, the government has intensified communication with local governments to distinguish Taiwanese and Chinese.

### (xi) Product Liability Risks

1. FTC is a midstream manufacturer in the supply chain while Formosa Petroleum Stations (FPS), its subsidiary, whose business mode is B2C with sales of ready-made merchandises and plastic shopping bags that are free from processing. FTC's main products are textiles, which are intermediate goods rather than final ones, like garments, the edible, and the medicinal. Unlike FPS, which has to pay attention to consumers' safety thanks to their products sold in the form of final goods, FTC does not have to worry about such issue.
2. Tire cord fabrics are used in the tire casing by our tire manufacturing clients. The whole tire must pass production certification and tire safety inspection, both of which will be conducted at those clients' manufacturing end.
3. Produce and test protective fabric, Bulletproof fabric, fabric for detection and anti detection, and temperature-enduring fire-retardant industrial cloth (commonly known as fireproof cloth) in various grades according to customers' requirements. Bulletproof fabric is tested by the military in a professional manner, in order to meet the criteria of suppliers of materials or branded customers, such as DuPont, that much more regard highly the maintenance of long-term repute than FTC.

### (xii) Risk of infringement on intellectual properties (IP)

1. Patents for FTC's textile technologies are applied in the name of the R&D team and their ownership is registered in the name of FTC, which seldom results in individual patent theft. In addition, textile technologies, unlike invention ones of the technology industry, are mostly of the nature of application, which hardly causes dispute on IP infringement.
2. In May 2017, the Company transferred four patents to its Chinese subsidiary alongside the signing of a contract for that subsidiary (the assignee) authorizing the parent Company (FTC) and FTC's other subsidiaries for production.
3. Although IP infringement of patented technologies by mistake, quite frequent for renowned international electronic enterprises, is rare in the textile industry, we still





endeavor to prevent such incidents via intensified education and patent application. In 2019, FTC acquired 4 patents of special fabric as a measure of self-protection.

4. As for the prevention of the infringement of trademark and copyright for pattern prints, the Company demands customers to have adequate authorization for the patterns to be printed on the fabric they purchase, a practice, carried out according to SOP, already in place for about 30 years. In fact, printed cloth is a marginal business of ours, unworthy of risking violation of law.

#### (xiii) Litigation Risk

Status of handling of litigations as of publication of the report in mid-June 2020:

Taiwan Cooperative Bank filed civil action with Taipei district court against the company for joint and several liability in Sept. 2019, due to false statement made by a former employee of the company misleading the bank to believe that New Site Industries Inc. and New Brite Industries Inc. have debt claim, in the form of accounts receivable, against the company, leading to their financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.

DBS Bank Limited (Taiwan) filed civil action in Sept. 2019 with Taipei district court against the company and Formosa Taffeta Dong-nai Co., Ltd. for joint and several liability, due to false statement made by a former employee of the company and Formosa Taffeta Dong-nai Co., Ltd. misleading the bank to believe that New Site Industries had debt claim, in the form of accounts receivable, against the company and Formosa Taffeta (Dong Nai) Co., Ltd., leading to its financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.

O-Bank filed civil action in Sept. 2019 with Taipei district court against the company and subsidiary Formosa Taffeta Dong Nai Co., Ltd. for joint and several liability in Feb. 2020, due to false statement made by a former employee of the company and Formosa Taffeta Dong Nai Co., Ltd. misleading the bank to believe that Highlite Industries, Inc. had debt claim, in the form of accounts receivable, against the company and Formosa Taffeta Dong Nai Co., Ltd., leading to its financial loss. The company has argued the aforementioned former employee acted on his own. The case is still under trial.

- ❖: The aforementioned contents can be referred to the 2019 annual report of the Company ([http://www.ftc.com.tw/newftc/en/annual\\_report.php](http://www.ftc.com.tw/newftc/en/annual_report.php) P.135).
- ❖: New Site Industries has purchased yarn and some grey cloth for tire cord from some mainland Chinese companies for resale to the company's Taiwan factory premises and Dong Nai factory premises in Vietnam for more than 10 years but both parties have no relationship of debt claim or debt.
- ❖: The company never took part in loan applications by New Site Industries with several banks in Taiwan, which sued New Site Industries, as well as the company, for non-performing loans.

#### (xiii) Risk of regional politics

Following controversial and prolonged trade talks with major trade partners with which it has significant deficits, the U.S. activated Section 301 on March 22 2018, launching trade investigation and investigation of tech espionage, while threatening to impose 25% tariff on import of some mainland Chinese goods into the U.S. Turbulence continued on the global market in 2019, when the U.S. banned export of 5G-related products to China and exchange-rate swing (appreciation of U.S. dollar for risk-hedging factor) affected global trade and supply-chain operation significantly. The turmoil didn't alleviated, until Jan. 2020, when the first-stage Sino-U.S. trade agreement was signed. The company has to consolidate existing supply chain and prevent disruption of supply-chain operation, materials supply, and shipment in the short run. Consequently, the company has shifted the focus of production for the U.S. market to Taiwan, in order to assure normal supply-chain operation and bypass high tariffs. However, tire cord made by Taiwan factory is faced with acute price competition. Fortunately, the U.S. has yet to impose high tariffs on major textile products. In addition, the company can transfer orders from the U.S. to the two factories in Vietnam, from the two factories in China, whose indirect shipment to the U.S. now accounts for 20-30% of their total sales.

#### Conclusion: Enterprise Risk Ratings :

The overall rating assessed by the Taiwan Ratings is as follows:

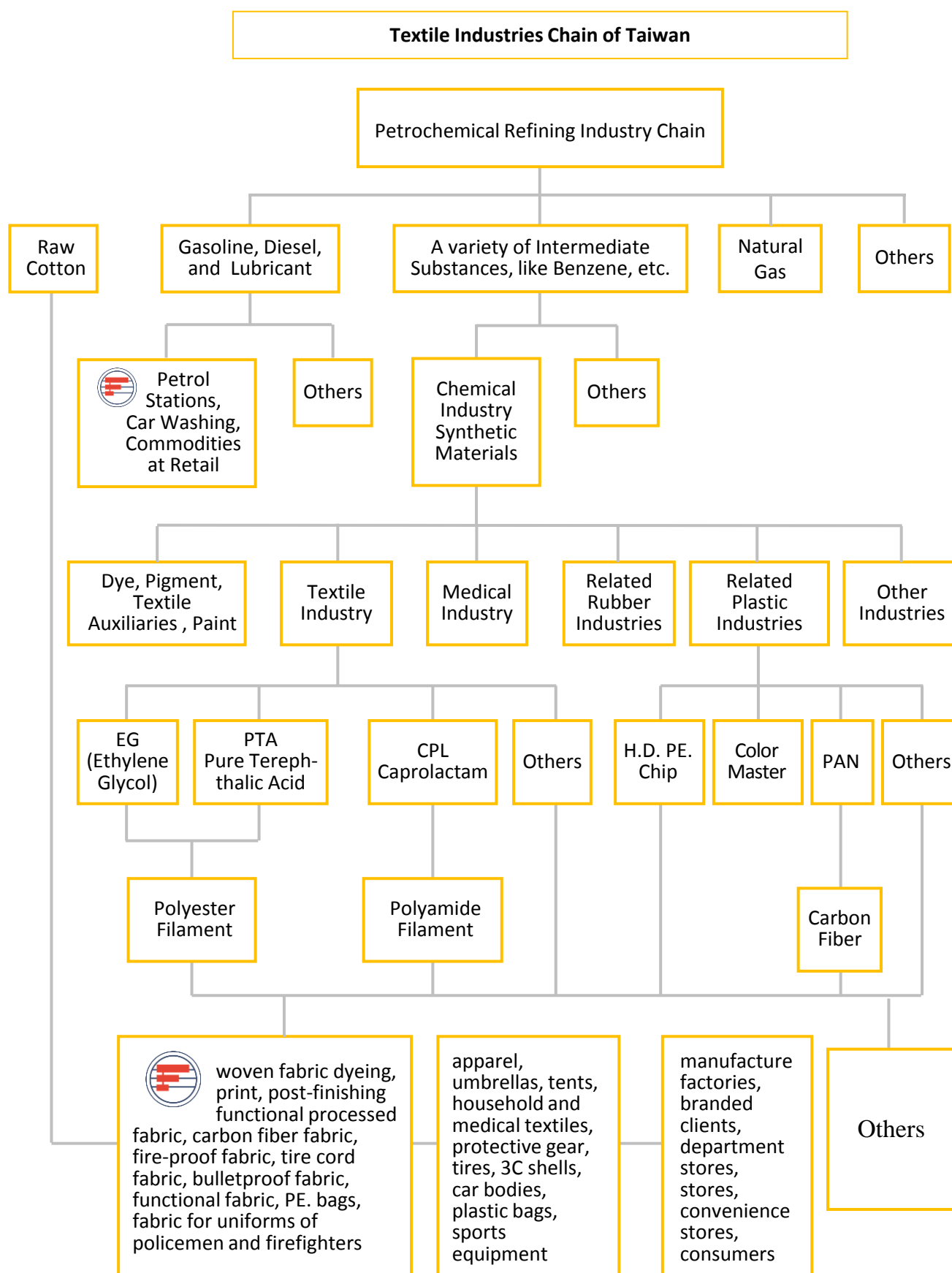
Year	Long-term Rating	Short-term Rating	Rating Outlook
2019	twA+	twA-1	Stable
2018	twA+	twA-1	Stable
2017	twA+	twA-1	Stable

Note: The evaluation result of the credit rating reveals that FTC's financial structure, competitiveness, and sustained profitability are excellent, and it has below-average risks.



### III. Relation with the Textile Industry Chain

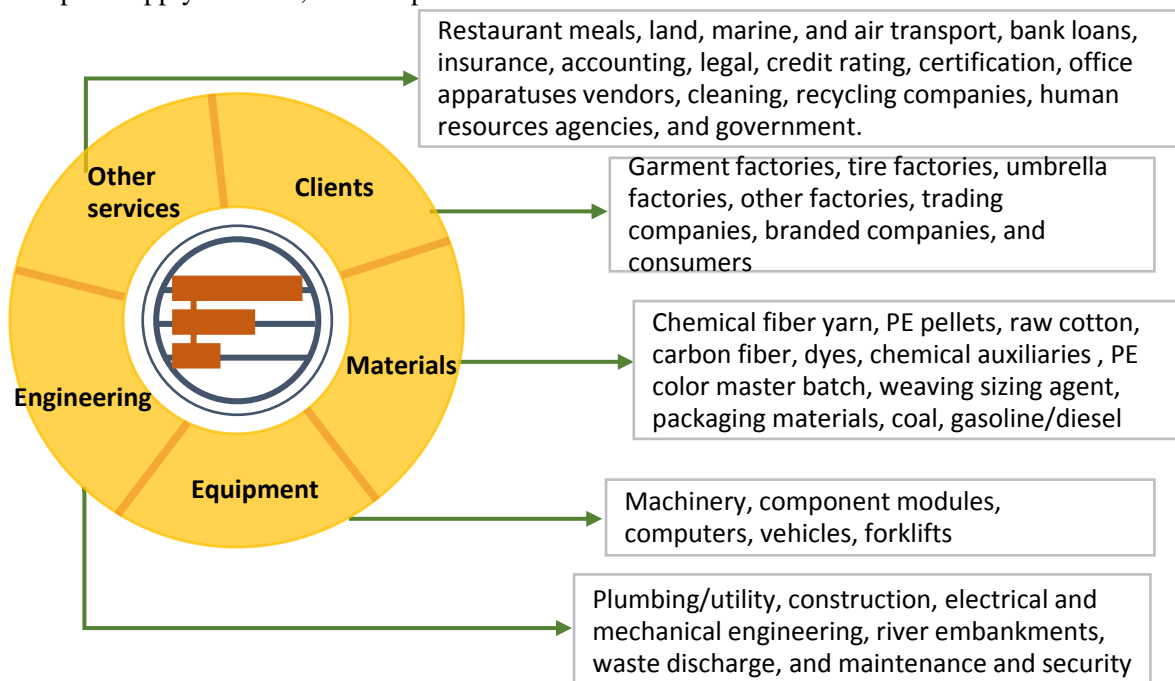
#### i. The Supply Chain of Raw Materials and Products





## ii. Overview of the Supply Chain

As a midstream player in the textile industry, the Company must rely on not only a large number of clients' orders but also the cooperation of the entire industry chain in multi-lateral and multiple trade/services, such as the construction of plants, the arrangement of production line equipment, regular maintenance, the procurement of raw materials, the provision of before- and after-sales services, etc., to maintain the required energy for daily operations. The diversification, customizability and a wide scope of applications—functional apparel, flame retardant fabric derivatives, umbrellas/parasols, cleanroom suits, medical expendable items, tires, electronic product cases made from carbon fiber, carbon fiber auto accessories, etc.—of FTC's products lead to its complex supply network, whose operation is summarized below:



### (i) Proportion of Local Suppliers and that of Spending on them

1. "Local country" refers to autonomous tariff areas as WTO (World Trade Organization) members materials-consuming factory premises are located. In the report, it refers to Taiwan, mainland China, and Vietnam, where suppliers must provide judicial-person certificates issued by local governments, fill data sheet on contractors (subcontractors), offer registration forms for remittance accounts, and sign anti-bribery commitment letters, to be screened by the company to be the company's qualified suppliers, capable of making transactions with the Company based on the company's procurement procedure. To promote the usage of green materials for environmental protection, the Company encourages suppliers of major materials (filament, dye, auxiliary) to take environmental factors into account in their operation, giving them priority in procurement as an incentive, and demands new suppliers to set goals for energy conservation, water-consumption saving, waste abatement, and hazard reduction.
2. In Q4 2019, suppliers of major materials (filament, dye, auxiliary), with transactions with the company exceeding NT\$3 million in value in the first three quarters, were required to sign "supplier corporate social responsibility commitment," covering labor and human right, health and safety, environment production, ethical code, management participation, and friendly inspection. The company will inspect and evaluate on site their performance in fulfilling the commitment in Taiwan starting from the second half of 2020.
3. The amount and proportion of local procurement of 5 plants in 3 countries are displayed in the following table:

**The Amount and Proportion of Local Procurement of 5 Plants in 3 Countries in 2019** Unit: NT\$/%

	Taiwan Plant	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant	Dong-nai Plant
<b>Amount</b>	15,515,681,631	667,738,306	1,031,951,975	4,487,058,117	2,983,383,239
<b>Proportion</b>	79.58	56.10	90.20	36.40	22.00



4. Given the needs for proper and safe inventory, rapid delivery, avoidance of tariffs, and after-sales service, local sourcing is a top priority, while insisting on the requirement for quality and functionality.

**The Number of Local Suppliers and Proportion in 2019\_Taiwan, China**

Plant		Taiwan Plant					Zhong-Shan Plant					Chang-Shu Plant		
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total	Dye	Auxiliary	Total
Number of Supplier		77	9	40	119	245	24	6	20	44	94	15	30	45
Locations of Suppliers	Taiwan	63	9	39	112	223	13	6	6	11	36	3	8	11
	China	6	-	-	-	6	11	0	14	33	58	12	22	34
	Vietnam	-	-	-	-	-	-	-	-	-	-	-	-	-
	USA	-	-	-	1	1	-	-	-	-	-	-	-	-
	Hong Kong	4	-	-	1	5	-	-	-	-	-	-	-	-
	German	1	-	-	2	3	-	-	-	-	-	-	-	-
	Indonesia	1	-	-	-	1	-	-	-	-	-	-	-	-
	Japan	1	-	-	-	1	-	-	-	-	-	-	-	-
	Thailand	1	-	-	1	2	-	-	-	-	-	-	-	-
	Italy	-	-	-	1	1	-	-	-	-	-	-	-	-
	Singapore	-	-	1	1	2	-	-	-	-	-	-	-	-
Proportion of Local Supplier (%)		81.80	100.00	97.50	94.11	91.02	45.83	0.00	70.00	75.00	61.70	80.00	73.33	75.55

**The Number of Local Suppliers and Proportion in 2019\_Vietnam**

Plant		Long-an Plant					Dong-nai Plant				
Types of Raw Material		Yarn	Sizing Agent	Dye	Auxiliary	Total	Yarn	Sizing Agent	Dye	Auxiliary	Total
Number of Supplier		19	7	16	35	77	37	7	15	26	85
Locations of Suppliers	Taiwan	10	6	11	24	51	17	6	11	18	52
	China	4	-	-	-	4	16	-	-	-	16
	Vietnam	5	1	5	11	22	4	1	4	8	17
Proportion of Local Supplier (%)		26.32	14.29	31.25	31.43	28.57	10.81	14.29	26.67	30.77	20





**(ii) Evaluation of economic benefits of local procurement of textile materials and dye and progress :**

1. In recent years, international branded customers have preferred local sourcing and manufacturing; thus, the local sourcing proportions of yarn vary in regions based on the volume clients order.
2. The local sourcing proportion of yarn for tire cord in Dong-nai Plant is lower owing to no high denier polyamide production plants in Vietnam currently.
3. Customers' demand for products with high functionality swells; such products are still mainly manufactured in Taiwan Plant because of the consideration of high-tech transfer, leading to relatively higher local sourcing proportion of materials for those products.
4. The local sourcing proportions of auxiliaries in Vietnam Plants are relatively low due to the limited number of local suppliers and their incompetence in the supply of quality materials to meet the demand for diversified products.
5. The local sourcing proportions of dyes are determined by types of yarn; the more purchase of one kind of yarn, the more consumption of corresponding dyes.
6. Given the requirements of safe inventory, consistent quality, short delivery time etc., local sourcing is a top priority and carried out with adequate quality, volume, and prices for the 5 plants in 3 countries.
7. For the reduction of overseas transportation costs/time/tariffs/insurance fees of raw materials, environmental protection, the increase of the local industry cluster and social benefits, to adequately augment the local sourcing proportion.
8. A material, conforming to quality requirements, will be listed in the candidate list for procurement through irregular comparisons of raw materials supplied by local suppliers.

**Local Sourcing Rate of Yarn for Weaving and Dyeing, Sizing Agent, Dye and Auxiliaries for Weaving and Dyeing (Unit:%)**

Plant	Year	Yarn for Weaving and Dyeing			Sizing Agent			Dye			Auxiliaries for Weaving and Dyeing		
		2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Taiwan		65.5	79.9	73.5	100.0	100.0	100.0	99.8	95.0	99.9	87.4	93.1	89.6
Zhong-Shan		50.1	43.5	44.4	0.0	0.0	0.0	80.5	76.5	76.3	81.2	87.1	86.0
Chang-Shu		No woven plant			No woven plant			80.7	73.3	94.7	85.6	86.8	86.7
Long-an		58.3	53.2	52.9	4.2	2.3	2.1	14.3	15.0	16.7	15.9	21.4	20.6
Dong-nai		14.9	13.3	17.9	9.5	5.3	3.9	42.5	52.8	44.1	35.6	33.6	32.1

**Local Sourcing Rate of Dyeing Auxiliary of the 2nd Business Segment (Unit: %)**

Year	Plant	Raw Material	Latex	Resorcinol	Bridging Agent	HDPE.L-LDPE	Color Master Batch	Ink	Epoxy
2019	Taiwan	Tire Cord Plant	100.0	0.0	99.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100.0
		Plastic Plant	-	-	-	100.0	100.0	100.0	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	0.0	0.0	-	-	-	-
2018	Taiwan	Tire Cord Plant	100.0	0.0	99.5	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100.0
		Plastic Plant	-	-	-	100	100.0	100.0	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	0.0	0.0	0.0	-	-	-
2017	Taiwan	Tire Cord Plant	100.0	0.0	96.9	-	-	-	-
		Carbon Fiber Plant	-	-	-	-	-	-	100.0
		Plastic Plant	-	-	-	100.0	100.0	100.0	-
	Vietnam	Tire Cord Plant in Dong-nai	0.0	0.0	0.0	-	-	-	-

- ❖ Resorcinol must be 100% imported for both the tire cord plant in Taiwan Plant and that in Dong-nai of Vietnam, that is, no local sourcing takes place, since it is not produced locally.
- ❖ "0" represents no local sourcing ; "-" represents non-usage.



### iii. Material Management and Assessments of Suppliers' Environmental Conformity

#### (i) Raw Materials

Material procurement is mainly the procurement of raw materials (yarn/cotton) and chemicals (sizing agents, dyes, auxiliaries). Suppliers of 5 Plants in 3 countries are assessed in quality, delivery and price that respectively account for 50%, 35%, and 15%; the results in 2019 is shown as below.

#### 2019 Suppliers' Rating of 5 Plants in 3 Countries

Unit: number/%

Category	Grade	A	B	C	D	E	F	Total
Taiwan	RM	N	62	0	0	0	0	62
		P	100	0	0	0	0	100
	C	N	144	8	0	0	0	152
		P	94.5	5.5	0	0	0	100
Zhong-Shan	RM	N	24	0	0	0	0	24
		P	100	0	0	0	0	100
	C	N	0	70	0	0	0	70
		P	0	100	0	0	0	100
Chang-Shu	RM	N	0	0	0	0	0	0
		P	0	0	0	0	0	0
	C	N	44	1	0	0	0	45
		P	97.7	2.3	0	0	0	100
Long-an	RM	N	16	0	0	0	0	16
		P	100	0	0	0	0	100
	C	N	58	0	0	0	0	58
		P	100	0	0	0	0	100
Dong-nai	RM	N	14	1	0	0	0	15
		P	93.3	6.7	0	0	0	100
	C	N	20	0	0	0	0	20
		P	100	0	0	0	0	100

❖ RM: Raw material, C: Chemicals, N: Number, P: Proportion

❖ There is no evaluation for raw materials (yarn/cotton) in Chang-Shu Plant in China since there is no woven plant.

Materials that are provided by suppliers must

1. be verified via
  - a. OEKO-TEX Standard 100 Specification Guarantee;
  - b. EU REACH Substances of Very High Concern (SVHC) Qualification Certificate;
  - c. Organotin-free Certificate;
  - d. APEO-free Certificate;
  - e. ZDHC – Inventory of Restricted Chemical Substances;
2. earn manufacturers, consumers and users' trust;
3. meet national transportation safety regulations for being deliverable if transported materials are hazardous;



4. be increasingly certified, for instance, an increase of 21.3%—from 52.2% for 2018 to 73.5% for 2019—in the volume of procured bluesign;
5. pass regular examinations and/or irregular on-site inspections of related processes and their quality to ensure their conformity to government environment protection regulations and its commitments to CSR;
6. be safe to use through terminating business with suppliers who violate government environment protection regulations.

**(ii) Materials**

1. Regarding material procurement, priority is given to materials that conform to international environmental protection regulations, and to
2. Materials that are certified with the Green Mark by the EPA or Energy Label by the Ministry of Economic Affairs, or renewable/helpful to lower pollution/recyclable/beneficial to the society or the reduction of social costs, or the like.

**Expenditures of Products with Green Mark (Taiwan Plant)**

Year	Amount (NT\$)
2019	1,752,542
2018	2,272,810
2017	1,090,878

**Proportion of Yarn Made from Reclaimed Materials Procurement Unit : tons/%**

Year	The amount of Yarn Made from Reclaimed Materials Procurement (A)	The amount of raw material (B)	Proportion of Procurement (A/B)
2019	2,342	45,745	5.12
2018	1,487	50,213	2.96
2017	932	51,644	1.80

- ❖ Such products, like energy-saving equipment and eco-friendly products, are mostly purchased irregularly; the gradual replacement of old ones has been carried out in recent years, which results in fluctuations in expenditures incurred exactly by the replacement of the damaged parts.
- ❖ The Company defines secondary processes of polyester draw textured yarn and polyamine as Yarn Made from Reclaimed Materials.

**iv. Selection of Suppliers and Extended Collaboration**

- (i) The existing screening criteria are adopted for reviewing a supplier's qualification for business, and an advance notice is required if the supplier is incapable of supply, e.g. stoppage of production or shutdown, etc., so as to assure stable production quality and uphold customers' rights.
- (ii) Less usage of packaging is another requirement, including:
  1. the replacement of packing method for auxiliaries whose monthly usage reaches an economical bulk—4,000 kg—with bulk packages (Capacity: 1,000 kg) to reduce packaging usage, and
  2. the adoption of eco-friendly/recyclable substances as raw materials for packaging.
- (iii) The extended collaboration between a supplier and FTC's R&D department on development of high-performance dyes is strongly recommended for less consumption of dyes and energy, less generation of effluent, and so on. The year by year declining purchase of dyes in Taiwan Plant is the best evidence to demonstrate the effectiveness of such collaboration.

**Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant from 2017-2019**

Year	Purchase Volume of Dyes for Weaving/Dyeing in Taiwan Plant (Ton)
2019	376
2018	422
2017	445



## **V Client Policies and Rights Protection**

### **(i) Client Policies: Sharing Benefits of Market Growth with Clients**

#### **1. Creating a Sound and Healthy Growing Supply and Demand Relationship**

The more an enterprise and its clients can mutually benefit, the better extent of co-prosperity they can reach. Therefore, for an enterprise, creating a sound and healthy supply and demand relationship is an important management theme for sustainable development. In view of the emphasis on the long-term development and maintenance of the industry supply chain and dependence on the international marketing of clients, the Company has devoted to transaction integrity, reasonable pricing, fair trade, stable supply and demand, long-term cooperation, mutual benefits, co-prosperity while cooperating with clients in a manner of mutual trust in the long-run.

#### **2. Enhancing the Competitiveness of Middle- and Down-stream Clients**

Only by satisfying the demands of customers and sharing the benefits of market growth with midstream and downstream clients can the Company ensure sustainability. Before developing new products, the R&D Center of the Company will first communicate with midstream and downstream branded clients to develop mutually beneficial market strategies, ensure smooth promotion of the supply chain of new products, and simultaneously boost the competitiveness of the customers.

#### **3. Electronic Commerce Saves Costs and Increases Efficiency**

To increase the service efficiency for clients, the Company has established a Company website that includes a client online service system and internet promotion system in order to improve rapid services and provide real-time information, such as an online product information inquiry system, order and production progress, inspection reports, and warehousing and transportation tracking. Furthermore, the system also established a dedicated client performance evaluation mechanism, client order prediction and tracking system, and product inspection system to improve the service standards and clients' satisfaction and reduce the costs of negligence in operations.

**(ii) Quality Policy :** To surpass the improvement speed of the same trade, and share profits of growth with clients.

### **(iii) Protection of Client Information and Rights**

For long-term co-prosperity among FTC and clients, FTC has actively maintained clients' rights through avoiding infringing on their rights or leaking confidential information in the commercial transactions, which has been the basic knowledge and discipline of personnel of sales department. In 2018 and 2019, no reported cases of client rights infringement were received.

#### **1. Personal Information Management**

When collecting, utilizing, or processing the information of non-Company parties, especially of clients, all personnel of five Plants in three countries must comply with the relevant corporate bylaws (Document Number 100-20-P067) and national legal regulations to prevent the abuse, tampering, damage, loss or leak of personal or legal persons' information. To implement relevant safety measures and guard clients' critical information and rights, items such as privacy, trademark rights, patent rights, copyrights, and business secrets, etc., are protected targets, and so is relevant units' data of the client order system and inferior quality product warehousing system.

#### **2. Management of Printing Plates and Patent Rights of the Pattern of Plates**

Through the configuration and specifications of the relevant information of the rights of the order system in the Company, the product items will be secured by the system and will require specific rights protocols and certification before they can be approved for production. Regardless of model type, sample fabrics, fabrics in excess, or inferior fabrics, information will not be leaked.

#### **3. Inferior Quality Product Warehousing Management**

Regarding inferior products produced in the manufacturing process, the inferior products that are registered in their rights protection system will be stored and controlled until their rights expire. The registration will be conducted by relevant personnel, and the restriction can only be lifted with the approval of the clients and President-level staff in order to prevent these inferior products from entering the market.





#### (iv) Information and Communication Security Management

The Company has taken all the necessary security and management measures for the information system and equipment, installed anti-virus software, firewalls and access restriction software/hardware, and implemented access control and user registration inspections to monitor the security of all information systems and prevent unauthorized access, leakage, infiltration, tampering, theft, or damage in order to ensure continuous operation and protection of client confidentiality and rights. In the case of emergency, such as earthquakes, fires, typhoons, power shortages, or lightning strikes, swift response measures will be taken to resume normal operations as quickly as possible; perpetual backup will be retained under normal conditions in order to reduce the threats to client rights and prevent damage to the sustainability of the operations.

#### (v) Client Satisfaction Investigation

##### 1. Client Satisfaction Survey of the 1st Business Segment

The questionnaire survey is conducted every year to understand the customers' satisfaction on the following items: quality, delivery punctuality, complaint handling, packaging maintenance, new product development, product sample marketing, color matching, and service.

**2018-2019 Result (Average Points) of Client Satisfaction Survey of the 1st Business Segment**  
(Unit: Point)

Significance /Satisfaction Level	Item Year	Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Product Sample Marketing	Color matching	Service	Total
Significance to Business Development	2019	7.5	6.5	4.5	2.7	3.7	3.8	4.1	4.2	37
	2018	7.6	6.8	4.3	3.0	4.5	4.3	4.8	3.5	39
Evaluation of Satisfaction Level	2019	5.0	4.8	5.0	5.2	4.9	5.0	5.1	5.7	41
	2018	4.9	4.8	4.8	5.2	4.9	4.7	4.9	5.4	40

- Information of client satisfaction of the 1st Business Segment is fetched via questionnaire-based survey from 2018 for objectivity while that information prior to 2017 is a self-assessment conducted by FTC's president's office based on major branded clients' feedback on the Segment's products and services.
- 80 questionnaires were sent to customers, with 26 effective collected. The result of the survey was collected and brought to the president for review.
- In 2019, the company conducted a questionnaire survey of customer satisfaction, asking customers to mark extent of "significance for business development" for eight items, according to a eight-tier scale, with 1 representing eight points, the most importance, followed by 2 representing very important with seven points, and so on. Full score is 64 points. The result shows that the top item is quality, followed by delivery and handling of customer complaints.
- For the eight customer satisfaction evaluation items, 6 points represent excellence, five points good, four points average, with full score reaching 48 points. In 2019, evaluation results for five items were better than 2018, with the other three remaining unchanged.
- Quality and delivery punctuality are considered to be of great help for business development, which are also the targets that the first business segment has been striving for many years and will continue to improve.
- Major branded clients point out that quality and punctual delivery are most critical for their businesses development that have been key performance indicators (KPIs), on which the Company has been working for a long-term time. In 2020, the Company will endeavor to increase the response rate for survey on customer satisfaction so as to make data sufficient enough to be as the base for enhancement of customer services.



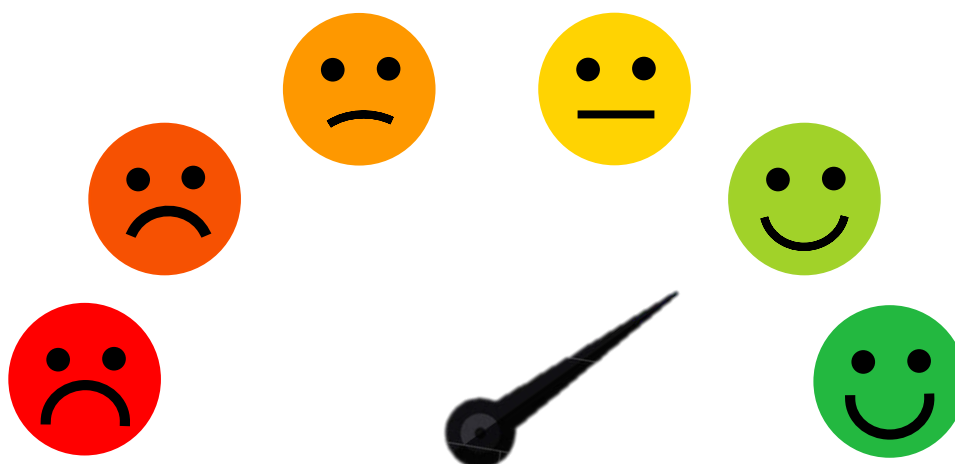
## 2. Client Satisfaction with the Tire Cord Division

### 2017 ~ 2019 Result of Client Satisfaction Survey of FTC's Tire Cord Business Division

(Unit: Point)

Significance /Satisfaction Level	Item	Quality	Delivery Punctuality	Complaint Handling	Packaging Maintenance	New Product Development	Service	Total
Significance to Business Development	2019	6.0	4.9	3.3	2.6	1.8	2.4	21
	2018	5.2	4.2	3.4	1.9	2.5	2.3	19.5
	2017	5.2	4.4	3.2	2.1	1.9	2.18	18.8
Evaluation of Satisfaction Level	2019	5.4	5.1	5.2	5.3	4.9	5.5	31.4
	2018	5.1	4.8	5.3	5.3	4.9	5.3	30.7
	2017	5.4	5.3	5.2	5.4	5.2	5.6	32.1

- 58 questionnaires were sent to customers, with 21 effective collected, by the Sales Sec.1 and 2 of the Ind. Material Business Division. The data above was collected in Nov., 2019.
- 6 points in “Significance to Business Development” represent “much important” while 1 point means “much unimportant.”
- 6 points in “Evaluation of Satisfaction Level” represent “much satisfied” while 1 point means “much dissatisfied.”
- The results along with suggestions from customers were brought to president for review in March, 2020. The related department should continue to improve the delivery punctuality to meet customers’ expectations.
- Besides delivery punctuality, quality, for clients of the Tire Cord Business Division, is inevitably considered much influential for their business development since driving safety is everyone’s most concern. All components/parts involving driving safety, requiring replacement, need to pass a series of testing, inspections and trial use, which is quite time-consuming and leads to significant difficulty for new product development and new customer solicitation.
- For the well-known branded clients without a great deal of transactions, the Company should dig into the reasons and strive for their trust, trial orders and satisfactions.





#### (IV) Formosa Petroleum Stations (FPS)

Main businesses of FPS' are the retail of gasoline and diesel and service of car wash. All oil products are 100% from Formosa Chemical & Fiber Corporation, a member of Formosa Plastics Group (FPG), which is a steady supply source. To maintain the quality conformity, a lot of efforts are made to execute source management—to regulate that samples of gasoline/diesel in each tank truck must be taken and stored, that standard operating procedures must be obeyed for the transportation and unloading, and that periodic oil quality inspections must be made by certification bodies accredited by the government.

Employees of petroleum stations must adhere to “five don’ts and five dos” in refueling to reduce the escape of gasoline vapors.

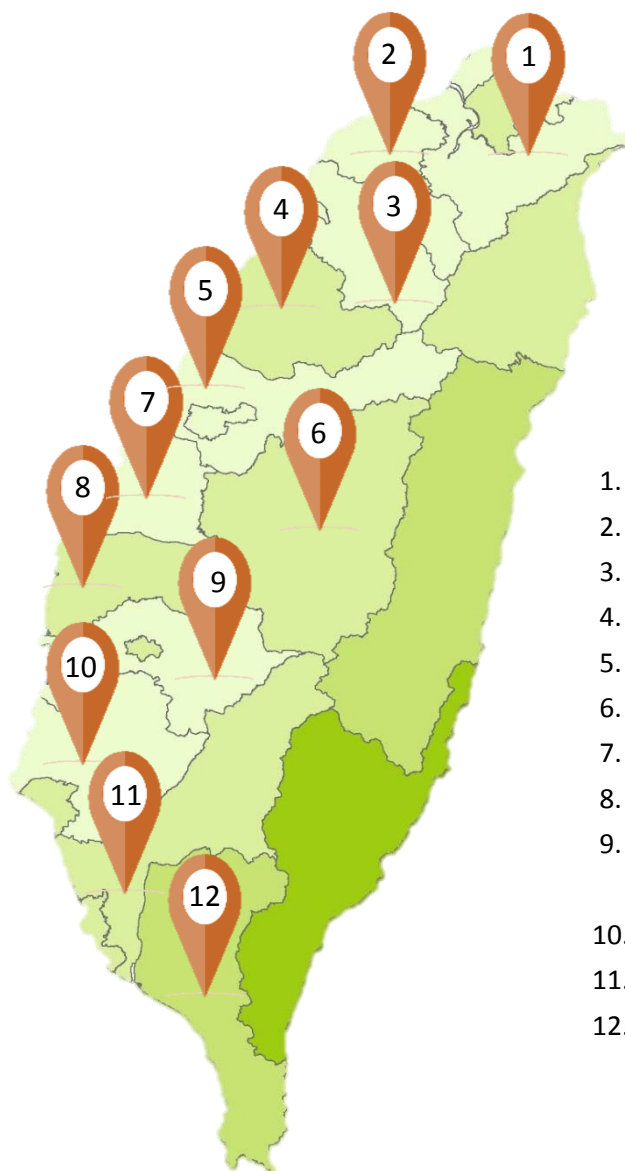
##### Five Don’ts during Refueling

- Ø Do not force refueling.
- Ø Do not lift the lever up and/or lower it with a pump nozzle.
- Ø Do not slam pump nozzle or hit it hard.
- Ø Do not let the last few drops be left in the pump nozzle.
- Ø Do not press the barrel of a pump nozzle with your hand.

##### Five Dos during Refueling

- Œ Stop refueling when self-stopping mechanisms are triggered.
- Œ Lift the lever up with a hand for activating the pump.
- Œ Keep a pump nozzle from being hit when in use.
- Œ Let any last drops fall in before removing the nozzle from the gas tank.
- Œ Keep pump nozzles and rubber hoses clean all the time.

#### 106 Locations of Formosa Petroleum Stations



1.	New Taipei City	1 station
2.	Taoyuan City	4 stations
3.	Hsinchu County	1 station
4.	Miaoli County	2 stations
5.	Taichung City	10 stations
6.	Nantou County	6 stations
7.	Changhua County	18 stations
8.	Yunlin County	20 stations
9.	Chiayi City	5 stations
	Chiayi County	16 stations
10.	Tainan City	12 stations
11.	Kaohsiung City	6 stations
12.	Pingtung County	5 stations



## i. FPS' Environmental Protection Measures

Besides growth in sales, FPS also attaches importance to environment protection and sustainability through incorporating energy/electricity/water conservation, reduction of air pollution, etc., into daily management, to social concern, and to realization of the social responsibility. The related environmental measures are as follows:

### (i) Energy Conservation Measures

Overall application of the electronic invoice system to 106 petroleum stations was attained on December 12, 2017, which brought the following energy conservation effects and economic benefits:

- Compared to conventional duplicate/triplicate cash register uniform invoices and computer uniform invoices, the adoption of electronic ones in 2019 consumes 1.90 million pieces of paper pre month, which can save the paper expenditure of NT\$ 81 thousand per month.
- Manual jobs of collating, securing and checking paper invoices are much fewer.
- The usage of electronic invoices can cut warehousing costs through being free from the constraint of filing for reference for 5 years.

To conserve energy and reduce carbon, it is planned to take membership cards as carriers to replace paper electronic invoices.

### (ii) Electricity Conservation Measure

From 2012 onwards, energy-consuming Fu-Le lights, projection lamps and conventional fluorescent tubes are replaced with energy-saving LED lights produced by Nan Ya Photonics Inc.; after such replacement, power saving is getting better year by year, shown as follows:

Year	2011 (base year)	2016	2017	2018	2019
Consumed electricity (KWH/KL)	14.0	8.7	9.5	9.8	9.8
Proportion of conserved electricity (%)	-	-37.9	-32.1	-30.0	-30.0

❖ Electricity-saving ratio = (consumed electricity of the current year – consumed electricity of the base year) / consumed electricity of the base year.

### (iii) Water Conservation and Discharge Measures

1. Tap water is the main water source of each petroleum station for clients' and employees' usage and car washing. Wastewater generated from car washing cannot be discharged into public sewers without treatment in conformity to drainage standards. In 2019, 17 petroleum stations have secured usage right for ground water and the remainder will also apply for the right successively.
2. Due to increase of car washing services, total water consumption increased by 1,255 tons to 83,291 tons in 2019. Till 2019, 31 water-saving car-washing machines in total were introduced for greater water conservation. Wastewater recycling and reuse systems were installed at the Wen-xinon May 10, 2017, Pei-ming and Hsin-kung stations in 2018. For less consumption, wastewater, and fewer discharges, such systems will in succession be installed in the other stations depending on wastewater recycling benefits, and the aggregate wastewater recycling performances of these three stations are as follows:

Year	Amount of Wastewater Discharged (T)	Consumption Water for Car Washing (T/Month)	Recycling Volume (T/Month)	Recycling Rate (%)
2019	66,367.1	1,700	1,167	68.6

❖ The data above are only collected from three stations installed with wastewater recycling and reuse systems, namely, Wen-xinon station, Pei-ming station, and Hsin-kung station.





#### (iv) Underground Pollution Prevention Measures

Prevention Measures	Implementation Contents	Implementation Cycle	Implementation Effectiveness
<b>Declaration of Equalization Control over Total Oil-Input/Output Quantity</b>	According to the Regulations Governing Facilities for the Prevention of Groundwater Pollution of Underground Storage Tank Systems and Monitoring Equipment, FPS has been daily filling out the total oil-input/output quantity control form and regularly declaring.	Complete total oil quantity control form/ daily  Declaration / every 4 months	The 2019 declarations of all petroleum stations have been verified that no abnormalities take place by respective local EPBs.
<b>Underground Pollution Monitoring</b>	FPS mostly adopts the soil vapor monitoring for the underground pollution monitoring. Besides monthly soil vapor self-inspections, FPS further outsources such inspections to a qualified environmental protection inspection institution every four months, and declares the results online. The regular cooperating institution for 2019 is Top Team Professional Co., Ltd.	Outsourced inspections / every 4 months  Declaration / once every January, May, September	Ditto. Both PID and FID* meet criteria; no need for further inspections of soil or groundwater.
<b>Self-Inspections of Operation Equipment</b>	FPS conducts self-inspections and self-measurements of fuel dispensers, pipelines of underground storage tanks system, vapor volume of catch basins of oil tanks, volume of oil tanks, etc.	Periodical circular sample inspections / daily, monthly, biannually	Results of 2019 irregular inspections of the EPA and the local EPBs reveal that inspected items meet criteria—no generation of pollution.

- ❖ Install a flame ionization detector and a photoionization detector for detecting the oil-gas density of the soil-gas monitoring well of underground storage tank (monitoring well, for short), to determine leakage in underground storage tanks or pipelines (in reference to the "oil-gas detection method for the soil-gas monitoring well of underground storage tank", announced by Taiwanese EPA).

#### (v) Petroleum Vapor Recovery Measures

1. According to the provisions of paragraph 3, Article 22 of the Air Pollution Control Act, air-to-liquid volume ratio testing and vapor leak testing shall be performed by professional testing personnel twice a year and once every two years respectively. To avoid vapor leak, all refueling islands are equipped with refueling guns with gasoline vapor recovery facilities, refueling guns are replaced regularly, and the residue gasoline within guns is cleaned. Each area is equipped with gasoline vapor recovery detectors, and monthly self-inspections are conducted to calibrate gasoline vapor recovery pumps to the optimal ratio of 1:1 to sustain the stability of gasoline vapor ratio and extend the service life of equipment. In 2019, the EPBs conducted sampling inspection of air-to-liquid volume ratio testing of refueling guns of 19 Formosa Petroleum Stations, 97.3% of which pass testing—a rate much higher than the required 70%.
2. FPS requests its employees to conform to refueling principles—the five Dos and five Don'ts, conduct frequent equipment checks, trigger timely notification for any abnormality, and replace damaged or malfunctioned equipment. To ensure safety and increase the vapor recycling rate, routine inspections that must be performed include checks on connectivity between a oil tank car and a vapor recycling pipe in the daily first stage oil unloading, functionality of vapor recycling motors, signals and/or noises for motor abnormalities, existence of oil residues in the rubber tubes of the pump nozzles, etc.



4



# Environment











## **(I) Operation Overview of Development of Sustainable Environment**

FTC is a midstream Company of the textile industry whose main businesses are weaving and dyeing finishing. The proportion of the various energy costs consumed in the production process accounts for 4~6% of the total revenue. The Company has promoted the ISO 14001 Environmental Management System for ongoing improvement and the avoidance of potential environmental impacts.

For the purpose of sustainability, reduction of environmental impacts derived from production, and out of the thought of befriending the environment, we especially notice key environmental issues, such as energy, water, pollution, and waste, etc., and adopt the following measures:

- Keep effective operation of the Energy Management Committee, set up energy-saving targets, stipulate policies and inspect implementation performance
- Set benchmarks for water, electricity, and steam consumption and pollution discharge, and conduct mutual comparison and verification
- Set benchmarks of energy consumption for equipment procurement/replacement decisions through evaluation of benefits and feasibility
- Implement and promote the reuse of recyclable resources such as water, steam, and thermal energy to improve benefits of energy and facilitate circular economy
- Implement and promote pollutant and waste management to reduce pollutant discharge and endeavor to keep clean
- Procure qualified raw materials, chemical dyes, and auxiliaries to establish safe and eco-friendly green processes

## **(II) Energy and Water Conservation and Pollutant Management Measures**

Based on “Green Design and Clean Production” concepts, FTC has been not only promoting various resource conservation projects in water, steam, electricity, and fuel consumption energy-saving and carbon reduction technology, but also participating in external technology exchanges. Furthermore, it actively plans visits to various guiding projects every year to enhance communication with other industries and stimulate transposition thinking, which inspires employees to propose and promote feasible projects through brainstorming.

Established in 2007, the energy-saving promotion team was expanded and reorganized as the “Energy Management Committee” in 2015 to integrate the human, materials, and energy resources, propose energy-saving targets, and develop and promote various viable plans to increase efficiency of energy usage, reduce energy consumption, greenhouse gas emissions, and waste discharge.

The number of improvement projects is 62 in Taiwan Plant; the total accumulated number from 2007 is 696, amounting to NT\$ 360 million ; the self-estimated accumulated volume of reduced CO<sub>2</sub> emissions is 120,106 tons. For better performance of environment protection, green policies such as decrease in procurement, restriction on employment, reduction of discharges, etc., are gradually promoted. In view of the vision of good neighborliness and co-sustainability with communities, FTC has designated the HR section, the Industrial Safety & Hygiene office, Administration Department, and the Energy & Civil Construction Division as the windows for handling environment-related complaints of stakeholders according to procedures of complaints.

### **i. Emission**

#### **(i) Measures for Reducing Emissions**

##### **1) Organization Greenhouse Gas Inventory and Voluntary Reduction Promotion Project**

In accordance with the specifications stipulated in the ISO and the GHG Protocol of the World Business Council for Sustainable Development, the Company has developed the Formosa Taffeta Systematic Greenhouse Gas Inventory Program, reduction projects, and relevant management and audit systems. With inventory results as the basis for those voluntary projects and PDCA Circulation Management, effective greenhouse gas emission management has been in progress to allow the production processes to drift towards low carbon emissions. Meanwhile, the Company and its up- and downstream contractors can spur each other to the limitation of global warming to well below 2°C and realization of corporate social responsibility for energy conservation and emissions reduction by letting those contractors understand the carbon dioxide emissions during the lifecycle of products.



## 2) Management of Ozone Depleting Substances (ODS)

The management of ozone depleting substances is implemented in accordance with the Air Pollution Management Regulations of the Company, “Regulations Governing Restricted Chemical Substances listed in the Montreal Protocol”, and “Regulations Governing Hydrochlorofluorocarbon Consumption” of the EPA. In response to the current demands of legal regulations and social responsibilities, the Company will gradually replace machine models/equipment, generating Chlorofluorocarbons (CFC), Hydrochlorofluorocarbons (HCFC), etc., for zero ODS emissions.

## 3) Environmental Monitoring and Inspection

Operation of all relevant production processes is based on air pollution operation permits obtained in respect to legal obligation; the expiry and application for such permits are handled via the computer system. Regarding stationary pollution sources (two chimneys for steam power cogeneration processes), a constant monitoring system is connected in real-time to the Yunlin Environmental Protection Bureau and under the full supervision of the authorities; regular inspections are conducted on all emission chimneys, and the inspection results will be declared to the EPB.

## 4) Green Electricity and Green Procurement

Priority is given to the procurement of products awarded with environmental protection labels (Green Label, Energy Label, Water Label, Green Building Material Label, etc.); in 2019, the amount spent on green procurement was NT\$ 1,752,542.

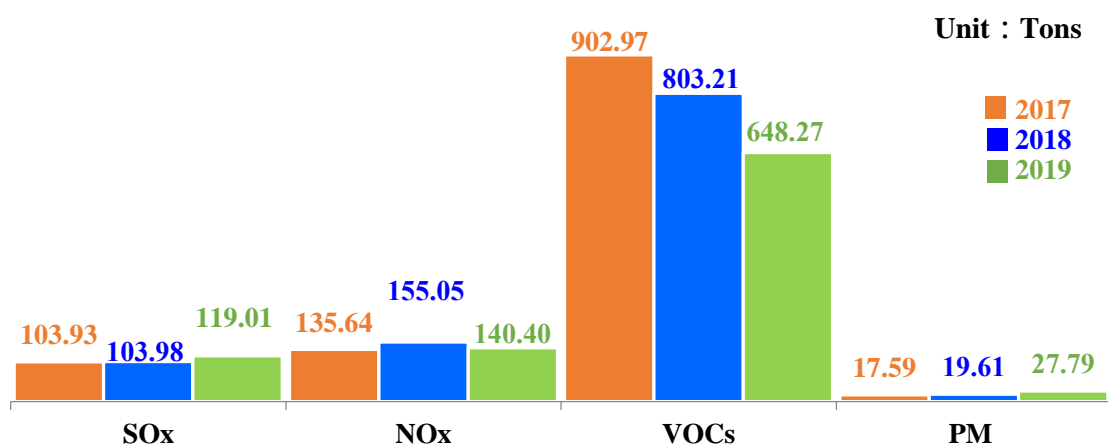
## 5) Energy conversion and carbon abatement

Faced with extreme weather, earth warming, and serious air pollution in Taiwan, the government has been advocating energy conversion to green energy, while banning the use of raw coal. According, FTC renovated 12 setting machines at the dyeing plant and two impregnating machines at 1<sup>st</sup> tire cord plant in Taiwan factory premises, thereby converting fuel from heavy oil to natural gas, for which the company has installed an 2,170 meters-long underground gas pipeline connected to outside gas supply plant. The project was already completed in Feb. 2020. Meanwhile, project for installing rooftop solar panels on buildings in Long An factory premises was completed in Sept. 2019, generating 108,205 Kwh of power in Dec., 2.7% of total power consumption that month.

### (ii) Air Emissions

SO<sub>x</sub>, NO<sub>x</sub>, VOCs, PM Emissions

SO<sub>x</sub>, NO<sub>x</sub>, VOCs, PM Emissions in Taiwan in Previous Years



- ❖ Source: Information declared to EPA of Executive Yuan by Formosa Taffeta Co., Ltd. (Taiwan Plant).
- ❖ In line with changes in orders, output of products featuring water-proof acryl coating process and PU processing decreased, as a result of which total VOCs emission dropped in 2019.



### SO<sub>x</sub>, NO<sub>x</sub>, VOCs, PM Emissions of the 4 overseas Plants in 2019

	SO <sub>x</sub> (Tons)	NO <sub>x</sub> (Tons)	VOCs (Tons)	PM (Tons)
<b>Zhong-Shan Plant (China)</b>	-	12.630	210.180	0.378
<b>Chang-Shu Plant (China)</b>	-	0.396	14.132	0.012
<b>Long-an Plant (Vietnam)</b>	14.392	13.901	541.748	2.106
<b>Dong-nai Plant (Vietnam)</b>	0.137	6.918	23.504	0.210

- ❖ Due to absence of requirements for declaration and charges by host governments, voluntary inventories and disclosure of information on emissions of sulfur oxide (SO<sub>x</sub>), nitrogen oxide (NO<sub>x</sub>), volatile organic compound (VOCs), and particulate matter (PM) of the four overseas Plants have been made under the assistance of the industrial safety and hygiene office of Taiwan Plant since 2019.
- ❖ The analysis of air pollutants for 4 overseas plants:
  - **Zhong-Shan Plant :**  
SO<sub>x</sub> pollutant was not generated since both setting machines and gas fired boilers use natural gas. VOCs emissions is mainly due to three water-proof coating machine.
  - **Chang-Shu Plant :**  
There is no SO<sub>x</sub> pollutant, since steam used in process is provided by the administration of industrial zone, while the fuel in use is natural gas for setting machines.
  - **Long-An Plant :**  
Examination of smoke channel of gas fired boilers is made annually for calculation of SO<sub>x</sub> and Nox emissions. VOC emissions, calculated by Mass Balance Method, is mainly due to water-proof coating process.
  - **Dong-Nai Plant :**  
Steam used in process is supplied by Formosa Industries Corp. (FIC) in the industrial park, while tire cord plant and dyeing and fishing plant employ natural gas and liquefied petroleum gas (LPG), respectively, for heating in process, with VOCs being discharged by one water-proof coating machine.

### (iii) Greenhouse Gas Emission

#### 1) Taiwan Plant

Three main sources of greenhouse gases are as follows:

##### 1. Emissions from Stationary Sources:

Emissions generated from usage of cogeneration, hot coal oil boiler, emergency generator, diesel oil engine generator, steam boiler, etc., and from the preparation of meals in cafeteria

##### 2. Emissions from Mobile Sources:

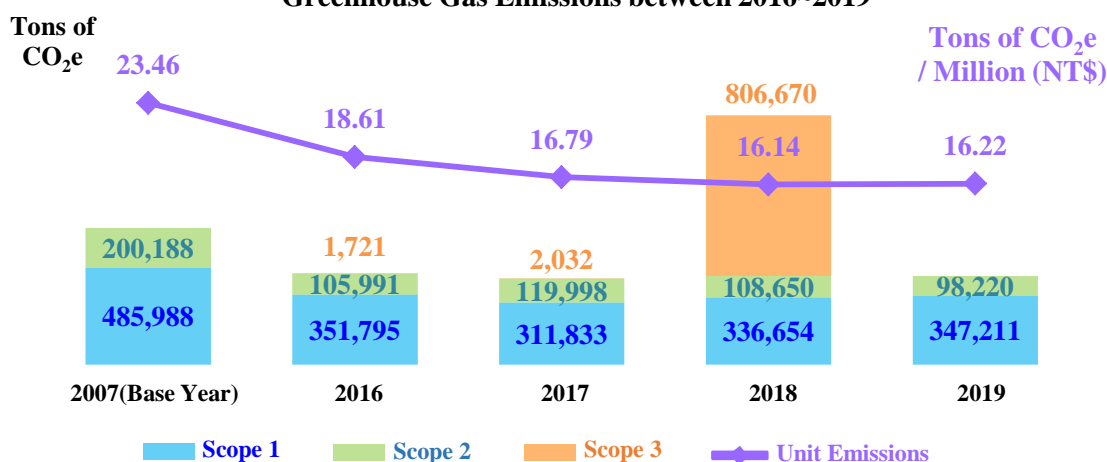
Emissions generated from the energy usage of vehicles, such as autos, trucks, and forklifts during transportation

##### 3. Emissions from Fugitive Sources:

Emissions generated from the operation of facilities, such as internal freezers, air conditioners, refrigerators, Very High Voltage Generator Circuit Breaker (GCB), carbon dioxide fire extinguishers, septic tanks, etc.



### Greenhouse Gas Emissions between 2016~2019



- ❖ Emissions per unit =  $\frac{\text{Total Annual greenhouse gas Emissions (Tons of CO}_2\text{e)}}{\text{Annual Sales Revenue of the Taiwan Plant (NT\$ Million)}}$
- ❖ Source: Information declared to EPA by Formosa Taffeta Co., Ltd. (Taiwan Plant).
- ❖ Global-warming Potential (GWP) refer to the IPCC Fourth Assessment Report, 2007.
- ❖ Under the operational control approach, Scope 1/Scope 2 Emissions respectively account for 78%/22% of the total GHG emissions of the Taiwan Plant for 2019; the main emission source of Scope 2 is procured electricity.
- ❖ The consumption of coal of 2019 was 123,315 tons, an increase of 6,955 tons (+5.98%), compared with 116,360 tons of 2018. It contributed to the growth of 33,092 tons CO<sub>2</sub>e (+9.83%) of Scope 1. The decrease in purchased electricity declined 10,430 tons CO<sub>2</sub>e (-9.6%) of Scope 2.
- ❖ In 2018, scope-3 inventory items included (1) waste treatment, (2) business travel, (3) employee commuting, the same as 2017, with several additions, namely (4) purchased goods and service, (5) fuel- and energy-related activities, (6) transportation and distribution of upstream materials, (7) downstream transportation and distribution. The inventory covers statistics on the indirect emissions of the seven items, greatly augmenting carbon-emission disclosure, in terms of items and volume.

### Data of Scope 3 Emissions in Taiwan Plant in 2018

Item			Greenhouse Gas Emissions (Tons of CO <sub>2</sub> e)	Portion (%)
Category 1	Purchased Goods and Services- Purchased Goods	Major source	356,523.4155	44.20
		Petrol and Diesel	313,768.1035	38.90
Category 3	fuel- and energy-related activities		103,788.6592	12.87
Category 4	upstream transportation and distribution	Major source	6,611.1919	0.82
		Petrol and Diesel	10,408.0026	1.29
Category 5	Waste Generated in Operations		1,136.5436	0.14
Category 6	Business Travel-Air Travel		416.6203	0.05
Category 7	Employee commuting-Automobile travel		820.6288	0.10
Category 9	downstream transportation and distribution		13,196.3669	1.63
Total			806,669.5323	100.00

- ❖ In 2019, scope-3 inventory covered disclosure of statistics on external indirect emission of four items, unchanged, namely (1) merchandise procurement and service, (2) fuel- and energy-related activities, (3) transportation and distribution of upstream materials, (4) downstream transportation and distribution. The inventory is scheduled for completion in July 2020, somewhat later than June, time for public disclosure mandated by the report. The inventory result will be disclosed in other occasions, CDP report, or 2020 CSR report.





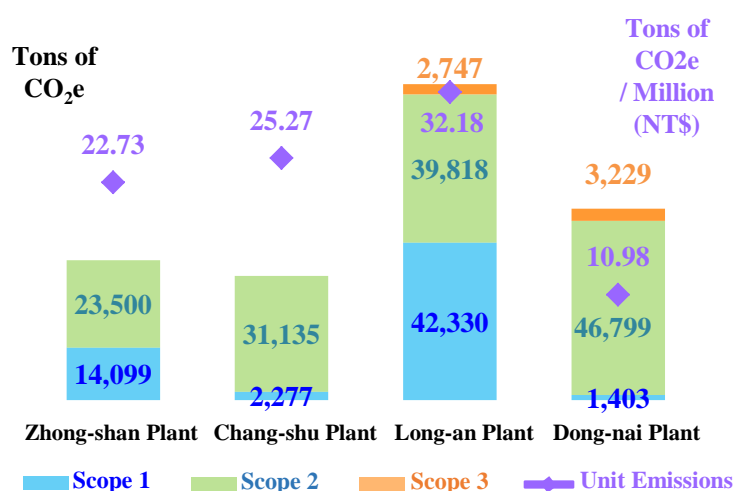
## Greenhouse Gas Emissions of Formosa Petrol Stations between 2018 and 2019



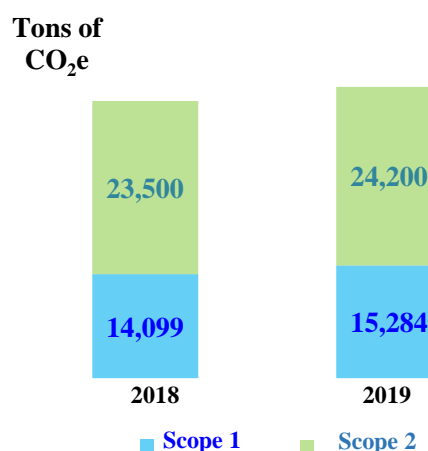
❖ 2018-2019 scope 1 and scope 2 inventory of greenhouse-gas emission by gas stations have outsourced to a third party, with result to be certified in June 2020 for public disclosure in the booklet.

## 2) Overseas Plants

### Greenhouse Gas Emissions of 4 overseas Plants in 2018



### Greenhouse Gas Emissions of Zhong-Shan Plant between 2018 and 2019



### Source of Greenhouse Gas Emissions for 4 Overseas Plants

	China		Vietnam		
	Zhong-Shan Plant	Chang-Shu Plant	Long-an Plant		Dong-nai Plant
Scope 1	<ul style="list-style-type: none"> <li>– Diesel</li> <li>– Natural gas</li> </ul>	<ul style="list-style-type: none"> <li>– Diesel</li> <li>– Natural gas</li> </ul>	<ul style="list-style-type: none"> <li>– Electric Generator</li> <li>– Stacker</li> </ul>	<ul style="list-style-type: none"> <li>– Coal-fired boilers</li> <li>– hot coal oil boiler</li> <li>– Setting machines</li> </ul>	<ul style="list-style-type: none"> <li>– Electric Generator</li> <li>– Stacker</li> <li>– Setting machines</li> </ul>
Scope 2	<ul style="list-style-type: none"> <li>– Purchased electricity</li> </ul>	<ul style="list-style-type: none"> <li>– Purchased electricity</li> <li>– Purchased steam</li> </ul>	<ul style="list-style-type: none"> <li>– Purchased electricity</li> </ul>		<ul style="list-style-type: none"> <li>– Purchased electricity</li> </ul>

❖ The information of GHG emissions for 4 overseas plants between 2018 and 2019 is indicated as below:

#### ➤ Zhong-Shan Plant:

Source for disclosure of greenhouse-gas emission is filing with SAC (Sustainable Apparel Coalition) for publication of Higg Index FEM (facility environment module), using the sustainability measure tool to assess the influence of apparel and footwear on the environment and society.

#### ➤ Chang-Shu Plant:

Declaration was made in May on greenhouse-gas emission platform for key enterprises in Jiangsu province and acquisition of report on greenhouse-gas emission from auditing/inspection by designated third party and government supervision.

#### ➤ Long-an and Dong-nai Plant:

In 2019, a third-party certification body in Vietnam was commissioned to conduct greenhouse-gas inventory for factory premises, whose result was certified by ETES in May 2020 for acquisition of greenhouse-gas emission report.

❖ If certification be delayed by COVID-19 pandemic beyond June 2020, scheduled for public disclosure of 2020 CSR report, the results will be disclosed in other occasions or 2020 CSR report.



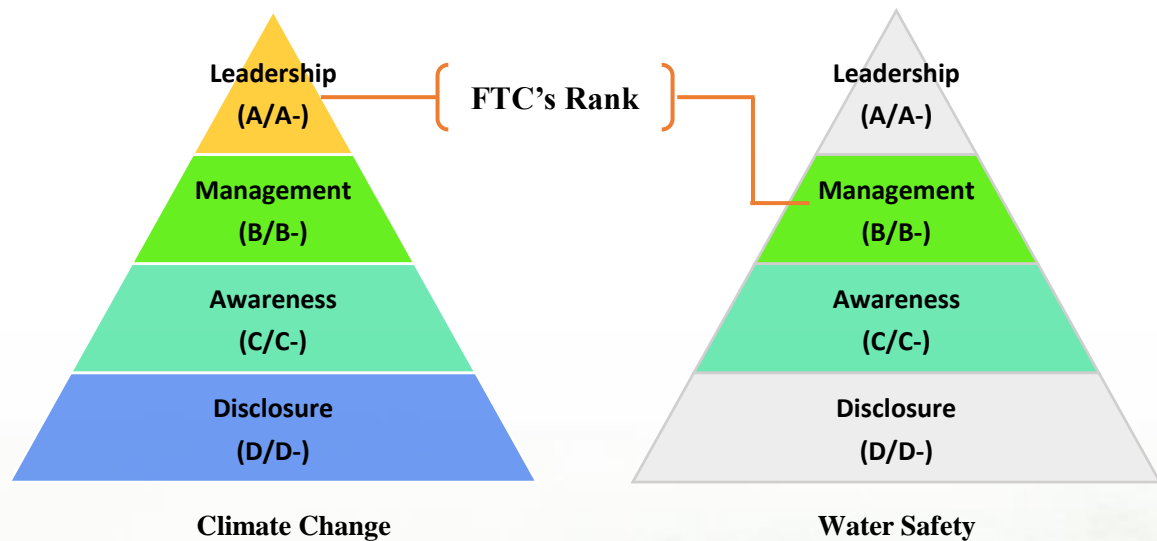
#### (iv) CDP Disclosure

The CDP Score Reports on climate change, forests, and water security have been a critical reference for the global investors' investment. In 2019, over 8,400 companies worldwide were evaluated based on their responses to CDP's questionnaires, and what FTC received are as follows:

- 1) "A-" in Climate Change, where a total of 14 Taiwanese enterprises, including FTC, are in the Leadership band and FTC is the only one enterprise in such top band among the "Textiles & fabric goods" Activity Group
- 2) "B" in Water Security—a grade FTC received for its first disclosure of water security, which is higher than both the Global and the Textiles & fabric goods sector average of "B-."

With firm grip on climate-change issue and good performance, FTC has set up a paradigm for the local textile industry, contributing to the global effort for coping with climate change.

#### Textiles and Fabric Goods Sector





## ii. Water

### (i) Management of Water Resource

#### 1) Water Conservation Measures

Due to the growth of the global population and industrialization, water resources are becoming increasingly relatively limited. Compared with other countries, Taiwan is more likely to face water shortages issues during winter and spring in that rainwater of rainy seasons cannot be stored as a result of its geographical factors. As water shortage is a severe problem, to avoid lapsing into water shortage situations and increasing water costs, water conservation has become a critical theme in sustainability.

The following are three main water conservation themes of 5 plants in 3 countries:

- **Reduce:**  
using novel technology and equipment for production and dyeing with lowest water ratio to significantly reduce water consumption
- **Recycle:**  
recycling and reusing condensed steam, cooling water, and low polluted water of processes by means of energy-saving machinery for consumption reduction both of fresh water and wastewater
- **Reuse:**  
reusing recycled wastewater and steam for less consumption of fresh water.

#### 2) Measures for Reducing Effluents

In line with the government's environmental protection regulations, FTC has stipulated management criteria for the prevention and control of wastewater pollution. The Company has also promoted policies for the reduction of wastewater discharge in the plants, enforced the management of wastewater discharge, and stipulated criteria for effluent discharge to ensure the conformity of the quality of the wastewater discharged to the national criteria and to mitigate impacts of pollution on ecological environment.

The wastewater treatment methods of 5 plants in 3 countries are as follows:

- **Taiwan Plant:**  
the pure oxygen aeration and biodegradability method in biochemistry as the primary treatment method to dispose wastewater to meet the national criteria
- **Zhong-Shan Plant (China) and Long-an Plant (Vietnam):**  
the Anaerobic and Aerobic decomposition methods in biochemistry as primary treatment methods to dispose effluents to meet national criteria that are directly discharged to the river because of being outside the industrial zone
- **Chang-Shu Plant (China) and Dong-nai Plant (Vietnam):**  
establishment of wastewater treatment facilities because of being inside the industrial zone to dispose wastewater to meet criteria for indirect discharge before commissioning with a fee the central wastewater treatment plant of the industrial zone for further processing

With the installation of wastewater reclaim system such as Ultrafiltration membrane of wastewater recovery device in 2019, the recycled water of 2019 was 2,644,312 tons, increased by 30.2% compared with 2018.

Regarding collection, transportation, and treatment facilities of wastewater of 5 plants in 3 countries, the Company has stipulated several operation and monitoring specifications for wastewater management and control over the quality and volume of wastewater. Wastewater management includes:

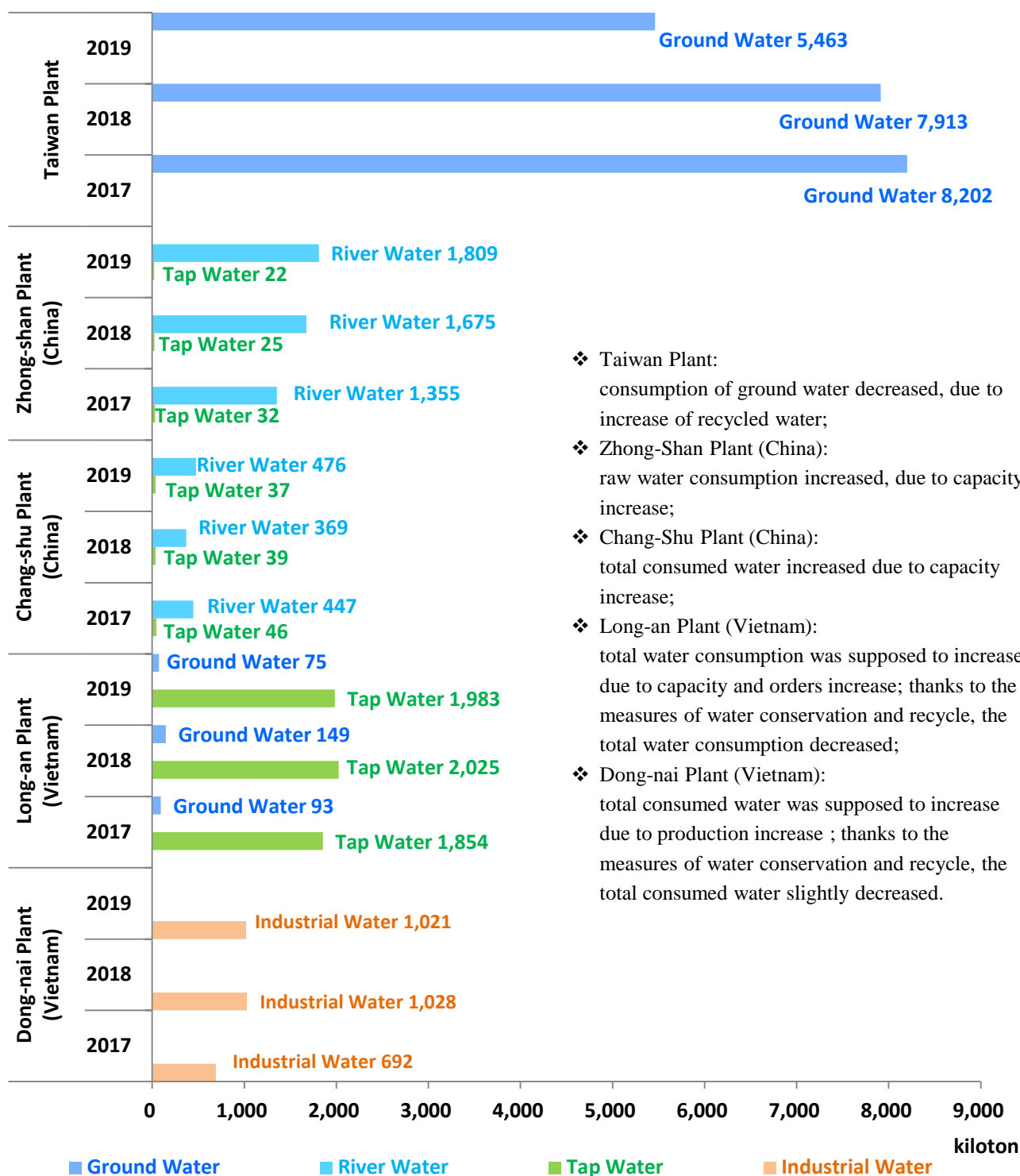
- (i) Collect, transport and pretreat wastewater generated from processes
- (ii) Collect, transport and pretreat domestic wastewater
- (iii) Collect, transport and pretreat other wastewater
- (iv) Monitor the quality and volume of each flow of treated wastewater
- (v) Procure low energy, low pollution level, and advanced production equipment with high performance and green energy and materials
- (vi) Research and develop green/eco-friendly products



## (ii) Input and Output of Water Resources

### 1) Water Withdrawal of the Five Plants

Total Water Withdrawal of the Five Plants between 2017~2019

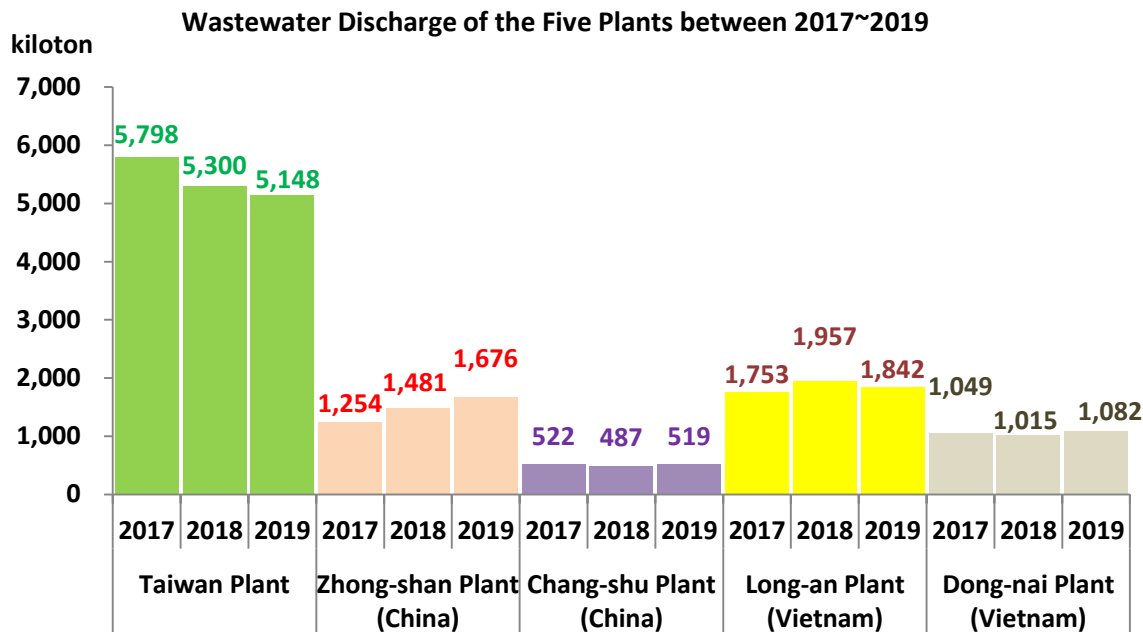


- ❖ Taiwan Plant:  
consumption of ground water decreased, due to increase of recycled water;
- ❖ Zhong-Shan Plant (China):  
raw water consumption increased, due to capacity increase;
- ❖ Chang-Shu Plant (China):  
total consumed water increased due to capacity increase;
- ❖ Long-an Plant (Vietnam):  
total water consumption was supposed to increase due to capacity and orders increase; thanks to the measures of water conservation and recycle, the total water consumption decreased;
- ❖ Dong-nai Plant (Vietnam):  
total consumed water was supposed to increase due to production increase ; thanks to the measures of water conservation and recycle, the total consumed water slightly decreased.





## (ii) Wastewater



### ❖ Taiwan Plant:

Wastewater discharge decreased, due to increase in conserved water in processes and reclaimed water. The final destination for the discharged wastewater is Dapu River. Chi Mei Inspection Tech Co., Ltd. is commissioned to conduct inspections on the quality of the discharged wastewater. Such statistics as water temperature, pH value, ADMI value, suspended solids, chemical oxygen demand, biochemical oxygen demand, and anionic surfactants in the inspection report are lower than the officially allowed standards.

### ❖ Zhong-Shan Plant(China) :

Wastewater discharge increased, mainly due to installation of Ultrafiltration membrane of wastewater recovery device whose membrane fouling and system trial decreased the amount of water recycled. Since March 2020, it has normally worked. Wastewater from processes is discharged into Xijiang River after inner bio-treatment to the extent in conformity with local discharge standards.

### ❖ Chang-Shu Plant(China) :

Due to the expansion of output and sales, the amount of consumed water and waste water discharge increased. Daily-life and process-generated wastewater is channeled to wastewater treatment in factory premises for treatment into a level meeting the standard for discharge to the wastewater treatment plant in the industrial zone for further treatment.

### ❖ Long-an Plant (Vietnam) :

Despite the expansion of capacity and production, the total consumed water decreased, which also caused the decline in the amount of wastewater discharged. With the attainment of wastewater discharge standards for the industry (QCVN40:2011) and for textile plants (QCVN13:2015MT), treated wastewater was discharged into Wangudong River.

### ❖ Dong-nai Plant (Vietnam) :

Due to the expansion of production, the amount of waste water discharge slightly raised. With the conformity to discharge standards the industrial zone required, treated wastewater was transmitted to the zone's wastewater treatment plant for centralized discharge.



### (iii) Water Resource Recycling Effects:

#### Water Recycling Statistics of the Five Plants in Three Countries between 2017~2019

Plant		Taiwan Plant			Zhong-Shan Plant (China)			Chang-Shu Plant (China)		
Type	Year	2017	2018	2019	2017	2018	2019	2017	2018	2019
Amount of Supplied Raw Water (T/day)		11,744.4	11,647.0	10,732	1,462.4	1,069.6	1,021.2	1,468.8	1,182.0	1,381.0
Amount of Condensed Steam (T/day)		714.7	781.3	737.2	221.1	113.9	115.4	191.2	203.0	208.0
Amount of Reclaimed Water (T/day)		8,323.9	9,459.1	9,528.0	1,369.9	939.6	738.4	1,134.7	1,391.0	1,581.0
Total Consumed Water (T/day)		16,714.6	16,236.0	15,133.0	2,920.8	1,698.8	1,759.6	2,794.7	2,777.0	3,170.0
Water Reclamation Rate (%)		49.8	58.3	62.96	46.9	55.3	41.97	41.3	50.1	49.87
Amount of Wastewater Discharged (T/day)		5,895.7	4,861.5	3,974.9	776.5	478.0	592.6	888.5	589.9	692.2

Plant		Long-an Plant (Vietnam)			Dong-nai Plant (Vietnam)		
Type	Year	2017	2018	2019	2017	2018	2019
Amount of Supplied Raw Water (T/day)		4,389.1	6,376.0	5,879.3	1,922.6	2,855.0	2,837.0
Amount of Condensed Steam (T/day)		246.3	90.0	110.0	264.3	321.8	301.1
Amount of Reclaimed Water (T/day)		3,667.6	3,489.0	3,765.0	1,556.5	2,084.1	2,242.2
Total Consumed Water (T/day)		7,753.4	9,955.0	9,754.3	3,743.3	5,260.9	5,380.3
Water Reclamation Rate (%)		47.3	35.0	38.6	41.6	39.6	41.67
Amount of Wastewater Discharged (T/day)		2,312.9	4,141.4	3,610.0	1,123.2	1,724.1	1,654.7

❖ Water reclamation rate (%) = amount of reclaimed water / amount of total consumed water

❖ Amount of Wastewater Discharged (T/day) = Amount of Supplied Raw Water - (Amount of Supplied Raw Water x Water Reclamation Rate (%))

❖ Water reclamation rate and explanations in 2019 and 2018 for each Plant are stated below:

#### ➤ Taiwan Plant :

The proportion of water yield reached to 80% due to UF system, which helps to reduce the amount of raw water. In addition, decrease in water consumption was attributed to the increase in recycled water volume.

#### ➤ Zhong-shan Plant (China):

Waste water discharge was mainly due to the Ultrafiltration membrane of wastewater recovery device. The amount of supplied raw water slightly decreased; the total water consumption increased, and the reclaimed water rate reached to 41.97%.

#### ➤ Chang Shu Plant(China) :

The normal operation of water recycling system increased the volume of recycled water in 2019. However, for the purpose of water quality improvement, the proportion of recycled water slightly decline in comparison with that of 2018.

#### ➤ Long-An Plant (Vietnam) :

Due to the normal operation of water recycling system, the volume of recycled water increased. Amount of Supplied Raw Water and Reclaimed Water, Water Reclamation Rate and Amount of Wastewater Discharged are all better than 2018.

#### ➤ Dong-Nai Plant (Vietnam) :

The installation of UF and UV equipment has improved the water quality, and further caused an increase in volume of recycled water. In addition, the volume of reclaimed water increased with the full-capacity of weaving machine with recycled water system.

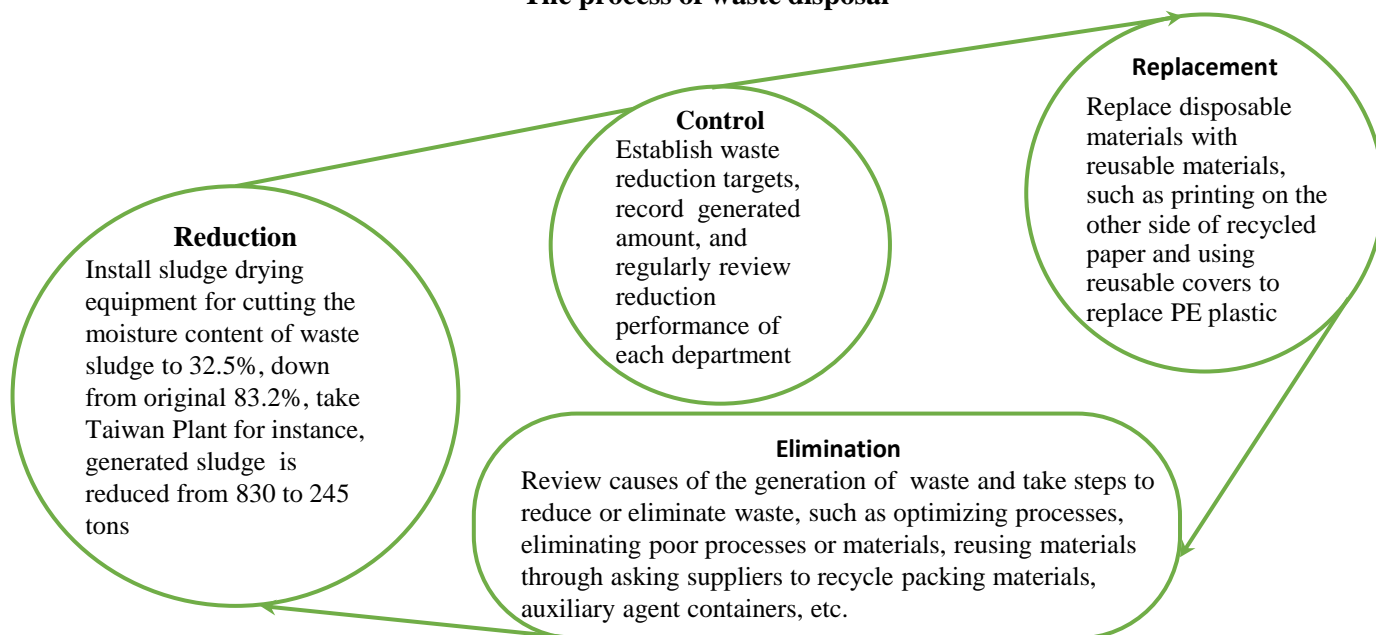


### III. Waste Disposal

#### (i) Measures for Reducing Waste

The waste management in Taiwan Plant is conducted according to Waste Disposal Act and related information is registered and declared on the website of Yunlin EPB; waste treatment in overseas Plants in China and Vietnam is performed in line with government requirements. Moreover, the Company further stipulates “Rules Governing Waste Management,” whose procedures are illustrated in the right graph; related information of performance of waste management is data gathered from daily operations of the corresponding departments.

#### The process of waste disposal



#### (ii) The clearance and disposal of waste

- 1) The clearance and disposal of waste in Taiwan plant is in accordance with the Waste Disposal Act. Operation may begin only after the review and approval of an industrial waste disposal plan submitted to department of Environmental Protection, followed by the monthly online report on Environmental Protection Administration, Executive Yuan. All departments in Taiwan Plant shall follow the Regulations Governing Determination of Reasonable Due Care Obligations of Enterprises Commissioning Waste Clearance:
  - i. Quarterly routine check and audit.
  - ii. Making out the check and audit record in writing which shall be properly retained for five years.
  - iii. Tracking the defect improvement status, and including it in the main points of the self-check and audit.
- 2) When procurement department is signing a written contract for entrusting waste clearance, two conditions must be specified in the contract:
  - i. The entrusted enterprise stated in the contract is should be cooperation with entrusting enterprise's check of the waste clearance status.
  - ii. The entrusted enterprise stated in the contract should submit a written document for the record of proper clearance.



**The amount of waste disposal for Category D in Taiwan Plant in 2019**

Waste Code	Name of Waste	Main Component (Toxic)	Handling Method	Weight (Tons)	Portion (%)
D-0901	Organic sludge	Non-Toxic	Thermal treatment methods (except Incineration)	2,252	49
D-1801	Industrial waste	Non-Toxic	Incineration	1,350	29
D-0803	waste cloth	Non-Toxic	Incineration	523	11
D-0999	Sludge mixtures	Non-Toxic	Burying	307	7
D-1799	Scrapped oil mixtures	Non-Toxic	Physical treatment methods	73	4
D-0899	fiber scrap or other mixtures of cotton or cloth	Non-Toxic	Incineration	57	
D-1599	Non-hazardous waste effluent	Non-Toxic	Incineration	43	
D-0299	scrapped plastic mixtures	Non-Toxic	Incineration	11	
Total				4,616	100

**The amount of waste disposal for Category R in Taiwan Plant in 2019**

Waste Code	Name of Waste	Main Component (Toxic)	Handling Method	Weight (Tons)		Portion (%)
R-1106	Coal Fly Ash	Non-Toxic	These waste is used as reuse of materials.	22,679		74
R-0906	Textile sludge	Non-Toxic	These waste is used as fuel for reuse.	2,892	3,100	10
			These waste is used as reuse of materials or additions.	208		
R-1107	firepower bottom ash	Non-Toxic	These waste is used as reuse of materials	2,268		7
R-2503	DMF crude liquor	DMF	These waste is used as reuse of materials	2,123		7
R-0701	waste wood	Non-Toxic	The waste is handled according to announcements from Recycling Fund Management Board	465		2
R-2408	Waste activated carbon	Non-Toxic	These waste is used as reuse of materials	8		
Total				30,643		100





### iii. Statistics of Waste Disposal

#### Disposed Amount of Toxic/Non-Toxic Waste of 5 Plants in 3 Countries between 2018 - 2019\_by Handling Methods

Unit : Tons

Handling Method	Year	Taiwan Plant		Zhong-Shan Plant in China		Chang-Shu Plant in China		Long-an Plant in Vietnam		Dong-nai Plant in Vietnam	
		Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic	Toxic	Non-Toxic
Reusing	2019	-	30,643	-	2,836	-	213	-	122	-	-
	2018	-	29,647	-	1,865	-	22	-	126	-	-
Recycling	2019	-	-	-	-	0	0	181	2,271	291	5,187
	2018	-	-	-	-	0	40	202	1,942	8	4,895
Recovery (including recovery of renewable energy)	2019	-	-	-	-	-	0	-	-	-	-
	2018	-	-	-	-	-	40	-	-	-	-
Incineration	2019	-	1,984	-	107	0	236	-	125	126	-
	2018	-	1,777	-	106	0	65	-	118	453	-
Burying	2019	-	307	-	-	0	2,621	-	4,426	-	4,972
	2018	-	321	-	-	0	1,984	-	4,699	1	4,863
Outsourced Disposal	2019	-	-	87	-	20	-	-	-	-	-
	2018	-	-	56	-	35	-	-	-	54	-
Other 1 (Sewage sludge)	2019	-	-	-	-	-	-	4,052	-	5	-
	2018	-	-	-	-	-	-	3,082	-	0	-
Physical treatment methods	2019	-	73	-	-	-	-	-	-	-	-
	2018	21	30	-	-	-	-	-	-	-	-
Thermal treatment methods (Organic sludge)	2019	-	2,252	-	-	-	-	-	-	-	-
	2018	-	5,343	-	-	-	-	-	-	-	-
Total Disposed Waste	2019	-	35,259	87	2,943	20	3,070	4,233	6,944	422	10,159
	2018	21	37,139	56	1,971	35	2,151	3,284	6,885	516	9,758



❖ **Taiwan Plant :**

Total waste volume of Taiwan Plant reached to 35,259 metric tons, inclusive of 5,343 metric tons disposal subjected to heat treatment in 2018. Since June 2019, such organic sludge has been transported for reuse, with the volume put under reuse item in statistics .

❖ **Zhong-Shan Plant (China) :**

Amount for treatment and reuse of non-hazardous wastes increased by 971 metric tons in 2019 than 2018, when sludge from printing and dyeing was kept in factory premises temporarily, due to overhaul and auditing of sludge treatment firms by local government. With sludge treatment firms resuming normal operation, treatment amount of printing and dyeing sludge increased by 1,071 metric tons in 2019 than 2018. Trash was incinerated, which was not disclosed in 2018 CSR report but will be included in 2019 CSR report.

❖ **Chang-Shu Plant (China) :**

In 2019, metal under recycling category and plastics under regeneration category were shifted to the category for treatment for reuse, with the amount increasing by 111 metric tons than 2018, mainly due to increase of waste paper, rags, and waste metals generated from equipment renovation. In addition to 72 metric tons of daily-life wastes, additional 164 metric tons of sludge were incinerated in 2019. Meanwhile the amount of sludge treated via landfill increased by 801 metric tons in 2019, due mainly to disposal of accumulated sludge in emergency pool.

❖ **Long-An Plant (Vietnam) :**

Treatment amount of hazardous wastes increased by 949 metric tons in 2019 than 2018, due to disposal of accumulated sludge in waste-water pool, leading to extra amount of 970 metric tons in treatment of waste water and sludge. Treatment amount of hazardous waste increased by 59 metric tons in 2019 than 2018, due to increase of leftover materials, in line with increased output in process.

❖ **Dong-Nai Plant (Vietnam):**

The amount of hazardous wastes decreased by 94 metric tons in 2019 than 2018, due mainly to decrease of chemical packaging materials by 48 metric tons and decrease of oil-polluted fabric by 47 metric tons. In 2019, treatment amount of non-hazardous wastes for reuse increased by 401 metric tons than 2018. Expansion of output leads to the increments of recycled materials.

#### iv. Energy

##### (i) Energy Conservation, Discharge/Emission Reduction, and Circular Economy

Climate change arising from global warming has threatened the survival of both animal species and mankind. In order to effectively control CO<sub>2</sub> emissions and alleviate the impacts of global warming, FTC's Taiwan Plant decided to implement the ISO 150001 Energy Management System in 2015 to reduce both direct and indirect energy consumption and waste, precisely grasp energy conversion demands, improve the energy utilization efficiency, and enhance the re-utilization rate of energy. The specific measures are shown as follows:

###### 1) Oil Conservation

- Installing waste heat recovery devices and oxygen control equipment onto exhaust chimneys of boilers and of production machinery
- Installing condensed steam/hot water recycling devices for production equipment
- Replacing fuel with natural gas as the source of thermal energy for boilers and setting machinery

###### 2) Air Conservation

- Designing well air circulation pipelines, installing gauges to measure on-site leakages, and regularly inspecting the air pipelines to avoid leakages
- Managing compressors loads, splitting high and low pressures for use, and inhibiting the “false needs” of air compression for better operation efficiency of compressors and energy conversion efficiency

###### 3) Gas Conservation

- Recycling waste heat and condensed steam, using steam power cogenerations, and improving combustion efficiency of generation boilers.
- Improving efficiency of boilers for consumption reduction of all kinds of fuel

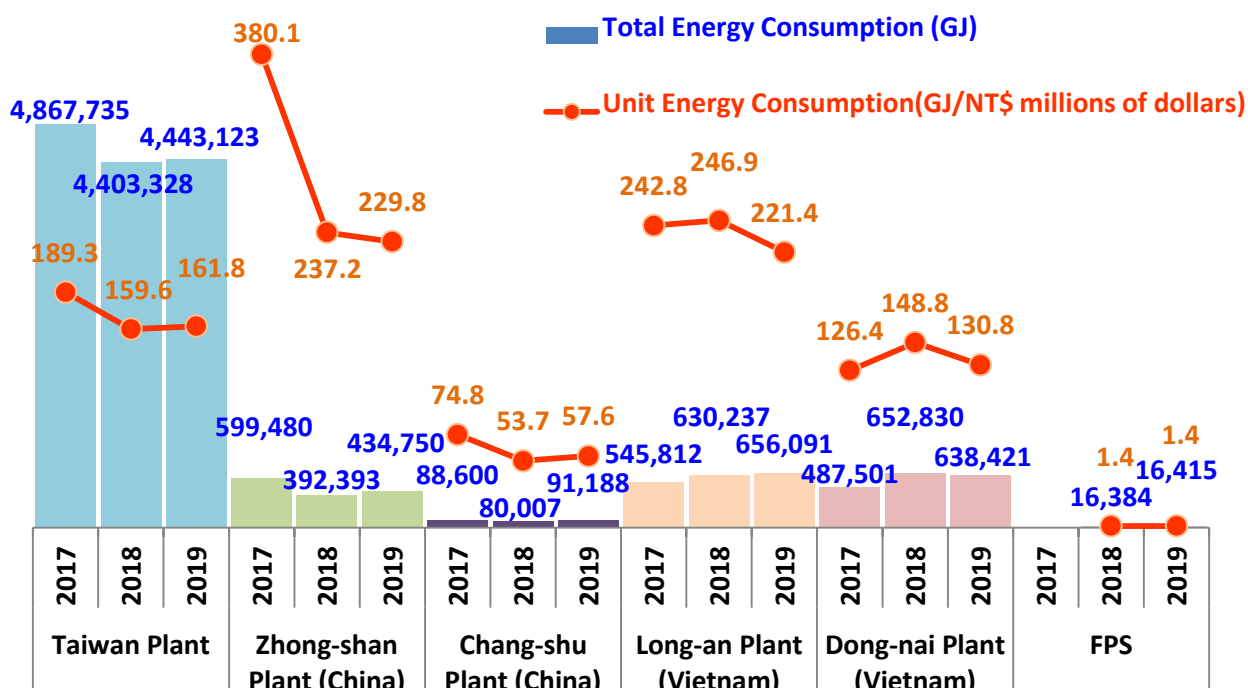


#### 4) Electricity Conservation

- Applying special materials and designs to the wind turbines of air conditioners and fan blades of cooling towers for less power consumption
- Reducing electricity consumption by shortening the second-round circulation routes of all kinds of cooling water
- Installing power saving devices in various motors
- Using energy-saving lighting
- Using high efficiency and energy-saving air compressors and chiller, cooling tower, etc.

#### (ii) Input and Output of Energy

##### 1) Energy Consumption of the Five Plants in three countries and that of the Formosa Petroleum Stations between 2018 and 2019



##### 2) Consumed Energy Items of 5 Plants in 3 Countries and of Formosa Petrol Stations

Consumed Energy Items of Taiwan and China Plants between 2017 and 2019 Unit: GJ

Item \ Plant	Taiwan Plant			Zhong-Shan Plant (China)			Chang-Shu Plant (China)		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Coal	3,380,193	2,946,885	3,206,190	423,176	0	0	-	-	-
Fuel oil	673,052	644,208	572,024	-	-	-	-	-	-
Diesel	2,192	1,842	1,512	1,083	898	1,213	-	-	-
Natural gas	-	104,367	-	57,613	258,547	298,376	49,413	39,915	45,048
Purchased electricity	812,298	706,026	663,396	117,608	132,948	135,161	39,017	39,882	45,938
Purchased steam	-	-	-	-	-	-	170	210	201
Total Consumption	4,867,735	4,403,328	4,443,123	599,480	392,393	434,750	88,600	80,007	91,187



Consumed Energy Items of Vietnam and of Formosa Petroleum Stations

Unit: GJ

Item \ Plant	Long-an Plant (Vietnam)			Dong-nai Plant (Vietnam)			Gas stations (Taiwan)	
	2017	2018	2019	2017	2018	2019	2018	2019
Coal	381,563	406,289	344,296	-	-	-	-	-
Fuel oil	13,819	51,929	135,741	-	-	-	-	-
Diesel	-	-	-	-	-	-	-	-
Natural gas	52	50	40	-	15,029	17,899	-	-
Purchased electricity	150,377	171,959	176,014	279,176	388,958	382,342	16,384	16,415
Purchased steam	-	-	-	208,324	263,872	256,079	-	-
<b>Total Consumption</b>	<b>545,812</b>	<b>630,237</b>	<b>656,091</b>	<b>487,501</b>	<b>667,859</b>	<b>656,320</b>	<b>16,384</b>	<b>16,415</b>

❖ **Taiwan Plant :**

Total energy consumption increased along with a rise of output but **specific** energy consumption dropped, thanks to the benefit of energy conservation.

❖ **Zhong-Shan Plant (China) :**

In response to requirements of local Bureau of Ecology and Environment, natural gas fired boilers are substituted for coal-fired boilers to generate steam used in production, which swells natural gas consumption while specific energy consumption declines at almost the same output owing to higher combustion efficiency. The total consumption increased **with** the increase of production.

❖ **Chang-Shu Plant (China) :**

Increase in production leads to the growth of natural gas and purchases steam, which further increased the total consumption.

❖ **Long-An Plant (Vietnam) :**

The gas fired boilers helps to save 420 tons of carbon per year since Sep, 2019. The growth in fuel oil was contributed to fuel booster in respond to the increase in output and sales. Due to the growth in production and capacity, consumption of fuel coal, fuel oil, natural gas, and electricity all increased.

❖ **Dong-Nai Plant (Vietnam) :**

The rising capacity in dyeing plant leads to the increase in natural gas; additionally, the increase in production rose in purchased electricity and steam. With capacity increasing, the total consumption also increased.

(iii) Achievements of Execution of Conservation Programs

**Completed conservation Projects in 2019**

Plant	Total Projects	Effectiveness of Completed Conservation Projects						Invested Amount (Thousands of NTD)
		Conserved Steam (MT/HR)	Conserved Water (MT/Day)	Conserved Electricity (KW)	Conserved Fuel (KG/HR)	Reduced Emissions of CO <sub>2</sub> (Tons/Year)	Accumulated Amount (Thousands of NTD/Year)	
Taiwan Plant	62	0.984	333.200	346.5	3.96	5,558.3	17,479.4	45,567.7
Zhong-Shan Plant	6	1.083	0.670	52.6	0.00	3,531.2	9,854.7	10,382.5
Chang-Shu Plant	8	0.009	0.013	7.3	0.87	89.7	265.7	950.0
Long-an Plant	15	0.722	188.400	41.7	0.00	2,186.3	5,699.3	1,187.8
Dong-nai Plant	16	0.040	361.200	408.5	0.00	3,846.4	2,378.7	13,772.4
<b>Total</b>	<b>107</b>	<b>2.838</b>	<b>883.483</b>	<b>856.6</b>	<b>4.83</b>	<b>15,211.9</b>	<b>35,677.8</b>	<b>71,860.4</b>

❖ Cells with "zero" in the table above indicate no improvement programs in 2019.



### III. Violations and Environmental Protection Expenditures

**Fine of five plants in three countries due to violation of environment act or other regulations in 2019:**

	Category	Law enforcement agency	Fine	Cause
Taiwan Plant	Environmental Protection	Environmental Protection Bureau, Yunlin County	NT\$ 6,000	Chinese name of waste (name of sludge mixtures) is not specified.
		Environmental Protection Bureau, Yunlin County	NT\$ 100,000	Incompliance with the regulations of recording the figure of air pollution control equipment per hour.
		Environmental Protection Bureau, Yunlin County	NT\$ 100,000	Improper handling of air pollutants collected from scrubber.
		Environmental Protection Bureau, Yunlin County	NT\$ 100,000	Failure to meet the regulation that the monitor system should be in accordance with the full range of NOx on-site.
		Environmental Protection Bureau, Yunlin County	NT\$ 60,000	Failure to meet effluent standard for the quality of the runoff wastewater in Shiliu gas station.
	Non-environmental protection	Kaohsiung City Government	NT\$ 110,000	Violation of Labor Standards Act in Renwu gas station.
Chang-Shu Plant	Environmental Protection	Suzhou Environmental Protection Bureau	RMB¥ 100,000	Excess of Ammonia
		Chang-Shu Environmental Protection Bureau	RMB¥ 40,000	Errors in online data of the total Nitrogen
	Industrial safety and health	Chang-Shu public security bureau	RMB¥ 10,000	Failure to report dangerous goods (Hydrogen peroxide) in time.
	Non-environmental protection	Chang-Shu Sub districts office of Dongnan	RMB¥ 712,224	Illegal structures

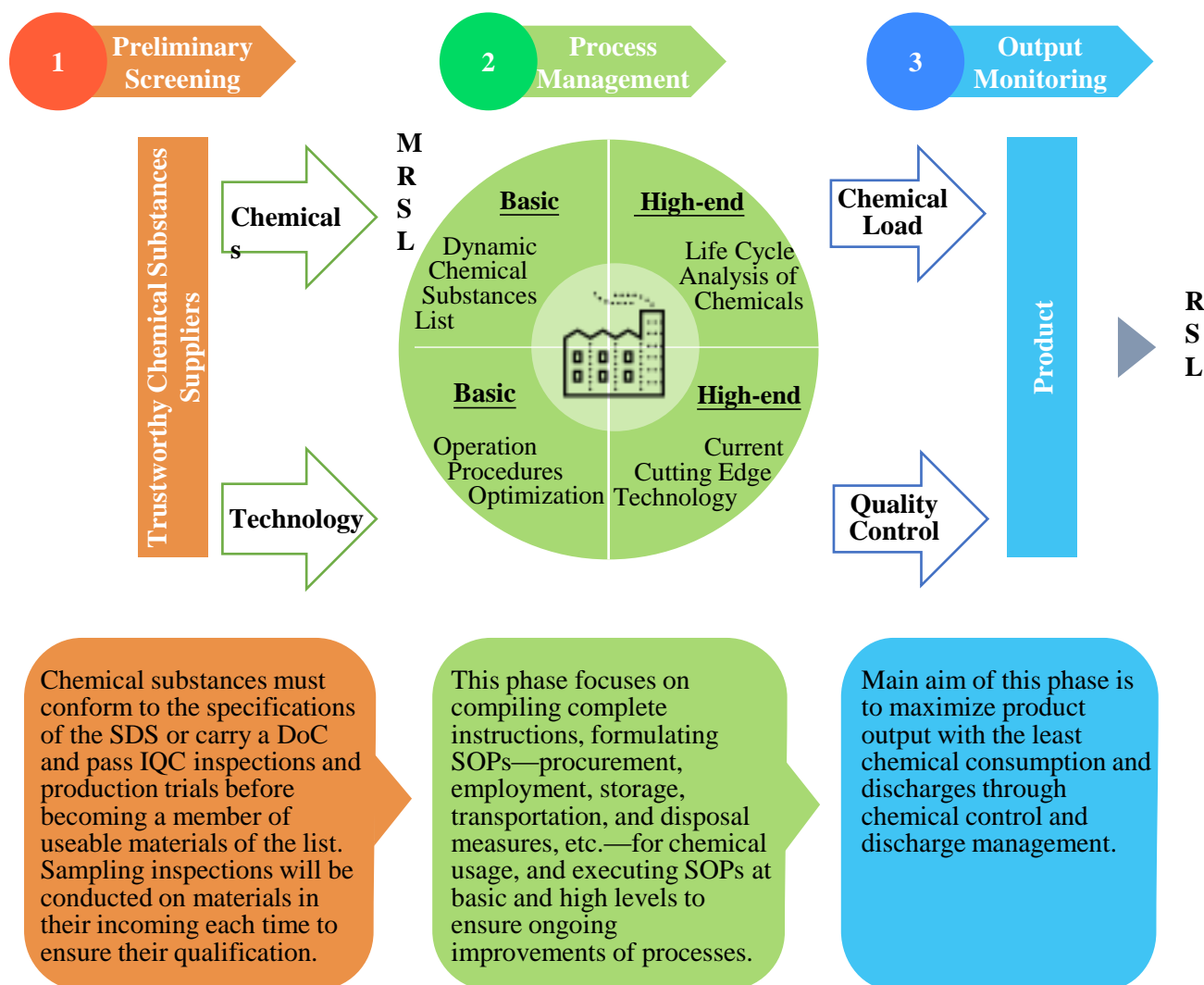




#### (IV) Cultivation of Green Sustainability

To fulfill the social responsibilities of protection of environment and consumer safety and implement sustainable policies, stringent tests and experiments are conducted on the chemicals applied to fabrics to evaluate and ensure that the quality and composition of these chemicals comply with the requirements of the clients and regulations. Semi-finished goods and finished products will also be annually sent to third-party laboratories for inspections to ensure that used materials and products are safe for use. The chemical management measure includes three phases and two themes shown below:

##### ◆ Three phases



❖ MRSL – Manufacturing Restricted Substances List

❖ RSL – Restricted Substances List

##### ◆ Two themes

1. In the aspect of chemical control, missions are to maintain the Dynamical Chemical Substances List at the basic level and to incorporate Life Cycle Analysis of Chemicals into criteria for employment at the high-end level that includes analysis of the final environmental chemical substances load.
2. From the perspective of processes and technology, Operation Procedures Optimization at the basic level and the utilization of Current Cutting Edge Technology at the high-end level are tasks for process management and optimization.

The above chemical management framework can further enhance user product safety and the quality of green materials of the textile supply chain and facilitate the gradual approach of the objective of ZDHC by 2020.



## ZDHC Short-, Mid-, and Long-term Plans

### (i) Short-term Objectives

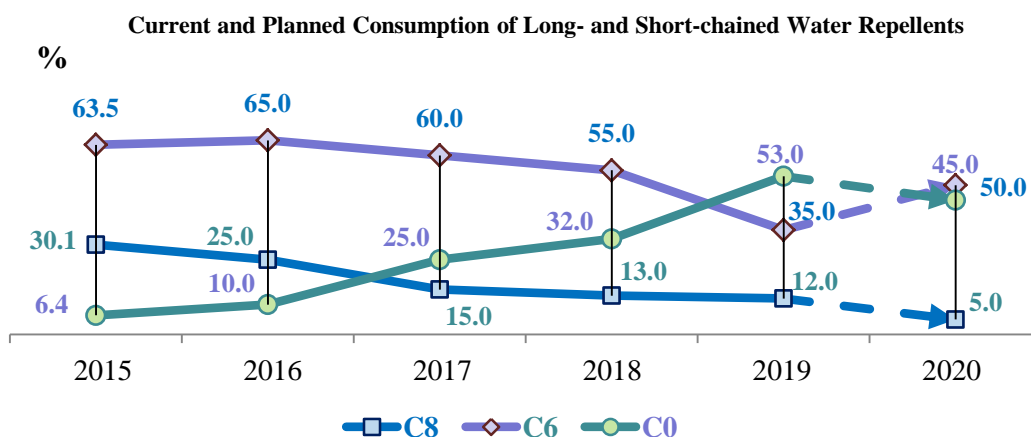
1. Check the stock of Chemicals
2. Establish a ZDHC database, including such information as SDS (Safety Data Sheet)/TDS (Technical Data Sheets)/detailed profiles of suppliers/Chemical Oxygen Demand (COD)/consumption, volume etc. of the GHS (Globally Harmonized System)
3. Have the 16 prohibited chemicals of ZDHC listed as items requiring control
4. Request suppliers to offer the 3-in-1 guarantee letter<sup>1</sup>/16 prohibited substances guarantee letter
5. Screen and select the incoming chemicals in line with MRSL
6. Increase gradually utilization ratio of eco-friendly water repellent agents
7. Check finished fabrics by the Technology Department to assure the conformity to criteria of RSL
8. Establish SOPs for Chemicals Management.

### (ii) Mid-term Objectives

1. Decrease adopted categories and the consumption of chemicals and increase reuse
2. Compare toxicity of chemicals in procurement and request comparison reports from suppliers
3. Calculate the COD (Chemical Oxygen Demand) of the discharged, establish targets, and reduce the COD content
4. Establish production lines in eco-friendly processes

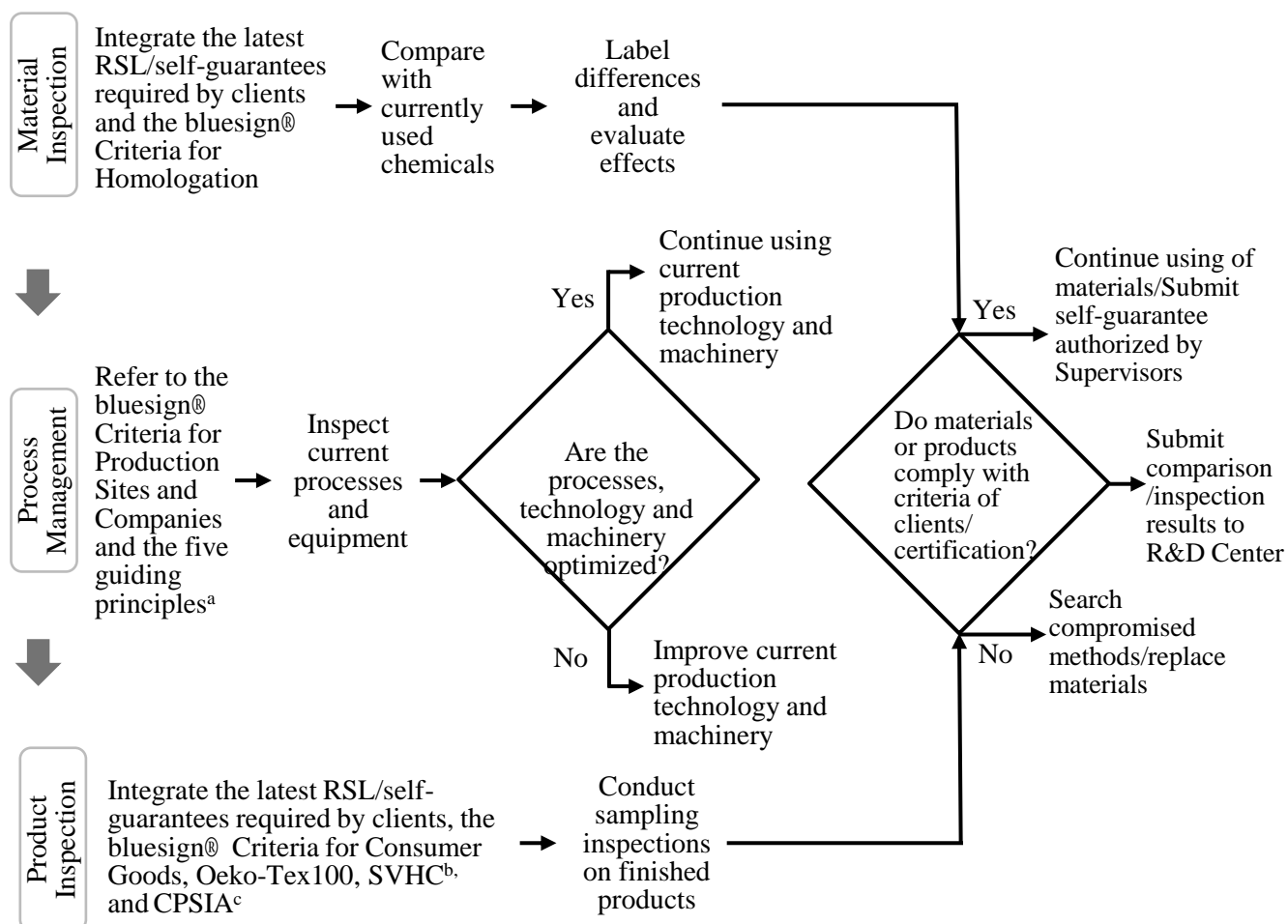
### (iii) Long-term Objectives

1. Equip all fabric with product traceability to track detailed information of every batch of chemicals
2. Manufacture all products in compliance with eco-friendly and non-poisonous discharge criteria of ZDHC; taking water repellent agents for example, to gradually replace long-chained fluoropolymer agents with short-chained ones and eventually with fluorine-free ones
  - Decrease gradually the use of long-chained C8 in conjunction with the PFOA/PFOS draft regulation proposed by the United States EPA; for umbrella fabric, with a share of around 3%, that still needs C8, perform necessary treatment for recycled waste liquid
  - Substitute C6 or C0 for C8 to satisfy branded clients' demand for environmental protection
  - The dotted lines represent the projected consumption targets of 2020.
3. Realize ZDHC by 2020





## Implementation Measures for the Three Phases



Notes:

- a. Five Guiding Principles of bluesign® :
  - (a) Resource productivity: the ecological and economical willingness to manufacture products of defined quality and added value with a minimum required resources and the lowest environmental impact possible
  - (b) Consumer safety: offer of ecologically high-quality textiles to consumers with the holistic approach of the bluesign® system and a clear conscience
  - (c) Wastewater discharge: elimination of hazardous chemical substances to reduce water pollution and promotion of the use of advanced wastewater treatment systems
  - (d) Air emissions: active involvement of weather protection, including the use of low emission components, optimization of energy consumption, and strict monitoring of emission limits of whole production processes
  - (e) Occupational health and safety: a commitment to cooperate along the entire production and supply chain—and throughout the product lifecycle—with the aim of passing on up- and downstream environmentally relevant and health-related data and ensuring responsible handling of various chemical products
- b. SVHC: substances of very high concern, announced by the European Chemicals Agency (ECHA); 205 items (the date of the announcement 2020.1.16) of FTC's products in such inventory at present
- c. CPSIA: consumer product safety improvement act, a United States law signed on August 14, 2008 by President George W. Bush that requires manufacturers and importers to submit documentation of testing by recognized third-parties.



## i. Using Green Materials

To provide guidance on safety management for the use, storage, and transportation of hazardous chemicals, and on assurance of the safety of the operating personnel and equipment, the Company develops management document and stipulates Standard Operation Procedures (SOPs) according to relevant legal regulations of occupational safety, fire control, and transportation. The aforesaid actions allow of reduction of hazards of chemicals through strengthening safety management, control operations, safety and health facility establishment, emergency management, and supervision inspections.

### (i) Procedure Manuals for Chemical Management Stipulated by Formosa Taffeta

Chemical Management Item	Management Regulations Stipulated by FTC
Management of Hazardous Chemical Labeling and General Knowledge	Regulations Governing Hazardous Chemical Labeling and General Knowledge
Management of Dangerous Objects	Regulations Governing Public Hazardous Objects
Management of Chemical Operations	Regulations Governing Hazardous Chemical Operations
Personnel Management Training	Regulations Governing Personnel Training
Hazardous Chemical Operating Environment	Regulations on Monitoring of the Operating Environment

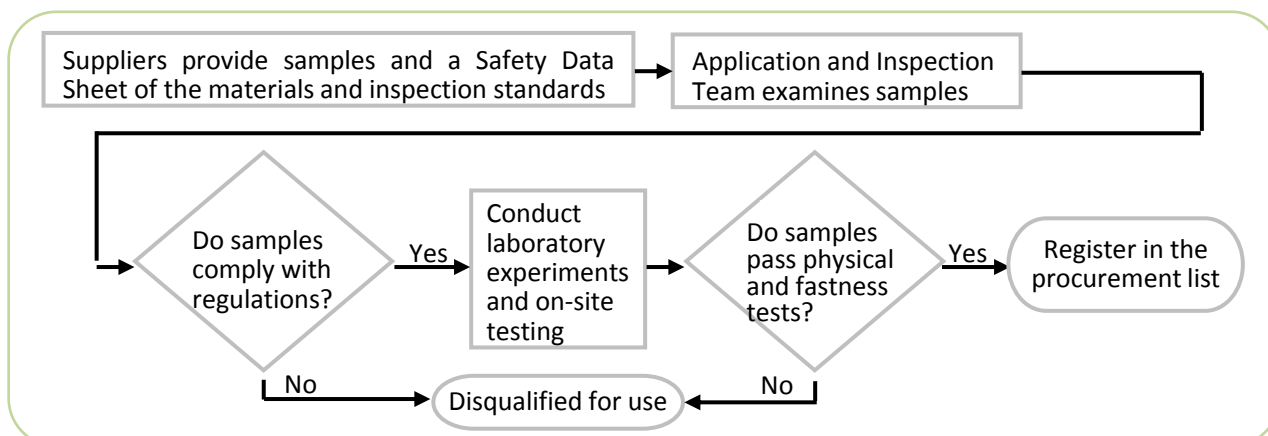
### (ii) Risk Ranking Management of Hazardous Chemicals

In conjunction with the provisions of the “Occupational Safety and Health Act” and the increase in demands of chemical management by the stakeholders, the Industrial Safety & Hygiene Office stipulated regulations on risk ranking management for hazardous chemicals, which provide the bases for assessing the degrees of risks the chemicals pose and risk ranking management procedures based on hazards to health, distribution, quantity of use and other conditions. Each Plant will establish the “Hazardous Chemicals Assessment and Risk Ranking Table”, schedules for the implementation of risk ranking management in accordance with their specific needs, and file assessment methods, risk ranking management measures, and implementation logs for future reference to facilitate the institutionalization and traceability of the implementation of such management.

### (iii) Hazardous Chemicals Inventory Management

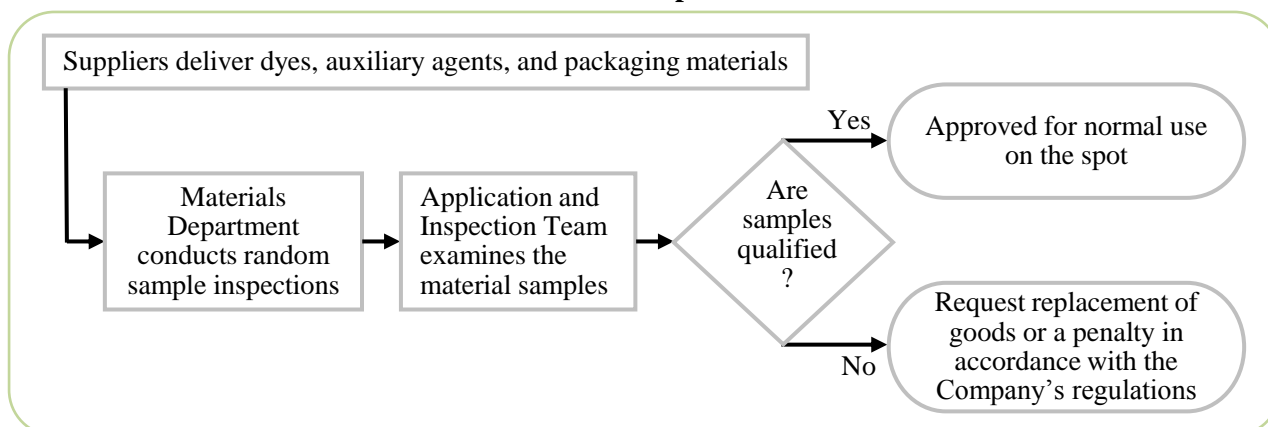
The Application and Inspection Team of the R&D Center specializes in the stipulation of standards for the composition/quality of dyes, auxiliary agents, and packaging materials, as well as the conduction of incoming quality control, through which quality conformity of the incoming can be guaranteed through source control. With stringent reviews, inspections, and tests on currently used materials, all products comply with clients’ requirements. Suppliers without environmental protection certificates will be required to present guarantee letters to prove that their products meet criteria of Oeko-Tex® 100 Standards and the SVHC inventory management of the EU REACH. Without such letters, their supplied materials will not be registered in the procurement list; without subsequent improvements or further corrective measures, that supplier will be excluded from the collaboration list.

#### Establish Chemical Inventory Management





### Feed Material Inspection



#### (iv) Transportation and Storage Management of Chemicals

In addition to establishing clear warning signs and labels for storage in order to increase the awareness of onsite personnel regarding potential hazards and self-protection, the Company has also installed anti-overflow embankments of suitable height or leakage prevention devices with similar functions in the vicinity of the transportation facilities, storage tanks, and pumps to prevent hazards related to chemical spills and pollution. Inspections of the transportation facilities and storage tanks will be irregularly conducted by the Standards Team and Industrial Safety & Hygiene Office of the President Office. If any leakage or abnormality is discovered, a basic quarantine will be established on the premises, and the responsible personnel will be requested to conduct detection at the site of the reported abnormality and reinforce protection measures in order to ensure prompt response to the crisis and effective control of hazards and damages. If necessary, punishment or fine will be imposed on the personnel in malpractice cases.

#### (v) General Knowledge of Hazards

In order to ensure that the onsite personnel have full understanding of the different types of hazardous chemicals and that chemical usage conforms to the “Regulations for the Management of Hazardous Chemical Labeling and General Knowledge”, the Company has stipulated the General Knowledge of Hazards Plan to standardize the professional knowledge of relevant operating personnel so that they can fully recognize the properties of the hazardous chemicals, emergency response measures, and preventive measures within the scope of their duties and consequently prevent the incidence of disasters or reduce the degree of damage.

The planning and promotion of the General Knowledge of Hazards is conducted by the Industrial Safety Office. In reality, the promotion of the plan requires the supervision and promotion of relevant departments, plants, and plant directors, as well as the cooperation of relevant departments, plants, and Industrial Safety & Hygiene Officers in the implementation of the following items:

1. Compilation and organization of the “Hazardous Chemical Inventory.”
2. Preparation of the floor layout of the plant for the storage location of hazardous chemicals.
3. Preparation of the labeling for hazardous chemicals.
4. Examination of the “Safety Data Sheet” of the hazardous chemicals and review of the accuracy of the contents in the Safety Data Sheet and timely updates as required by the actual conditions. Such reviews should be conducted at least once every three years.
5. Supervision of personnel training for the “General Knowledge of the Manufacturing, Handling, and Usage of Hazardous Chemicals.”
6. Stipulation of the Accident Prevention and Emergency Response Measures Table.
7. Assisting the Industrial Safety & Hygiene Office in the General Knowledge of Hazards promotion campaign.
8. Other necessary measures to ensure that employees are fully aware of the information regarding the hazardous chemicals.





#### (vi) Personnel Training and Emergency Response Drills

The Company shall organize regular training for the general knowledge of hazards and require that all personnel involved in the handling or exposed to the operation site of hazardous chemicals should receive training, and training information should be kept complete for inspection and reference. The hazardous chemical operating departments will conduct emergency response drills in accordance with their duty shifts once per year through simulating various potential disasters that may arise from hazardous chemicals, training personnel to understand and be familiar with the emergency response handling procedures, techniques, and use of firefighting equipment, and record any mistakes and improvements in the drills.



Drill on Leakage of Chemicals inside Factories

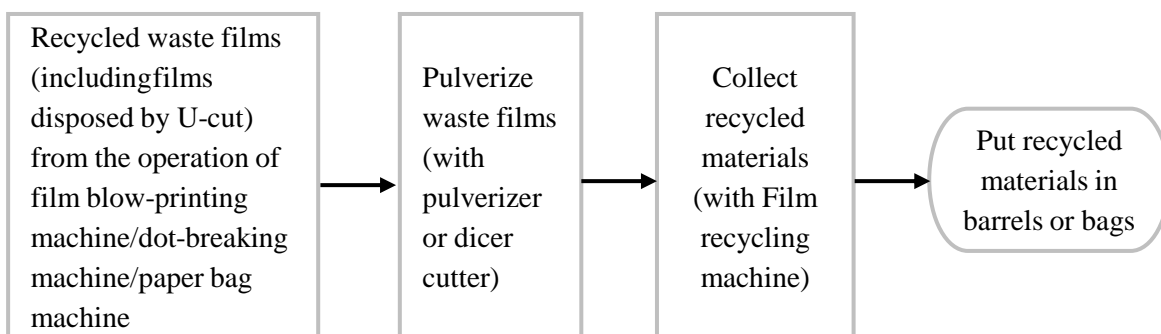


Joint Toxic Disaster Drill



Yunlin Fire Control Dept.\_  
Douliou Branch Disaster  
Prevention Drill on Chemicals

#### Flow chart for reuse of recycled materials at plastic processing factory



#### Use and sales of recycled materials

Year	Annual recycled quantity (tons)	Own use by the factory		External sales	
		Qty (tons)	Recycled rate (%)	Qty (tons)	Recycled rate (%)
2019	1069.9	939.9	87.8	130.0	12.2
2018	1205.3	1125.9	93.4	79.4	6.6
2017	1105.6	998.2	90.3	107.4	9.7



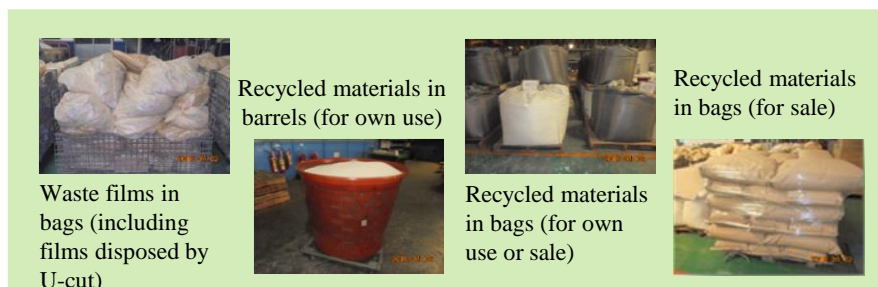
Film recycling machine



Dicer cutter



Pulverizer





## ii. Green Production Processes

Adhering to the philosophy of sustainable development, the Company has made extensive use of recycled/reusable and biomass materials, improved its production processes, installed energy conservation devices, and enhanced energy/resource exploitation efficiency in the hopes of reducing carbon emissions and environmental impacts. To achieve this objective, the Company has already implemented the following measures, whose weight among production processes will be annually adjusted depending on market demand and circumstances in the future.

❖ Develop recycled polyamide and polyester fabrics. In 2019, the proportions of recycled fabrics to total output in Taiwan Plant were 3% for polyamide and 7% for polyester respectively (GRS Reg. No.: CU 816779 °	❖ Introduce short-chain C6 fluorine water repellent and fluorine-free water repellent to shun PFOA and PFOS ❖ These repellents have a combined share of 80~98% in 2019, and are scheduled to hit 100% in 2020																																										
❖ Introduce Teijin Morphotex® , optical coloring fiber that reveals trendy colors based on the chromogenic principle of Morpho butterflies rather than with the dyeing process or the use of dyes or pigments.	❖ Promote the first-time success rate/lower rework level by upgrading equipment, improving processes, and enhancing productivity																																										
❖ Establish product series in paper transfer	❖ Promote eco-friendly, water-saving, energy-saving and carbon-reducing processes and products																																										
❖ Use and promote organically planted cotton yarn and fabrics (GOTS and OE Reg. No.: CU809578)	❖ Use Halogen-free and Antimony-free flame retardants for all fireproof processing																																										
❖ Introduce dyeing & finishing chemicals extracted from morally planted plants that generate no negative impacts on food crops to reduce the consumption of petrochemical feedstock	❖ Recover waste heat and reclaim wastewater to actively convert waste at the front end into resources at the back end																																										
❖ Replace traditional solvent-based adhesives with water-based Acrylic and Polyurethane adhesives	❖ Develop and introduce water-free water repellent processes; progress towards entirely water-free processes																																										
❖ Request suppliers of dyes and auxiliaries used in processes in all production lines to provide guarantee letters for conformance to the EU REACH specifications, Oeko-Tex® Standard 100, and ZDHC/MRSL requirements, and commission accredited third-party certification bodies to carry out irregular sampling inspections	❖ Make the most of the (wet) breathable and waterproof process, with the advantage of capabilities of reclamation and reuse of dimethylformamide (DMF), for the enhancement of equipment utilization																																										
❖ Introduce and implement the ZDHC project																																											
❖ Research and introduce water-free dyeing and finishing processes and technology, for example, the introduction of the dyeing process in supercritical CO <sub>2</sub> fluid and the research on atmospheric pressure plasma finishing.	<table><tr><th colspan="7">Progress of Overall Replacement of Long-chain Fluorochemical Water Repellents with Short-chain Fluorine-free Ones_ Target vs. Actual Consumption</th></tr><tr><th>Unit : %</th><th colspan="2">C8 (Long-chain)</th><th colspan="2">C6 (Short-chain)</th><th colspan="2">FC free</th></tr><tr><th>Year</th><th>Target</th><th>Actual Value</th><th>Target</th><th>Actual Value</th><th>Target</th><th>Actual Value</th></tr><tr><td>2019</td><td>12↓</td><td>3</td><td>35</td><td>57</td><td>53</td><td>40</td></tr><tr><td>2018</td><td>13↓</td><td>11</td><td>55</td><td>57</td><td>32</td><td>32</td></tr><tr><td>2017</td><td>15↓</td><td>17</td><td>60</td><td>58</td><td>25</td><td>25</td></tr></table> <p>Actual consumption of Long-chain Fluorochemical Water Repellents has exceeded the target.</p>	Progress of Overall Replacement of Long-chain Fluorochemical Water Repellents with Short-chain Fluorine-free Ones_ Target vs. Actual Consumption							Unit : %	C8 (Long-chain)		C6 (Short-chain)		FC free		Year	Target	Actual Value	Target	Actual Value	Target	Actual Value	2019	12↓	3	35	57	53	40	2018	13↓	11	55	57	32	32	2017	15↓	17	60	58	25	25
Progress of Overall Replacement of Long-chain Fluorochemical Water Repellents with Short-chain Fluorine-free Ones_ Target vs. Actual Consumption																																											
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Year	Target	Actual Value	Target	Actual Value	Target	Actual Value																																					
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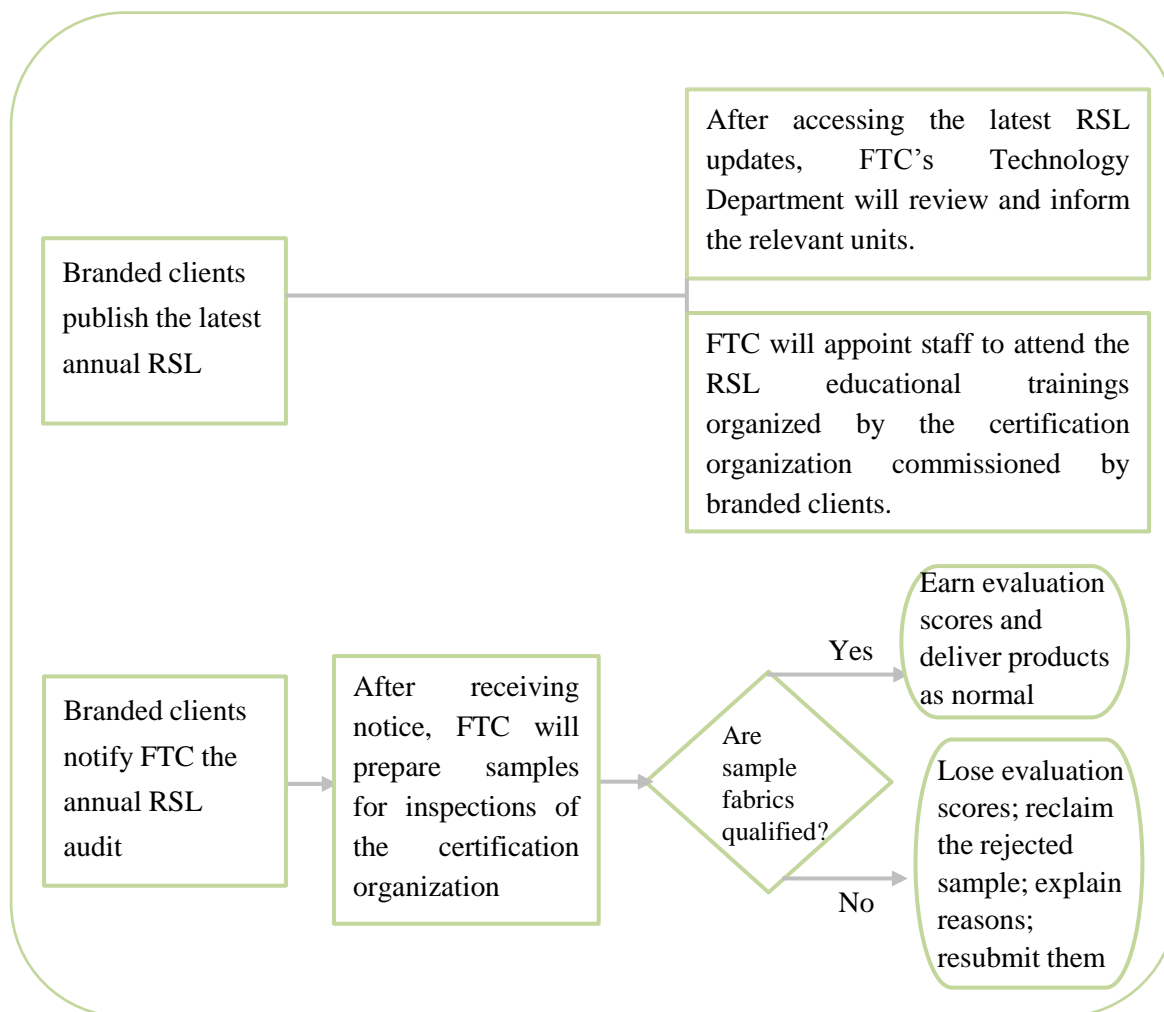


### iii. Green Products

#### (i) Finished Product Inspection – RSL Review of Each Brand :

To fulfill the commitment to sustainable social responsibility of environmental protection and consumer safety, the Company follows Restricted Substances Lists (RSL) of respective branded clients, such as NIKE, adidas, PUMA, Vf, etc., every year, and demands downstream firms' attendance at relevant illustration conferences, so as to acquaint them with updates in RSLs and the latest international control mechanisms.

In order to ensure compliance with branded clients' RSL specifications, FTC has implemented the following self-management process:



All fabrics of 5 Plants in 3 countries meet international quality standards, those of local governments, and branded clients' control criteria on hazardous substances. Products need annually inspected not only by accredited third-party certification bodies but also by branded clients; as of 2019, all samples passed branded clients' sampling inspections. Oeko-Tex® Standard 100 Is another certification for the assurance of the product quality. Furthermore, materials (including new dyes and auxiliaries) in conformity with bluesign® criteria are given the priority for use. The formulation of "regulations governing chemicals (510-20-M003)" and "standards for the development of new auxiliaries for the R&D section (808-40-A001)" attests the Company's high regard for products regarding customers' health and safety. In the future, we strive to maintain clients' health and safety and the environmental sustainability, and seek more rigorous monitoring and control processes, which is also the practices of circular economy.



## (ii) 24 Product Categories that have passed Product Carbon Footprint Certification

With 2007 as the base year for compliance with ISO 14064-1: 2006, FTC passed the verification of BSI (British Standards Institution) on Dec. 8, 2011, obtaining TAF (Taiwan Accreditation Foundation) greenhouse-gas verification statement, mutually acknowledged by the Environmental Protection Administration of Taiwan and IAF (International Accreditation Forum), with total inventory emission volume of CO<sub>2</sub> reaching 686,177 metric tons, at reasonable guarantee level. The certification marks a milestone for the company in executing environmental-protection policy and special honor for the Taiwanese textile industry.

With the promotion and planning of the Sustainable Development Section and R&D Center, in 2012, the Company conducted the Product Carbon Footprint Certification for 24 product categories in accordance with the PAS 2050: 2011 to estimate the total amount of greenhouse gas emissions generated by products, from the import of their raw materials to the final manufacturing phase. This enables the Company to implement energy management and efficiency improvement plans, enhance energy exploitation efficiency, and reduce carbon dioxide emissions in order to achieve the objectives of low carbon production and reduction of environmental impacts. Through the guidance offered by the carbon footprint counseling team of the Taiwan Textile Research Institute (TTRI), the Company has passed the BSI Certification and obtained the Product Carbon Footprint Assurance Statements of reasonable level of assurance for 24 product categories. This has created a world record for the most number of statements obtained in a single inspection.

24 product categories are various functional fabrics that can satisfy 80% of market and client demands. The functions and uses of the products are summarized below :

Processing Item	Functions	Uses
Polyamide/Polyester Dyeing & Setting Process for Woven Fabrics	General dyeing and setting	Linings, shell fabrics (Clients may opt for finishing and laminating)
Polyamide/Polyester Dyeing & Absorbent Process for Woven Fabrics	Moisture absorbent and quick drying	Sportswear, jackets, golf wear
Polyamide/Polyester Dyeing & Water Repellent Process for Woven Fabrics	Stain-proof, waterproof, air permeability	Shell fabrics, inner tent layer, sports and leisure wear, jackets
Polyamide/Polyester Dyeing & Water Repellent & Finishing Process for Woven Fabrics	Down-proof, waterproof, soft texture	Vests, coats, jackets, sport jackets, fashion wear
Polyamide/Polyester Dyeing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Polyamide/Polyester Dyeing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Polyamide/Polyester Dyeing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Polyamide/Polyester Printing & Water Repellent Process for Woven Fabrics	Printing, stain-proof, waterproof, air permeability	Umbrellas, shell fabrics, sports and leisure wear, beach pants, fashion wear
Polyamide/Polyester Printing & Water Repellent & Finishing Process for Woven Fabrics	Embossing, down-proof, water-proof, soft-texture	Linings, shell fabrics, coats, jackets, sport jackets, fashion wear
Polyamide/Polyester Printing & PU Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, colored plastic, glossy	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets
Polyamide/Polyester Printing & Acrylic Coating Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant	Umbrellas, tents, sport jackets, fashion wear
Polyamide/Polyester Printing & Lamination Process for Woven Fabrics	Waterproof, moisture permeability, wind resistant, warm	Raincoats, coats, sport jackets, fashion wear, mountaineering jackets





#### iv. Eco-friendly Production Processes and Product Certification

Based on the mission of environmental protection and the objective of sustainability, FTC has respected life and committed to the maintenance of the ecological environment, local charities and giving back to society. The specific action FTC (including its overseas Plants) took for this was to make effort to obtain certificates since 2009, such as OHSAS 18001 & TOSHMS, ISO 14001, product carbon footprint certificate, and ISO/CNS 14064-1:2006 Inventory. The certificates obtained by Plants are summarized in the following table:

Certification Items	Certified Plants				
	Taiwan	Chang-shu	Zhong-shan	Dong-nai	Long-an
Certificates of Eco Products & Production Processes: Oeko-Tex® Standard 100 Certification	✓	✓	✓		✓
GOTS Organic Cotton Certification	✓				
OE Organic Cotton Certification	✓				
GRS Polyester Recycle Standards	✓				
Organization Quantification and Reporting of Greenhouse Gas (GHG) Emissions (ISO 14064-1:2006)	✓			✓	✓
Occupational Health and Safety Administration System Certification (ISO 45001:2018)				✓	✓
Occupational Health and Safety Administration System Certification (OHSAS 18001), 2007	✓	✓	✓		
Taiwan Occupational Safety and Health Management System (TOHMAS Certification)	✓				
Environmental Management System (ISO 14001:2015)	✓	✓	✓	✓	✓
Quality Management System (ISO 9001:2015)	✓	✓	✓	✓	✓
bluesign® Standard Certificate	✓	✓	✓	✓	✓
Product Carbon Footprint Certification PAS2050, 2011	✓				
Energy Management System (ISO 50001: 2011)	✓				
International Automotive Task Force 16949 (IATF 16949) certification, 2016	✓				

- ❖ For validity of all above certificates, their renewals and related certifications are commissioned to third parties before their expiry.
- ❖ ISO 45001:2018 in Taiwan Plant is scheduled to update in June, 2020. Long An Plant and Dong nai Plant in Vietnam have acquired the latest verification of ISO 45001 in Dec., 2019. ISO 45001 in Chang Shan plant and Chang Shu plant in China are scheduled to update in 2020.

The self-supervision in the acquisition of certificates has demonstrated FTC's execution and determination to environment protection, client satisfaction, sustainability, mitigation of the impact of global climate change, promotion of green supply chain, a pioneer in the textile industry. This implies that exertions and effectiveness of energy conservation and emission reduction will have been co-created by clients and users while they choose FTC's products.



## FTC's Certificates of Eco-friendly Production Processes & Products

- Oeko-Tex® Standard 100
- GOTS Organic Cotton (Control Union Certifications)
- OE Organic Cotton (Control Union Certifications)
- GRS Polyester Recycle Standards (Control Union Certifications)
- Greenhouse Gases Emissions Certification Opinion Statement (ISO 14064-1, PAS 2050:2011)
- Occupational Health and Safety, Assessment Series (OHSAS 18001:2007)
- Taiwan Occupational Safety and Health, Management System (TOHMAS Certificate)
- Environment Management System (ISO 14001:2015)
- Quality Management System (ISO 9001:2015)
- bluesign® Standard Certificate
- Energy Management System (ISO 50001)



# 5

## **Corporate Social Responsibility and Giving Back to the Community**









## **(I) Creating Healthy and Safe Workspace with Enablement of Self-growth**

Knowing how to make everyone work at ease and give full play to their expertise has always been an objective of Formosa Taffeta. In order to attract outstanding talents, the Company offers stable and competitive salaries in accordance with Company regulations, as well as complete training programs and career development planning that allow employees to upgrade their professional capacities. Together with the comprehensive welfare benefits and the creation of a safe and healthy work environment, the physical and mental health of the employees can help achieve the best utilization of human resources. Furthermore, multiple communication channels have been established to solicit employee suggestions and safeguard employee rights, thus establishing a firm foundation for the sustainable development of the Company.

### **i. Human Rights Protection**

FTC has always ensured strict compliance with both domestic and international labor and human rights regulations and has always treated all employees equally, and the related information is disclosed on <http://www.ftc.com.tw> and FTC's annual report that includes the following:

- Declaration of “Human-rights Policy” (<http://www.ftc.com.tw/newftc/regulations.php>): support and in conformity to all labor laws/regulations, creation of a working environment with equal appointment and without discrimination and harassment, eradication of forced labor and employment of child labor, respect for privacy and employees' freedom for association, maintenance of smooth communications channels between labor and management, and implementation of complaint system.
- “Work Regulations:” regulating and protecting all employees' working conditions and rights.
- Open recruitment information and impartial selection: The Company provides open, fair, and just employment opportunities to all job seekers in compliance with provisions of the “Employment Service Act”.
- “Regulations Governing Grievance for Inner and Outer Stakeholders”: The Company has established various reporting channels, including suggestion boxes, reporting forms, a direct line (05-5577011), and e-mail (t1000@ftc.com.tw), etc. for employees to report a complaint at any time when they feel that their rights are being infringed or they are subject to inappropriate treatment. Three types of reporting channels—the level-by-level report, the next-level report, and the inter-departmental report—are provided. Complaint materials are handled by designated staffers in a confidential manner and complainants are well protected against any revenge afterwards. There was no complaint on employees' interests and human rights in 2019. Suggestions on daily-life affairs were handled and responded by the administrative department immediately ([http://www.ftc.com.tw/doc/ftc\\_e1.pdf](http://www.ftc.com.tw/doc/ftc_e1.pdf)). To protect the privacy of complainants, the suggestion boxes were installed in places where the company can not spy on.
- Status for the operation of “Reward and Penalty Committee:” discussion and determination of major reward or penalty cases by representatives of high level managerial staff of each unit and the committee members
- “Regulations for Sexual Harassment Prevention:” the establishment of “Sexual Harassment Appeal and Review Committee” and reporting channels, such as a direct line, fax, e-mail, etc., and the advocacy of sexual harassment prevention to keep employees from physical and emotional abuse
- “Regulations governing personal data:” proper custody and use of employees' personal data without breach
- “Specifications for employee rights protection”: in compliance with the regulations pursuant to the prohibition of forced labor, such as the Labor Standards Act and the Occupational Safety and Health Act; in 2019, no incurred violations.
- Status for the operation of trade union: establishment of the trade union in 1976, regular conduction of committee and supervisor meetings and member meetings, and negotiation with the Company on labor issues to protect employees' rights and promotion of a harmonious labor/management relations
- Information on labor-management consultation: holding five labor-management meetings in 2019 to maintain and enhance the labor/management relations



### (i) Employment

The recruitment operation of Formosa Taffeta has always abided by the principles of fairness, justness, and openness. Employee candidates are determined based on the performance of each batch of interviewees, in complete compliance with the Labor Standards Act. The Company's policies forbid the employment of child laborers; at the same time, based on equal employment rights, consideration for employment is based on personal professional capabilities and experiences, instead of such factors as age, ethnicity, sexual orientation, religion, political standing, birthplace, marriage, appearance, or disability. After individuals are hired, their promotion, assessment, training, and reward/punishment system are regulated by clear regulations to ensure equal treatment for all employees. No incidents of human rights violations or discrimination among the hired employees and of employment child laborers were reported in 2019.



**Ratio and Age Group of New Formal Employees in the 5 Plants in 3 Countries in 2019** Unit: headcount/%

Age	Plant	Taiwan Plant			Taiwan FGS			Zhong-Shan Plant in China		
	Group	New Employees of the age group	Formal Employees of the age group	Ratio	New Employees of the age group	Formal Employees of the age group	Ratio	New Employees of the age group	Formal Employees of the age group	Ratio
Under 29	Female	26	70	33.3	3	86	4.7	46	57	100.0
	Male	63	197		7	126		78	67	
	Subtotal	89	267		10	212		124	124	
30 to 39	Female	11	189	7.5	2	116	1.4	47	136	34.3
	Male	28	329		1	105		37	109	
	Subtotal	39	518		3	221		84	245	
40 to 49	Female	1	382	0.5	0	65	1.7	19	75	22.0
	Male	4	548		2	50		18	93	
	Subtotal	5	930		2	115		37	168	
50 to 59	Female	0	181	0.0	0	23	0.0	3	10	16.2
	Male	0	656		0	29		3	27	
	Subtotal	0	837		0	52		6	37	
Over 60	Female	0	11	1.0	0	0	0.0	0	1	0.0
	Male	1	91		0	5		0	1	
	Subtotal	1	102		0	5		0	2	
Total	Female	38	833	4.6	5	290	1.7	115	279	41.2
	Male	96	1,821	5.3	10	315	3.2	136	297	45.8
Total		134	2,654	5.0	15	605	2.5	251	576	43.6

❖ Definition of new employees: New formal employees who report to the job after completing the necessary procedure (excluding contract workers and foreign laborers)

❖ Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population \* 100%



### Ratio and Age Group of New Formal Employees in the 5 Plants in 3 Countries in 2019

Unit: headcount/%

Age	Plant Group	Chang-Shu Plant in China			Long-an Plant in Vietnam			Dong-nai Plant in Vietnam		
		New Employees of the age group	Formal Employees of the age group	Ratio	New Employees of the age group	Formal Employees of the age group	Ratio	New Employees of the age group	Formal Employees of the age group	Ratio
Under 29	Female	28	41	79.5	95	169	57.9	164	358	56.6
	Male	65	76		143	242		290	444	
	Subtotal	93	117		238	411		454	802	
30 to 39	Female	16	73	26.6	16	154	16.8	33	133	24.7
	Male	31	104		46	216		38	155	
	Subtotal	47	177		62	370		71	288	
40 to 49	Female	0	11	26.3	0	107	4.6	6	25	25.7
	Male	10	27		10	110		3	10	
	Subtotal	10	38		10	217		9	35	
50 to 59	Female	0	0	6.7	0	25	0.0	1	4	16.7
	Male	1	15		0	26		0	2	
	Subtotal	1	15		0	51		1	6	
Over 60	Female	0	0	0.0	0	4	0.0	0	0	0.0
	Male	0	0		0	2		0	0	
	Subtotal	0	0		0	6		0	0	
Total	Female	44	125	35.2	111	459	24.2	204	520	39.2
	Male	107	222	48.2	199	596	33.4	331	611	54.2
Total		151	347	43.5	310	1,055	29.4	535	1,131	47.3

❖ Definition of new employees: New formal employees who report to the job after completing the necessary procedure (excluding contract workers and foreign laborers)

❖ Formula for the proportion of new employees: Total number of new employees for the year / Year-end (December) formal employee population \* 100%

#### (ii) Workforce Structure

##### 1. Ratio of Male Employees to Female Employees, and Average Years of Service

Ratio of Male to Female Employees, and Average Years of Service of 5 Plants in 3 Countries between 2017 and 2019

Year	Plant		Taiwan Plant	Taiwan FPS	Zhong-shan Plant in China	Chang-shu Plant in China	Long-an Plant in Vietnam	Dong-nai Plant in Vietnam
2019	Formal Employees	Average Years of Service (years)	19.1	8.6	7.7	6.1	8.6	4.0
		Male : Female	2.2:1	1.1:1	1.1:1	1.8:1	1.3:1	1.2:1
		Male (headcount)	1,821	315	297	222	596	611
		Female (headcount)	833	290	279	125	459	520
	Informal Employees	Male (headcount)	427	365	0	0	0	0
		Female (headcount)	508	161	0	0	0	0
	Total		3,589	1,131	576	347	1,055	1,131



**Ratio of Male to Female Employees, and Average Years of Service of 5 Plants in 3 Countries  
between 2017 and 2019**

Year	Plant		Taiwan Plant	Taiwan FPS	Zhong-shan Plant in China	Chang-shu Plant in China	Long-an Plant in Vietnam	Dong-nai Plant in Vietnam
2018	Formal Employees	Average Years of Service (years)	20.2	7.9	7.5	6.1	8.4	3.8
		Male : Female	2.2:1	1.1:1	1.2:1	1.7:1	1.3:1	1.1:1
		Male (headcount)	1,877	309	307	196	597	569
		Female (headcount)	846	281	257	113	449	509
	Informal Employees	Male (headcount)	419	365	0	0	0	0
		Female (headcount)	475	188	0	0	0	0
	Total		3,617	1,143	564	309	1,046	1,078
2017	Formal Employees	Average Years of Service (years)	19.6	7.3	7.3	5.9	8.6	3.5
		Male : Female	2.2:1	1.1:1	1.1:1	1.5:1	1.3:1	1.1:1
		Male (headcount)	2,009	305	308	177	551	543
		Female (headcount)	905	277	276	115	425	476
	Informal Employees	Male (headcount)	339	378	0	0	0	0
		Female (headcount)	393	175	0	0	0	0
	Total		3,646	1,135	584	292	976	1,019

- ❖ Statistics of male to female employment ratio, and average years of service are based on formal employees, excluding informal employees.
- ❖ In 2019, the percentage of formal employees in Taiwan Plants is 73.9%, while informal employees (such as consultants, contract workers, migrant workers, and part-time student workers) account for 26.1%. In the past five years, the percentage of formal employees has been maintained above 75% on average, amongst which the ratio of male to female employees has been 2.2:1, with average age by 45.0 years old, and average years of service by 19.1 years.
- ❖ The Petroleum Business Division in Taiwan runs 106 gas stations. Some employees are part-time students. In 2019, non-regular employees account for 46.5% of the workforce, and the regular employees account for 53.5%.
- ❖ The total number of employees of 5 plants in 3 countries is 6,368 in 2019. Taiwanese employees accounted for 51.2% of the Company's total workforce, followed by Chinese with 14.5% and Vietnamese with 34.3%. The Company has tailored its operations to local circumstances in terms of races, national situations, laws/regulations, and cultures.



## 2. Ratio of Female to Male in different positions and at different ages

Ratio of Female to Male in different positions and at different ages in 2019 Unit: headcount/%

T Y P e	Group	Plant	Taiwan Plant				Taiwan FPS				Zhong-shan Plant in China			
		Gender	Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position	Managerial staff (and above)		0	23	23	0.9	0	1	1	0.2	0	〈3〉	〈3〉	0.0
	1 <sup>st</sup> and 2 <sup>nd</sup> level supervisors		15	314	329	12.4	1	16	17	2.8	18	46	64	11.1
	Base-level supervisors		82	539	621	23.4	42	76	118	19.5	78	93	171	29.7
	Base-level employees		736	945	1,681	63.3	247	222	469	77.5	183	158	341	59.2
	Subtotal		833	1,821	2,654	100.0	290	315	605	100.0	279	297	576	100.0
Age	Under 29		70	197	267	10.1	86	126	212	35.1	57	67	124	21.5
	30 to 39		189	329	518	19.5	116	105	221	36.5	136	109	245	42.5
	40 to 49		382	548	930	35.1	65	50	115	19.0	75	93	168	29.2
	50 to 59		181	656	837	31.5	23	29	52	8.6	10	27	37	6.4
	Over 60		11	91	102	3.8	0	5	5	0.8	1	1	2	0.4
Subtotal			833	1,821	2,654	100.0	290	315	605	100.0	279	297	576	100.0

Ratio of Female to Male in different positions and at different ages in 2019 Unit: headcount/%

T Y P e	Group	Plant	Chang-shu Plant in China				Long-an Plant in Vietnam				Dong-nai Plant in Vietnam			
		Gender	Female	Male	Total	Ratio	Female	Male	Total	Ratio	Female	Male	Total	Ratio
Position	Managerial staff (and above)		0	〈2〉	〈2〉	0.0	0	〈4〉	〈4〉	0.0	0	〈3〉	〈3〉	0.0
	1 <sup>st</sup> and 2 <sup>nd</sup> level supervisors		15	22	37	10.7	23	21	44	4.2	12	11	23	2.0
	Base-level supervisors		43	61	104	30.0	52	82	134	12.7	63	64	127	11.2
	Base-level employees		67	139	206	59.3	384	493	877	83.1	445	536	981	86.8
	Subtotal		125	222	347	100.0	459	596	1,055	100.0	520	611	1,131	100.0
Age	Under 29		41	76	117	33.7	169	242	411	39.0	358	444	802	70.9
	30 to 39		73	104	177	51.0	154	216	370	35.1	133	155	288	25.5
	40 to 49		11	27	38	11.0	107	110	217	20.6	25	10	35	3.1
	50 to 59		0	15	15	4.3	25	26	51	4.8	4	2	6	0.5
	Over 60		0	0	0	0.0	4	2	6	0.5	0	0	0	0.0
Subtotal			125	222	347	100.0	459	596	1,055	100.0	520	611	1,131	100.0

- ❖ Definition of positions: managerial staffers (senior supervisors) refers to positions of managers and above; 1<sup>st</sup> level management supervisors refer to plant director-level; 2<sup>nd</sup> level management supervisors refer to section chief-level
- ❖ Managerial staffers (senior supervisors) of the Zhong-shan plant and the Chang-shu plant in China and the Long-an plant and the Dong-nai plant in Vietnam are dispatched from Taiwan, so the number of dispatched managerial staffers is calculated in the total number of workforce of the Taiwan Plant; such number is excluded from calculation and displayed as 〈headcount(s)〉, representing the number of those staffers who are not the native.
- ❖ With an operation in labor- and capital-intensive industry, the Company still has no female managers.





### **(iii) Health and Safety**

Since June 2009, the Taiwan Plant obtained the OHSAS 18001/TOSHMS certificate and passed that certification annually after that; by 2013, and the other four overseas plants in Zhong-Shan, Chang-Shu, Long-an, and Dong-nai passed certification of the OHSAS-18001/TOSHMS or/and ISO-14001 one after another. FTC has been dedicated to pushing every program of health and safety to conform to international occupational safety and health standard. Since November 2019, the Company has started to launch the training courses of ISO45001 and expects to pass ISO 45001:2018 in June 2020.

#### **1) Environment, Health, and Safety Policies**

In order to ensure effective health and safety management, the Company has stipulated the following safety, health, and environment policies:

- Ensure compliance with relevant safety, health, and environment regulations and other reasonable demands of stakeholders.
- Make good use of the Safety, Health, and Environment Administration System to strengthen pollution prevention and reduce hazardous impacts.
- Promote hazard identification, risk evaluation, and risk control to prevent damage and health hazards.
- Promote energy conservation and reduction to reduce the impacts of environmental damage and hazards to health and safety.
- Strengthen neighboring relationships, establish good communication channels, enforce routine inspections, ensure reviews, and seek continuous improvements.

#### **2) Occupational Safety and Health Management Plans**

In accordance with the “Occupational Safety and Health Act”, both the parent plant and the 2<sup>nd</sup> plant of FTC have established the Occupational Safety and Health Committee, both of which are headed by the vice chairman, while the labor representatives assisting in the supervision and proposal of relevant plans account for 40% (the main plant) and 44.4% (the 2<sup>nd</sup> plant), respectively. Each plant conforms to the legal regulation, which stipulates that labor representatives must account for one-third of the committee. For many years, we have adhered to our management philosophy of “Balancing Environmental Safety and Health with Economic Development” and established Occupational Safety and Health Management Plans that comply with relevant regulations. Through the effective operation of the Occupational Safety and Health Committee and risk evaluation, the Company has incorporated hazard identification and risk management strategies for implementation. Through constant inspection and issue identification, prompt corrective measures can be taken to ensure continuous improvements and increase Safety and Health Management performance.

#### **3) Hazard Identification, Risk Evaluation, and Stipulating Control Measures**

In order to identify potential hazard factors in the environment, as well as the potential impacts of such hazards to the operations, facilities, products, and services, the Company (Taiwan Plants) has conducted evaluations to identify and classify potential risks and has stipulated response control mechanisms/measures for the various types of risks. In order to ensure that risk management can be improved with time and appropriately adjusted, the Company will not only conduct full-scale risk evaluations before the annual internal audit, but will also conduct irregular inspections on the changes in production processes, activities, equipment, raw materials, and operating environments to evaluate whether any new risks should be included in the hazard factor list and then shall stipulate corresponding measures.

The Company implemented improvement program for nine unacceptable industrial-safety risks in 2019, including prevention of entanglement by the transmission section of KU calender, prevention of injury from squeezing and entanglement by FS setting machine, prevention of hand injury caused by weaving machine, prevention of injury from squeezing and entanglement by blow printing machine, prevention of tripping of persons at pathways, prevention of entanglement by fabric washing machine, prevention of entanglement by sludge drying machine, prevention of static-electric hazard caused by exhaust pipes of impregnating machine, and prevention of injury caused by fire triggered by dismantling of heat-transfer pipes of impregnating machines, in the hope of cutting injury incidents to zero.



## Statistics of Hazard Identification, Risk Evaluation, and Control Measures of the Taiwan Plant in 2019

Number of identified/ evaluated hazards	Number of Unacceptable (High) Risk Cases After Evaluation	Number of Improvements with Specific Targets	Number of Amended/Stipulated Management Documents
5,150	9	9	32

### 4) Hazard identification and risk evaluation and management for contracting operations

- Regular implementation of education and training for contractors' construction personnel, overseers, and safety supervisors;
- Entrance control over contractors' construction personnel and equipment;
- Toolbox talks & safety meetings;
- Control over hazardous operations, including exploitation of open flames, elevated operation, excavation, provisional power consumption, working in confined space, and use of hazardous substances, and over operating environment;
- Notification of the work environment, potential hazardous elements, and required safety and health Regulations to the contractors and their construction personnel
- Meetings convened by a consultative organization for joint operations
- Control over application for permits for job safety;
- Inspections of workplace and guidance/assistance in improvement in deficiencies in safety
- Periodic evaluation of contractors' safety and health performances

#### FTC's Procedural Documents of Safety & Health Management for Contractors

Category	Management procedures
Safety and health management for contractors	Regulations governing environment, health, and safety for contractors
Hazard analysis of contracted operations	Regulations governing job safety analysis
Notification of requirements of safety & health for contracted operations	Regulations governing environment, health, and safety for contractors
Entrance control over contractors	Regulations governing factory access
Control over contracted operations	Regulations governing job-safety permit
Accident reporting and handling	Regulations governing accident handling
Violations/fine handling and tracking	Regulations governing environment, health, and safety for contractors, Regulations governing inspections of environment, health, and safety
Performance evaluation of contractors	Regulations governing evaluation of contractors

### 5) Management of Operating Environment

Hazardous factors should first be identified before work environment monitoring. Depending on the actual conditions of the work environment and the evaluation of the exposure of the employees, after conducting sample strategic planning, specialized third-party monitoring companies will be commissioned to conduct regular monitoring of the work environment to understand the actual work environment and protect the safety and health of the operation personnel. Analysis of the monitored results shows that, due to the characteristics of the industry, the work environment is subject to excessive noise hazards. The Company has already procured appropriate and effective soundproof protective gear (earmuffs and earplugs) and will continue to conduct training and inspection to enforce the wearing of protective gear by the workers, as well as request all departments to strengthen the isolation of the noise sources to prevent noise hazards. Furthermore, in monitoring carbon dioxide, dust particles, organic solvents, and specific Chemical in the work environment, the monitored results of 2019 show that the detected levels of the monitored items are lower than the detectable limits, about 1/2 of PEL (permissible exposure level). The Company will continue to enhance equipment automation and preventive equipment to improve the operating environment and ensure that workers are educated in the correct operation methods, gearing of protective equipment, and management methods to protect the health and safety of operation personnel.



**Summary of Monitored Items of Workplace in 5 Plants in 3 Countries in 2019**

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Douliu Plant (Taiwan)	Indoor central air-conditioned operating site	CO <sub>2</sub>	Once/half year	38	Lower than 1/5 tolerance for standard value
	Noisy operating site	Noise (dB)	Once/half year	76	72.7(dB)~97.3(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4 <sup>th</sup> Category Dust, 4 <sup>th</sup> Category Respirable Dust	Once/half year	20	Lower than 1/10 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once/half year	84	Lower than detectable limit-1/5 tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once/half year	5	Lower than detectable limit-1/2 tolerance for standard value
Chang-Shu Plant (China)	Noisy operating site	Noise (dB)	Once / year	74	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (°C)	Once / year	14	Lower than tolerance for standard value
	Operating site for specific chemical	Specific chemical	Once / year	26	Lower than tolerance for standard value
	Dusty operating site	4 <sup>th</sup> Category Dust, 4 <sup>th</sup> Category Respirable Dust	Once / year	16	Lower than 1/4 tolerance for standard value
Zhong-Shan Plant (China)	Operating site for organic solvent	Organic Solvents	Once / year	6	Lower than detectable limit-1/4 tolerance for standard value
	Operating site for specific chemical	Specific Chemical	Once / year	9	Lower than detectable limit-1/5 tolerance for standard value
	Dusty operating site	4 <sup>th</sup> Category Dust, 4 <sup>th</sup> Category Respirable Dust	Once / year	2	Lower than 1/10 tolerance for standard value
	Noisy operating site	Noise (dB)	Once / year	8	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	High-temperature operating site	High temperature (°C)	Once / year	8	Standard 31°C, measured temperature in summer 28.1°C



### Summary of Monitored Items of Workplace in 5 Plants in 3 Countries in 2019

Plant	Monitored Operating Site	Monitored Item	Monitoring Cycle	Number of Monitoring Sites for the Whole Year	Results
Long-an Plant(Vietnam)	Noisy operating site	Noise (dB)	Once / year	40	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Dusty operating site	4 <sup>th</sup> Category Dust, 4 <sup>th</sup> Category Respirable Dust	Once / year	40	Lower than 1/4 tolerance for standard value
	Operating site for organic solvent	Organic Solvents	Once / year	10	Lower than the lowest detectable limit ~ 1/3 of PEL
Dong-nai Plant (Vietnam)	Noisy operating site	Noise (dB)	Once / year	42	85(dB)~98(dB) Outfitted with soundproof gear (earmuff, earplug)
	Operating site for organic solvent	Organic Solvents	Once / year	15	Lower than the lowest detectable limit ~ 1/3 of PEL
	Hazardous Gases	CO <sub>2</sub> 、 SO <sub>2</sub> 、 NH <sub>3</sub>	Once / year	15	Lower than the lowest detectable limit ~ 1/3 of PEL

## 6) Health Management and Health Promotion

### i. Labor Health Protection Measures

In line with the "Occupational Safety and Health Act," factory dispensary and the safety and hygiene office jointly pushed program for protecting physical and mental health of laborers in 2019. The program for protecting health of maternal laborers is to safeguard the physical and mental health of female laborers in pregnancy, after child birth, or in breast feeding. Lectures on the health of such female laborers were held on August 27, 2019, which were attended by 11 person. Contents of the lectures included principles for diet during pregnancy, fundamental knowledge and noticeable points for life and health maintenance during pregnancy, pregnancy-induced diabetes, preparation for child birth, labor symptoms, breast feeding, post-child birth diet, post-child birth exercise, methods for alleviating maternity blue, and consumption of non-staple food. Health status of the attendees were recorded and put in file for follow-up tracking.



Club Activity-Badminton



Club Activity-Table Tennis



### Summary of Health Promotion Activities Organized in Taiwan Plant in 2019

Event Date	Event	Number of Participants
2019/04/12	Health-education lecture on prevention of cardiovascular and cerebrovascular disease	86
2019/11/19	Prevention measures for Work-related Musculoskeletal Disorders	45
2019/01/01-12/31	Guidance for employee health	250 attendances/year
2019/03~08	Ball Games (Badminton, Basketball, Volleyball, Table tennis, Sepak takraw, billiard)	201
Irregular	Subsidies for various employee clubs in holding outdoor activities	19 clubs, including mountaineering clubs outing club, bike club, and dancing club

#### ii. General Health (Physique) Examination

Before reporting for work, new employees must proceed to designated certified hospitals or medical institutions for general health examination and complete the “Employee Health Examination Booklet”. Present employees should regularly undergo general health examinations according to the following:

#### Implementation Summary of General Health Examination Conducted in 5 Plants in 3 Countries in 2019

Plant	Age Groups of Employees	Physical Examination Period	Number of Examined Employees
Taiwan Plant	Under 40 years old	Once every 5 years	1,097 employees in 2015
	Between 40 and 65 years old	Once every 3 years	1,784 employees in 2019
	Above 65 years old	Once every year	2 employees in 2019
Zhong-Shan Plant in China	New and existing operators	Once every 2 years	247 employees in 2019
Chang-Shu Plant in China	New and existing operators	Once every year	180 employees in 2019
Long-an Plant in Vietnam	Workers in common environment	Once every year	867 employees in 2019
Dong-nai Plant in Vietnam	Workers in common environment	Once every year	996 employees in 2019

The Company arranged general physical examination for employees according to their age groups, in line with the "regulation on protection of labor health." The results should that the top three health problems are, in descending order, overweight (BMI>24), eyesight, and cholesterol. Return outpatient visits were arranged for those with abnormal results, plus follow-up concern and provision of health education. The Company also integrated internal and external resources in holding various health-promotion events, in the hope of encouraging employees to embrace healthy diet and exercise habit.

#### iii. Special Health (Physique) Inspection

For new employees working in especially hazardous operations, they should undergo a Special Health (Physique) Inspection at designated certified hospitals for inspection items stipulated by the regulations of the special hazard workplace within one week of reporting for work. The results of the inspection will be used for comparison with the “Diseases Deemed Unfit for Operation” as the basis for dispatching work. For current employees working in especially hazardous workplaces, the Company will implement the Special Health (Physique) Inspection annually in accordance with regulations.





### Statistics of Special Health Examination Results in 5 Plants in 3 Countries in 2019 Unit: headcount

Plant	Special Health Examination Items	Grade 1	Grade 2	Grade 4	Number of Examined Personnel
Doulou Plant (Taiwan)	Noise (Hearing)	407	265	10	682
	Dust	33	14	0	47
	Dimethylformamide	64	40	0	104
	Diisocyanate	8	6	0	14
	Hyperthyroidism	5	2	0	7
	Nickel and its compounds	1	1	0	2
	Subtotal	518	328	10	856
Zhong-Shan Plant (China)	Noise (Hearing)	199	0	0	199
	Dust	11	0	0	11
	Chemicals + Dust	3	0	0	3
	Noise + Chemicals + Dust	0	0	0	0
	Noise + Chemicals	19	0	0	19
	Noise + Dust	2	0	0	2
	Chemicals	13	0	0	13
	Subtotal	247	0	0	247
Chang-Shu Plant (China)	Other Dust	13	0	0	13
	Toluene, Dimethylformamide	19	0	0	19
	Subtotal	32	0	0	32
Long-an Plant (Vietnam)	Noise (Hearing)	406	0	0	406
	Dust	406	0	0	406
	Subtotal	812	0	0	812
Dong-nai Plant (Vietnam)	Noise (Hearing)	316	0	0	316
	Subtotal	316	0	0	316
Total	Total	1,925	328	10	2,263

❖ Explanation for special graded physical examination :

➤ Grade 1 management:

For those with normal result for all items of special physical examination or follow-up examination, or judged by doctors as normal, despite abnormal result for some items

➤ Grade 2 management :

For those with abnormal result for all or some items of special physical examination or follow-up examination, or judged by doctors as abnormal, without being related to works.

➤ Grade 3 management :

For those with abnormal result for all or some items of special physical examination or follow-up examination, which are not certain to be related to works and need evaluation by doctors specialized in occupational medicine

➤ Grade 4 management :

For those with abnormal result for some or all items of special physical examination or follow-up examination, which are determined by doctors via general judgment as abnormal and related to works.



In 2019, for special health examination results that need Class 2 Health Management, the infirmary will interpret the health report and arrange an interview, advise these employees to regularly visit outpatient clinics for continuous treatment or to take medicine as therapy. There are 10 staffers in the Taiwan Plant found in audition examination as ones needing grade 4 management. In line with the advice of doctors specialized in occupational medicine, six of them have been transferred to works in low-noise sites.

#### iv. On-site Clinical Service

##### Staffing of Physicians and Nurses Offering Labor Health Services and On-site Health Service Frequency in Taiwan Plant:

Plant	Number of Laborers	Nurse Staffing	Physician On-site Service Frequency
Parent Plant	2,823	2 Full-time Nurses	6 Visits / Month
2 <sup>nd</sup> Plant	512	1 Full-time Nurse	1 Visit / Month

- ❖ The number of laborers on the table is in accordance with the number reported to Occupational Safety And Health Administration, Ministry of Labor.



Health Education for health of maternal employees



On-site health service ergonomic hazards prevention project



On-site health education abnormal workload prevention project

### 7) Emergency Response and Rescue

#### i. Emergency Response

To strengthen the management of emergency response operations and provide a guidance for each unit, the “Regulations Governing Emergency Response Measures” were stipulated, calling for setup of emergency response organizations and task force, formulation of emergency response plans, compilation of rescue norms, and management of emergency response drills, in the hope of cultivating capability for rapid crisis management, for deterrent to deterioration of disasters, and for loss control via regular drill, education, and training.

The plan for prevention of Severe Pneumonia with Novel Pathogens and emergency measures is stipulated by the safety and hygiene office to prevent the outbreak of COVID-19 and safeguard employees’ health. Furthermore, the department updates the policy from time to time based on the announcements from the Centers for Disease Control (CDC) and provides latest information to employees.

#### ii. Medical Care

Given increasing threat of cardiovascular diseases on the health of Taiwanese people, in addition to arrangement for emergent medical care and rescue, AED (automate external defibrillators) have been installed in the security rooms of the parent plant and the second plant in Taiwan, which will notify medical personnel and employees of safety and hygiene office and summon ambulance upon receiving report on occurrence of emergent cases by various units. AEDs will be checked, maintained, and managed by dispensary and education and training on CPR and use of AED were held from July 8<sup>th</sup> to 10<sup>th</sup>, 2019.



### Summary of Emergency Response Drills in 5 Plants of FTC in 3 Countries in 2019

Plant	Times of Simulated Emergency Response Drills	Drill Cycle	Drill Duration	Number of Participants
Taiwan Plant	44 Times	Twice / Year	4HR/Drill	3793
Zhong-Shan Plant (China)	17 Times	Twice / Year	4HR/Drill	564
Chang-Shu Plant (China)	4 Times	Twice / Year	4HR/Drill	330
Long-an Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	1059
Dong-nai Plant (Vietnam)	In conjunction with fire-fighting and industrial-safety drill in Vietnam	Once / Year	4HR/Drill	1138
Equipment Used in the Response Drills	Wireless radio, broadcast equipment, fire engines, firefighting turrets, fire extinguishers, portable smoke removal fans, emergency generators, torchlights, fire suits, respirators, stretchers, first-aid kits, ambulances, etc.			

### 8) Occupational Disaster Statistics and Prevention

Regarding potential occupational disasters, the Company will plan and organize activities, such as health education, health guidance, General/Special Health (Physique) Inspections, Physician Onsite services, Emergency Rescue, and other health promotion activities every year. The occupational disaster statistics of the Formosa Taffeta Plants in the past three years are summarized below:

#### Occupational Injury and Fatality Statistics between 2017-2019 (Taiwan) Unit: headcount/case/day/%

Item	Parent Plant									FPS								
	2017			2018			2019			2017			2018			2019		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of Fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Disabling Injury Incidents	15	0	15	11	1	12	6	6	12	0	0	0	1	3	4	3	1	4
Frequency Rate (FR)	2.01	0	2.01	1.55	0.14	1.68	0.85	0.85	1.71	0	0	0	0.46	1.37	1.83	1.37	0.45	1.82
Lost Days (LD) (Day)	130	0	130	375	89	464	55	18	73	0	0	0	7	100	107	11	14	25
Severity Rate (SR) (%)	17	0	17	53	12	65	7	2	10	0	0	0	3	46	49	5	6	11
LDR	3.48	0	3.48	10.53	2.50	13.03	1.57	0.51	2.08	0	0	0	0.64	9.16	9.80	1.00	1.27	2.27
Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Absenteeism rate (AR)	0.37	0.14	0.52	0.37	0.18	0.55	0.29	0.18	0.47	0.58	0.47	1.05	0.48	0.41	0.89	0.50	0.36	0.85



# Occupational Injury and Fatality Statistics between 2017-2019 (China, Vietnam) Unit: headcount/case/day/%

Item \ Year	Plants in China									Plants in Vietnam								
	2017			2018			2019			2017			2018			2019		
	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T	M	F	T
Number of Fatalities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Number of Disabling Injury Incidents	6	0	6	3	0	3	1	0	1	2	1	3	1	3	4	3	2	5
Frequency Rate (FR)	2.31	0	2.31	1.22	0	1.22	0.38	0	0.38	0.42	0.21	0.63	0.19	0.58	0.77	0.64	0.43	1.07
Lost Days (LD) (Day)	185	0	185	40	0	40	60	0	60	75	4	79	31	3	34	215	40	255
Severity Rate (SR) (%)	71	0	71	16	0	16	23	0	23	15	1	16	6	1	7	46	9	55
LDR	14.22	0	14.22	3.25	0	3.25	4.52	0	4.52	3.13	0.17	3.3	1.20	0.12	1.32	9.22	1.71	10.93
Occupational Disease Rate (ODR)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Absenteeism rate (AR)	0.43	0.43	0.86	0.26	0.41	0.67	0.39	0.41	0.80	0.92	0.67	1.59	0.97	0.68	1.65	1.09	0.91	2.0

- ❖ **Disabling Injury Frequency Rate (FR):**  
number of disabling injuries per million hours of exposure;  $FR = \frac{\text{Number of disabling injuries} \times 10^6}{\text{Total hours of exposure}}$
- ❖ **Lost Days:**  
number of days that the affected person was unable to resume work temporarily (or permanently), excluding the day the incident occurred and the day the person returned to work, but it does include all intervening days (including Sundays, days off, and plant shut-down), as well as the number of days unable to work subsequent to the affected person's return to work.
- ❖ **Disabling Injury Severity Rate (SR):**  
number of lost work days per million work hours;  $SR = \frac{\text{the total number of lost work days} \times 10^6}{\text{Total work hours}}$
- ❖ **Occupational disease rate (ODR):**  
 $\text{total cases of occupational diseases} / \text{total working hours} \times 200,000$
- ❖ **Absenteeism Rate:**  
percentage of absent work days (personal leave, sick leave, hospitalized, absent from work) to number of work days;  $AR = \frac{\text{total number of absent hours}}{\text{total number of work hours}} \times 100\%$

Contractors must be in accordance with the regulation procedure for enforcement safety stipulated by the Company. In 2019, there was no accident in five plants of three countries in 2019.

In prevention and management of occupational disasters, the Company has established a mechanism on notification, investigation, analysis, and statistics of occupational disasters and accidents, requiring related units and managerial office to write investigative report within 14 days after occurrence of accidents, which would be reviewed by safety and hygiene office for compilation into reference cases and submitted to monthly meeting of unit chiefs for the knowledge of attendees. To encourage discovery of abnormalities for improvement, employees will be awarded for discovering potential hazards (including false alarms) in their works and offering IE improvement suggestions, according to "measures governing encouragement of proposals for work improvement."



According to the statics of occupational injuries from 5 plants in 3 countries in 2019, there were 17 cases resulted from unsafe act and five cases resulted from unsafe facilities/ work environment. Occupational injuries are expected to eliminate through the occupational and safety training, conformity of Stand Operation Procedure, and supervision.



Fire Drill-Instruction from Yunlin County Fire Department



Fire Drill



CPR+AED Education Training

## 9. Personnel Training

Due to the need of related certificates for some operations, the safety and hygiene office has formulated "annual education and training courses and schedule for safety and hygiene" and required related units to put forth training plan for safety, hygiene, and environmental protection for next year by Nov. every year, according to the Company's "measures governing education and training" and actual needs. The plans will be keyed into the Company's computerized management system for education and training (TN1), as guidance for the implementation and control of various units' annual education and training on safety/hygiene/environmental protection/fire fighting.

### Summary of EHS Training Implemented in Taiwan Plant in 2019

Type	Main Training Course	Target Groups (Hours)	Training Hours / Participants
Safety and Health	Safety and health education and training (including the use of protective equipment)	All employees	963 hours/ 6,345 participants
	Hazardous chemical substance labels and general knowledge training	Chemical substance operation departments	
Environmental Protection	Operation personnel environmental protection training	All employees	768 hours/ 5,275 participants
	Chemical substance (including wastewater) leakage and handling training	Public works department, chemical substance operation departments	
	Air pollution, water pollution, waste and toxic operations training	All environmental protection operation departments	
Fire-fighting	Firefighting education and training (including the use of protective equipment)	All employees	163 hours/ 5,229 participants

## ii. Employees' Rights and Benefits

### (i) Employee Remuneration

To provide employees stable and reasonable living protection, FTC has stipulated the "Regulations for Personnel's Wage" for the salary structure according to positions, ranks, and monthly appraisal results; salary/bonus hikes will be irregularly done in line with operation performances, changes in business circumstances and consumer price index, etc.





**Data of average and median salary of employees in Taiwan**

Year	Average Salary (thousands of NTD )	Median Salary (thousands of NTD )	Number of full-time employees
2019	570	508	3,248
2018	562	-	3,281

- ❖ Full-time employees on the table excludes upper executives, employees of subsidiary from within and outside border , foreign workers.
- ❖ Employees' median salary is disclosed since 2019.

**(ii) Employee Performance Appraisals**

Appraisals of all employees' performance are conducted on monthly, quarterly and annual bases according to the "Regulations for Performance Appraisals of Employees"; the results are served as the basis for pay hike and issuance of year-end bonus, and reference for the cultivation of management trainee, promotion and job reassignment.

Unit chiefs below the rank of factory manager and department chief must pass English-language test with certain score for promotion, in line with internalization trend and sustainability goal.

**(iii) Job Security**

In response to rapidly changing business environments and constant technological innovations, the Company has continued to streamline its business operations. However, based on the priority of protecting employees' labor rights, it has insisted on overcoming difficulties together with its employees, even in difficult times or circumstances. By establishing a human resource integration mechanism, it has managed to use employee transfers as a replacement for severance. In the past few years, no incidents of severance or dismissal disputes have been reported. When transferring employees to different departments or positions, the department supervisor will first communicate with the employee and then conduct the transfer in accordance with relevant regulations. The transfer procedures take an average of seven days to be completed. Six employees at Taiwan Plant were laid off in 2019, due to year-end performance appraisal rating C.

**(iv) Maintaining Employee Resignation at Appropriate and Reasonable Levels**

**Age-group Analysis of Formal Employee Resignation in 2019**

**Unit: headcount, %**

Age	Plant Group	Taiwan Plant				Taiwan FPS			
		Number of resignations	Formal Employees of the age group	Number of resignation	Number of resignation	Number of resignations	Formal Employees of the age group	Number of resignation	Number of resignation
				Total Number of resignation of the gender	Formal employees of the age group			Total Number of resignation of the gender	Formal employees of the age group
Under 29	F	20	70	43.5%	28.6%	26	86	59.1%	30.2%
	M	40	197	48.8%	20.3%	35	126	79.5%	27.8%
	Subtotal	60	267	46.9%	22.5%	61	212	69.3%	28.8%
30 to 39	F	17	189	37.0%	9.0%	12	116	27.3%	10.3%
	M	24	329	29.3%	7.3%	6	105	13.6%	5.7%
	Subtotal	41	518	32.0%	7.9%	18	221	20.5%	8.1%
40 to 49	F	8	382	17.4%	2.1%	6	65	13.6%	9.2%
	M	10	548	12.2%	1.8%	3	50	6.8%	6.0%
	Subtotal	18	930	14.1%	1.9%	9	115	10.2%	7.8%
50 to 59	F	1	181	2.2%	0.6%	0	23	0.0%	0.0%
	M	2	656	2.4%	0.3%	0	29	0.0%	0.0%
	Subtotal	3	837	2.3%	0.4%	0	52	0.0%	0.0%
Over 60	F	0	11	0.0%	0.0%	0	0	0.0%	0.0%
	M	6	91	7.3%	6.6%	0	5	0.0%	0.0%
	Subtotal	6	102	4.7%	5.9%	0	5	0.0%	0.0%
Total	F	46	833	100.0%	5.5%	44	290	100.0%	15.2%
	M	82	1,821	100.0%	4.5%	44	315	100.0%	14.0%
Total		128	2,654	100.0%	4.8%	88	605	100.0%	14.5%



## Age-group Analysis of Formal Employee Resignation in 2019

Unit: headcount, %

Age	Plant	Chang-Shu Plant				Long-an Plant				Dong-nai Plant			
		Number of resignations	Formal Employees of the age group	Number of resignation Total Number of resignation of the gender	Number of resignation Formal employees of the age group	Number of resignations	Formal Employees of the age group	Number of resignation Total Number of resignation of the gender	Number of resignation Formal employees of the age group	Number of resignations	Formal Employees of the age group	Number of resignation Total Number of resignation of the gender	Number of resignation Formal employees of the age group
Under 29	F	24	41	80.0%	58.5%	74	169	71.2%	43.8%	154	358	78.2%	43.0%
	M	52	76	68.4%	68.4%	113	242	62.1%	46.7%	245	444	83.6%	55.2%
	Subtotal	76	117	71.7%	65.0%	187	411	65.4%	45.5%	399	802	81.4%	49.8%
30 to 39	F	6	73	20.0%	8.2%	26	154	25.0%	16.9%	35	133	17.8%	26.3%
	M	18	104	23.7%	17.3%	57	216	31.3%	26.4%	47	155	16.0%	30.3%
	Subtotal	24	177	22.6%	13.6%	83	370	29.0%	22.4%	82	288	16.7%	28.5%
40 to 49	F	0	11	0.0%	0.0%	3	107	2.9%	2.8%	4	25	2.0%	16.0%
	M	5	27	6.6%	18.5%	10	110	5.5%	9.1%	1	10	0.3%	10.0%
	Subtotal	5	38	4.7%	13.2%	13	217	4.5%	6.0%	5	35	1.0%	14.3%
50 to 59	F	0	0	0.0%	0.0%	1	25	1.0%	4.0%	4	4	2.0%	100.0%
	M	1	15	1.3%	6.7%	1	26	0.5%	3.8%	0	2	0.0%	0.0%
	Subtotal	1	15	0.9%	6.7%	2	51	0.7%	3.9%	4	6	0.8%	66.7%
Over 60	F	0	0	0.0%	0.0%	0	4	0.0%	0.0%	0	0	0.0%	0.0%
	M	0	0	0.0%	0.0%	1	2	0.5%	50.0%	0	0	0.0%	0.0%
	Subtotal	0	0	0.0%	0.0%	1	6	0.3%	16.7%	0	0	0.0%	0.0%
Total	F	30	125	100.0%	24.0%	104	459	100.0%	22.7%	197	520	100.0%	37.9%
	M	76	222	100.0%	34.2%	182	596	100.0%	30.5%	293	611	100.0%	48.0%
Total		106	347	100.0%	30.5%	286	1,055	100.0%	27.1%	490	1,131	100.0%	43.3%

- ❖ Statistics resignation rates are based on formal employees, excluding informal employees
- ❖ Formula for employee resignation:  

$$\text{Total number of employee resignations for the year} \div \text{formal employee population as of Year-end (December)} \times 100\% \text{ (excluding retirement, severance, death, and dismissal)}$$
- ❖ As part of the labor- and capital-intensive industry featuring higher turnover, the turnover rate of the Taiwan Plant reached 4.8% in 2019, a relatively low and stable level.
- ❖ Reasons for high turnover in 2019 in oversea Plants:
  - China Plants (Zhong-shan, Chang-shu):  
manpower shortage in the coastal provinces of China has caused a high labor mobility rate.
  - Vietnamese Plants (Long-an, Dong-nai):  
surged foreign investment in Vietnam resulted in increased demand for manpower, thereby causing a high labor mobility rate.

### (v) Employee Welfare Benefits

FTC has provided employees various fringe benefits in the fields of accommodations, leisure, and literary and exercise facilities, so that employees can contribute their abilities in a safe and stable environment. In line with laws/regulations, corporate culture, public opinions, international trend, and universal value, the company has taken good care of employees in the aspects of eating, clothing, lodging, transportation, child care, and recreation to enhance the sense of well-being among employees. Meanwhile, committees for employees' welfare have been established at the five plants in three place, in charge of conducting travel, providing "welfare money" for two festivals a year, offering birthday gift money and travel subsidy, organizing exercise and entertainment activities, and subsidizing employee clubs, on top of scholarship for employees' offspring, and setting up kindergarten for employees' offspring.



- **Employee Welfare Measures Implemented in Accordance with Relevant Regulations:**

1. Established the Employee Welfare Committee
2. Regular Employee Health Inspections (Once every five years for employees under the age of 40, once every three years for employees between 40~65 years old, once every year for employees above 65 years old)
3. Half pay for sick leave of six months or less for outpatient and inpatient sick leave every year (According to the law, half pay only has to be given for sick leave within 30 days, but sick leave exceeding 30 days would not be entitled to pay.)
4. In reference to the Labor Standards Act, employee deaths in the line of duty are entitled to bereavement pay of five months of average monthly salary and compensation pay of 40 months of average monthly salary. Employee deaths not attributable to work duties are also eligible to receive consolation payment of six months of average monthly salary.
5. Employees suffering from death, disabilities, injuries, or diseases as a result of occupational accidents are entitled to compensation in accordance with the law.
6. Work jumpsuits and protective leather footwear
7. Health education and information, lectures and on-site medical consultation by professional doctors couple times per month
8. Parental leave (In 2019, a total of 19 employees, 4 males and 15 females submitted such application)
9. Employee retirement system, offering protection for employees' retired life
10. Labor insurance and health insurance

- **Employee Welfare Measures Better than Regulations :**

1. Established the mutual aid committee
2. When employees and their families seek medical services at Chang Gung Memorial Hospital, they are entitled to discounts for the medical expenses unsubsidized by the health insurance policy, as well as discounts for health inspections.
3. Outstanding employees are nominated each year and awarded with prizes and rewards.
4. Employee travel allowance
5. Staff fitness equipment, parking lot
6. Employees are provided with opportunities of comprehensive training, as well as continuing education
7. Meal subsidy for employees on weekdays and gift money as a substitute for year-end dining party
8. Birthday cash gifts, well-fare money for Dragon Boat Festival/Moon Festival, scholarship for employees and offspring; Labor Day gifts given via the trade union
9. Established recreational buildings, canteens, hostels, single dormitories, and family dormitories
10. Discounts at contracted clinics and merchants, convenience stores established in the Taiwan Plant in March 2019
11. Air round-trip tickets to employees stationed in overseas plants or their families for visiting provided by the Taiwan Plant

### **iii. Respecting Employees' Suggestions and Creating a Harmonious Labor Relationship**

Given the positive correlation between employee performance and corporate performance, the Company has been pursuing a harmonious labor-management relationship, having high regard for employees' opinions and right of expression, for which it has maintained smooth plural communications channels to facilitate proposal of innovative ideas by employees.

With most employees being labor-union members, labor-management meeting has been taken place regularly, for offering suggestions to the Company. Related unit chiefs are present at the regular meetings of labor-union directors and supervisors, for exchanges of opinions. In 2018, the trade union convened four meetings of its directors and supervisors and one general meeting for union members. For labor-management issues, the Company would listen to the opinions of the trade union first, followed by meeting and consultation between ranking managers and union representatives, for attaining a consensus to assure an win-win arrangement between labor and management. Employees have often expressed opinions on employee welfare directly or via the committee for employees' welfare. Physical mailboxes have been installed at spots frequented by employees and designated persons would retrieve proposals dropped into the box regularly for perusal and discussion before giving answers to the employees of the proposals.



The company has been long pushing "system for job improvement proposal by employees" (IE proposal), encouraging employees to put forth job-related innovative ideas or improvement suggestions, especially on manufacturing process as basis for discussion, thereby facilitating identification of problems and discovery of innovative or improvement solutions. Award money will be available to those who present proposals evaluated to be feasible and beneficial and the proposals will be forwarded to units in charge for mapping out concrete measures for implementation, in line with the company's management concept of "probe of root cause of problems, relentless quest for perfection." To have a firm grip on the implementation of IE proposals, revision was made on "measures encouraging job-related improvement proposals" in 20p18, according to which awards will be available only to those proposals which have resulted in actual benefits, so as to enhance the quality of proposals and prevent random proposals. To retain interest of employees in presenting proposals, standards for issuance of award money have been loosened, though, abolishing condition of 60 points in the evaluation results for the proposals.

**Statistics of Work Improvement Proposals in the Past Five Years (Unit: New Taiwan Dollars)**

Year		2015	2016	2017	2018	2019
Number of Proposals		4,738	4,297	3,218	3,550	3,311
Reward Amount		413,750	377,000	347,300	316,800	294,100
Achievement Rewards	Number of Improvements	4	2	3	1	6
	Rewards	27,646	13,551	18,431	4,330	20,686
	Annual Benefits	13,140,369	1,351,992	3,054,856	401,760	7,818,756

**iv. Training and Education**

Concerted effort of all the employees is indispensable for the company in the quest for sustained growth and development. Therefore, the quality of human power is of critical importance, for which the company has held various education and training courses, either by its own or in cooperation with external parties, to boost the expertise of employees. The courses cover actual cases at work sites, to augment the actual benefits of education and training for works. In addition, the company has formulated guidelines on ethnical behaviors of employees, banning bribe taking, irregular collusion, and leakage of secrets.

**(i) Main Categories of Education & Training held by the 5 Plants in 3 countries:**

Training Classification	New Employee Orientation	Basic Training of Work Duties	On-job Professional Training	Management Staff Reserve Training	Project Training
Target Group	New employees	New employees and staff mobilization management staff under the position of Foremen / Team Chiefs	Plant Directors, Directors, and the employees below them	Foremen / Team Chiefs / Section Managers / Plant Directors, and Directors / Managers	All business-related employees
Implementation Timing	Before new employees are assigned to their work positions	Within three months of starting work	When work conditions or the department needs to stipulate a training plan	Conducted in accordance with the management needs of the Company.	Irregularly conducted in accordance with operation strategies



In line with the demands of management, the Company has held aforementioned training according to kinds and rankings of jobs, to be carried either by the Company itself or by external institutions, so as to foster talents in the field. In 2019, FTC commissioned external professional electricity institution to tailor a series of professional courses for the employees responsible for maintaining and repairing the electricity. 14 courses for electrical maintenance and assembly lines were also implemented to advance employees skills through knowledge and practice together.

Various units have to submit their education and training programs for the next year every Dec., which will be incorporated after approval into the "education and training management system" for implementation. The system will notify persons in charge before the courses, whose results will be entered into the system.

The Company has insisted on the continuing transfer of knowledge, technology, and experience and taken pains, during the execution of education and training programs, to help with employees' career development, inspire their potential, and assist them in constant improvement of knowledge and skills, so that they can cope with challenges of workplace and create opportunities for career advancement.

#### Implementation of Educational Training

##### 1. Inner/External Educational Training Hours, Attendances, Expenses in 2019 (1) Taiwan Plant (including 106 FPS' petroleum stations)

Category	Gender	Total attendances	Total training hours	Average training hours per attendance	Training expenses	Average training expenses per attendance	Total courses
Management	M	4,176	54,578	13.07	7,367,552	1,764.26	476
	F	2,172	20,980	9.66	2,352,702	1,083.20	
Environment, health & safety (EHS)	M	11,084	31,182	2.81	4,295,591	387.55	382
	F	5,205	15,931	3.06	1,759,848	338.11	
Continuing education	M	3,397	19,970	5.88	3,028,176	891.43	174
	F	900	5,451	6.06	636,838	707.60	
Quality control (QC)	M	332	1,631	4.91	218,581	658.38	50
	F	542	2,029	3.74	219,855	405.64	
Techniques	M	1,299	3,240	2.49	440,115	338.81	188
	F	933	2,814	3.02	308,460	330.61	
IT	M	8	29	3.63	4,437	554.63	3
	F	2	8	4.00	848	424.00	
Electrical engineering (EE)	M	14	56	4.00	7,884	563.14	2
	F	0	0	0.00	0	0.00	
Other	M	615	1,672	2.72	226,243	367.87	35
	F	484	776	1.60	85,918	177.52	
Special Expertise	M	88	272	3.09	36,944	419.82	10
	F	146	396	2.71	44,372	303.92	
External Training	M	404	7,336	18.16	976,784	2,417.78	127
	F	246	2,488	10.11	211,030	857.85	
Total	M	21,417	119,966	5.60	16,602,307	775.19	1,447
	F	10,630	50,873	4.79	5,619,871	528.68	
Total employees of Taiwan Plant (as of 2019/12/31, including foreign workers)			Total training hours	Average training hours per attendance	Total Training expenses	Average training expenses per attendance	
		3,886	170,839	43.96 hours /per employee /per year	NT\$22,222,178	NT\$5,718.5 /per employee / per year	





## (2) China Plants

Category	Plant	Gender	Total attendances	Total training hours	Average training hours per attendance	Training expenses	Average training expenses per attendance	Total courses
Management	Zhong-Shan	M	178	325	1.83	46,867	263.30	46
		F	107	263	2.46	36,301	339.26	
	Chang-Shu	M	79	140	1.77	21,783	275.73	14
		F	18	23	1.28	4,157	230.94	
EHS	Zhong-Shan	M	193	271	1.40	36,340	188.29	21
		F	190	284	1.49	37,535	197.55	
	Chang-Shu	M	16	32	2.00	4,560	285.00	3
		F	5	7	1.40	805	161.00	
CEP	Zhong-Shan	M	10	20	2.00	2,814	281.40	21
		F	280	672	2.40	86,808	310.03	
	Chang-Shu	M	184	388	2.11	54,828	297.98	35
		F	85	175	2.06	23,336	274.54	
QC	Zhong-Shan	M	14	12	0.86	1,731	123.64	15
		F	14	19	1.36	2,390	170.71	
	Chang-Shu	M	0	0	0.00	0	0.00	1
		F	3	6	2.00	822	274.00	
Techniques	Zhong-Shan	M	625	740	1.18	104,565	167.30	103
		F	484	493	1.02	62,495	129.12	
	Chang-Shu	M	17	31	1.82	5,703	335.47	6
		F	6	7	1.17	2,803	467.17	
Other	Zhong-Shan	M	9	15	1.67	2,405	267.22	6
		F	58	103	1.78	13,745	236.98	
	Chang-Shu	M	85	140	1.65	19,617	230.79	30
		F	157	286	1.82	35,297	224.82	
Special Expertise	Zhong-Shan	M	74	91	1.23	12,971	175.28	18
		F	26	30	1.15	3,652	140.46	
	Chang-Shu	M	35	72	2.06	10,966	313.31	6
		F	22	63	2.86	6,930	315.00	
Total	Zhong-Shan	M	1,103	1,474	1.34	207,693	188.30	230
		F	1,159	1,864	1.61	242,926	209.60	
	Chang-Shu	M	416	803	1.93	117,457	282.35	95
		F	296	567	1.92	74,150	250.51	
Total employees of China Plants (as of 2019/12/31)			Total training hours	Average training hours per attendance	Total Training expenses	Average training expenses per attendance		
923			4,708	5.10 hours/ per employee/ per hour	NT\$642,226	NT\$695.8/ per employee/ per year		



### (3) Vietnam Plants

Category	Plant	Gender	Total attendances	Total training hours	Average training hours per attendance	Training expenses	Average training expenses per attendance	Total courses
Management	Long-an	M	2,058	9,877	4.80	1,313,357	638.17	119
		F	2,061	4,108	1.99	490,010	237.75	
	Dong-nai	M	918	2,999	3.27	333,522	363.31	81
		F	827	3,054	3.69	277,869	336.00	
EHS	Long-an	M	1,116	9,848	8.82	1,322,522	1,185.06	58
		F	370	4,773	12.90	605,868	1,637.48	
	Dong-nai	M	1,419	6,372	4.49	770,685	543.12	33
		F	1,406	7,031	5.00	932,146	662.98	
CEP	Dong-nai	M	90	288	3.20	38,175	424.17	8
		F	22	66	3.00	7,089	322.23	
QC	Long-an	M	7	15	2.14	2,576	368.00	2
		F	2	3	1.50	552	276.00	
	Dong-nai	M	229	792	3.46	104,913	458.14	14
		F	142	469	3.30	52,755	371.51	
Techniques	Long-an	M	185	505	2.73	62,333	336.94	15
		F	177	313	1.77	39,708	224.34	
	Dong-nai	M	264	624	2.36	81,598	309.08	37
		F	151	373	2.47	47,189	312.51	
Other	Dong-nai	M	0	0	0.00	0	0.00	5
		F	7	12	1.71	1,413	201.86	
Special Expertise	Dong-nai	M	47	528	11.23	73,920	1,572.77	1
		F	63	672	10.67	90,920	1,443.17	
Total	Long-an	M	3,366	20,245	6.01	2,700,788	802.37	194
		F	2,610	9,197	3.52	1,136,138	435.30	
	Dong-nai	M	2,967	11,603	3.91	1,402,813	472.81	179
		F	2,618	11,677	4.46	1,409,381	538.34	
Total employees of Vietnam Plants (as of 2019/12/31)			Total training hours	Average training hours per attendance	Total Training expenses	Average training expenses per attendance		
2,186			52,722	24.12 hours/ per employee/ per hour	NT\$6,649,120	NT\$3,041.7/ per employee/ per year		



#### (4) Statistics of All Plants

Plant	Gender	Total attendances	Total training hours	Average training hours per attendance	Training expenses	Average training expenses per attendance	Total courses
Taiwan	M	21,417	119,966	5.60	16,602,307	775.19	1,447
	F	10,630	50,873	4.79	5,619,871	528.68	
China	M	1,519	2,277	1.50	325,150	214.06	325
	F	1,455	2,420	1.66	317,076	217.92	
Vietnam	M	6,333	31,848	5.03	4,103,601	647.97	373
	F	5,228	20,874	3.99	2,545,519	486.90	
Total	M	29,269	154,091	5.26	21,031,058	718.54	2,145
	F	17,313	74,167	4.28	8,482,466	489.95	
Total employees of 5 Plants ( as of 2019/12/31)			Total training hours	Average training hours per attendance	Total Training expenses	Average training expenses per attendance	
		6,995	228,258	32.63hours/per employee/per year	NT\$29,513,524	NT\$4,219.2/per employee/per year	

Category	Gender	Total attendances	Total training hours	Average training hours per attendance	Training expenses	Average training expenses per attendance	Total courses
Management	M	7,409	67,919	9.17	9,083,081	1,225.95	736
	F	5,185	28,428	5.48	3,161,039	609.65	
EHS	M	13,828	47,705	3.45	6,429,698	464.98	497
	F	7,176	28,026	3.91	3,336,202	464.91	
CEP	M	3,681	20,666	5.61	3,123,993	848.68	238
	F	1,287	6,364	4.94	754,071	585.91	
QC	M	582	2,450	4.21	327,801	563.23	82
	F	703	2,526	3.59	276,374	393.14	
Techniques	M	2,390	5,140	2.15	694,314	290.51	349
	F	1,751	4,000	2.28	460,655	263.08	
IT	M	8	29	3.63	4,437	554.63	3
	F	2	8	4.00	848	424.00	
EE	M	14	56	4.00	7,884	563.14	2
	F	0	0	0.00	0	0.00	
Other	M	709	1,827	2.58	248,265	350.16	76
	F	706	1,177	1.67	136,373	193.16	
Special Expertise	M	244	963	3.95	134,801	552.46	35
	F	257	1,150	4.47	145,874	567.60	
External Training	M	404	7,336	18.16	976,784	2,417.78	127
	F	246	2,488	10.11	211,030	857.85	
Total	M	29,269	154,091	5.26	21,031,058	718.54	2,145
	F	17,313	74,167	4.28	8,482,466	489.95	



- 2) The company's education and training covered on-the-job basic training for rank-and-file operators (including orientation training for newcomers), occupational training, multi-tasking training, SOPs training, job rotation, and such items as industrial safety/environmental protection, energy management, information security, training for Taiwanese cadres dispatched abroad, managerial training at various levels, and education on rights of and concerns about employees and the underprivileged, etc.

In 2019, several new courses on work/life management are provided for foreign workers in respective languages, in the hope of attaining a harmonious relationship between management and labor and enabling employees to share fruits of corporate growth through the integration of planning/implementations of education and training and corporate business policies, realization of a balancing act among all employees regardless their nationality, the institutionalization of the promotion of education and training.



Training and Education Programs in Vietnam

- 3) The Company's training courses have been planned on the basis of its management needs and job categories; it is mandatory and with equal opportunities for all employees. Training courses are all tailored to the needs of various business divisions according to the industrial category of their operations, and their benefits for production performance are evaluated, as basis for improvement of the courses before being applied in subsidiaries. In line with the policy of localized management, the training courses at the parent plant in Taiwan will be spread to overseas plants, to enhance the expertise and productivity of their employees.



## (II) Sustainable Social Care

### i. Philosophies and Social Responsibility Policies

#### ● Friendly communal relationship

Guided by the founder's teachings, of "Be industrious, honesty and upright," the Company strives to realize the management philosophy, "Harmony, innovation, service, and contribution," which includes honestly paying taxes, valuing environmental safety, and showing concern for employees, etc., and to fulfill its corporate social responsibility and give back to the community/ society by maintaining a good public image and corporate reputation.

Due to the permanent land connection between FTC and its neighboring communities, FTC has been endeavoring to maintain a good relationship with neighboring residents, stepping up communications with them and offering various assistances, including the maintenance of the community environment, sponsorship of charities, etc. Further, it has tried its best to expand the scope of its humanity concerns and responsibility that aims for the establishment of a harmonious community and co-prosperity between it and its neighboring community through prolonged and close attention of it, its relevant clubs and voluntary employees.

#### ● In compliance with laws & Morality

In line with laws and regulations, FTC has enacted Ethical Code Conduct, Best Principals for Corporate Governance, Working rules. Furthermore, employees shall avoid any treat such as banquet or gift from the work related stakeholders.



## ii. Social Charity Measures

Through related activities organized by the Company and its 19 clubs organized by its employees, such as adopting roads of three villages for cleanup and bare land for afforestation, and participating in the community development and charities, the Company has cared for the local community and maintained friendly relationship and good interaction with them.

Over the years, the Company has continued to offer social care and assistance to vulnerable groups, donate to impoverished families and other vulnerable groups, be committed to education and charities.

### (i) Education:

The Company has operated Formosa Taffeta Kindergarten since 1980, which brings convenience, emotional security and benefits—subsidized tuition by a 50% discount—to parents. Besides employees' children, children living in the neighborhood also benefit from this measures; 58 children attended the kindergarten in 2019.



Kindergarten Halloween activity



Kindergarten Mother's Day activity



Kindergarten graduation ceremony



Kindergarten Christmas activity



Kindergarten Mother's Day activity



Kindergarten field trip

### (ii) Enterprise road adoption

Since 2005, FTC has adopted 9.5 km of the road in the surrounding vicinity for cleanup activities every Friday to establish good neighboring ties with the community and ensure the cleanliness of the community by reducing the amount of dust and the spread of particulates; which annually took 8,112 hours (three hours per week of two employees from each of the 26 units.) According to the "Disposal Directions on Review of Air Pollutant Emission Increase offset for Development Activities by the EPA, Executive Yuan," promulgated on July 28th 2009, the amount of the annual reduced particulate and dust is 13.634 tons.

### (iii) Adoption of bare lands for afforestation

The Company annually adopts 0.662 hectares of bare lands since September, 2010 to give back to society through afforestation, beautification of the community environment, reduction of dust on the bare lands, and maximization of benefits of the afforestation.





#### (iv) Giving back to local communities – participation in social charities

No.	Type of Donation	Number of Events
1	Temple and festival activities in neighboring communities	15
2	Consultation for the neighborhood volunteer civil defense force	6
3	Welfare activities and celebrations organized by the Longevity Club of the Development Associations in the neighboring communities	16
4	Activities organized by community vulnerable group foundations	9
5	Donations to charities and events of neighboring schools and organizations	16
6	Sponsoring other environmental protection activities and events in neighboring communities	3
<b>Total number of sponsoring events and donations made in 2019</b>		<b>65</b>

Certificates of appreciation/merit for sponsoring or participating social charities in 2019:



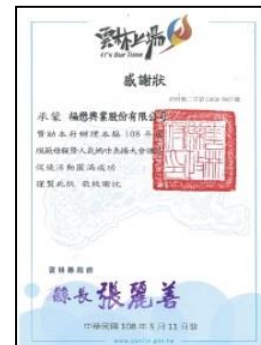
Assumption of responsibility for environmental protection and sweeping of roads in Yunlin County



Assistance in charitable performance of children drama held by worldpeace organization



Assistance in charitable activity held by Genesis Social Welfare Foundation



Donation to Mother's Day series events held by Yunlin County Government



Donation to Father's Day series events held by Yunlin County Government



Donation 744 Fire - alarms to Yunlin County Government



Help with the Activity of Euploea in Linnei

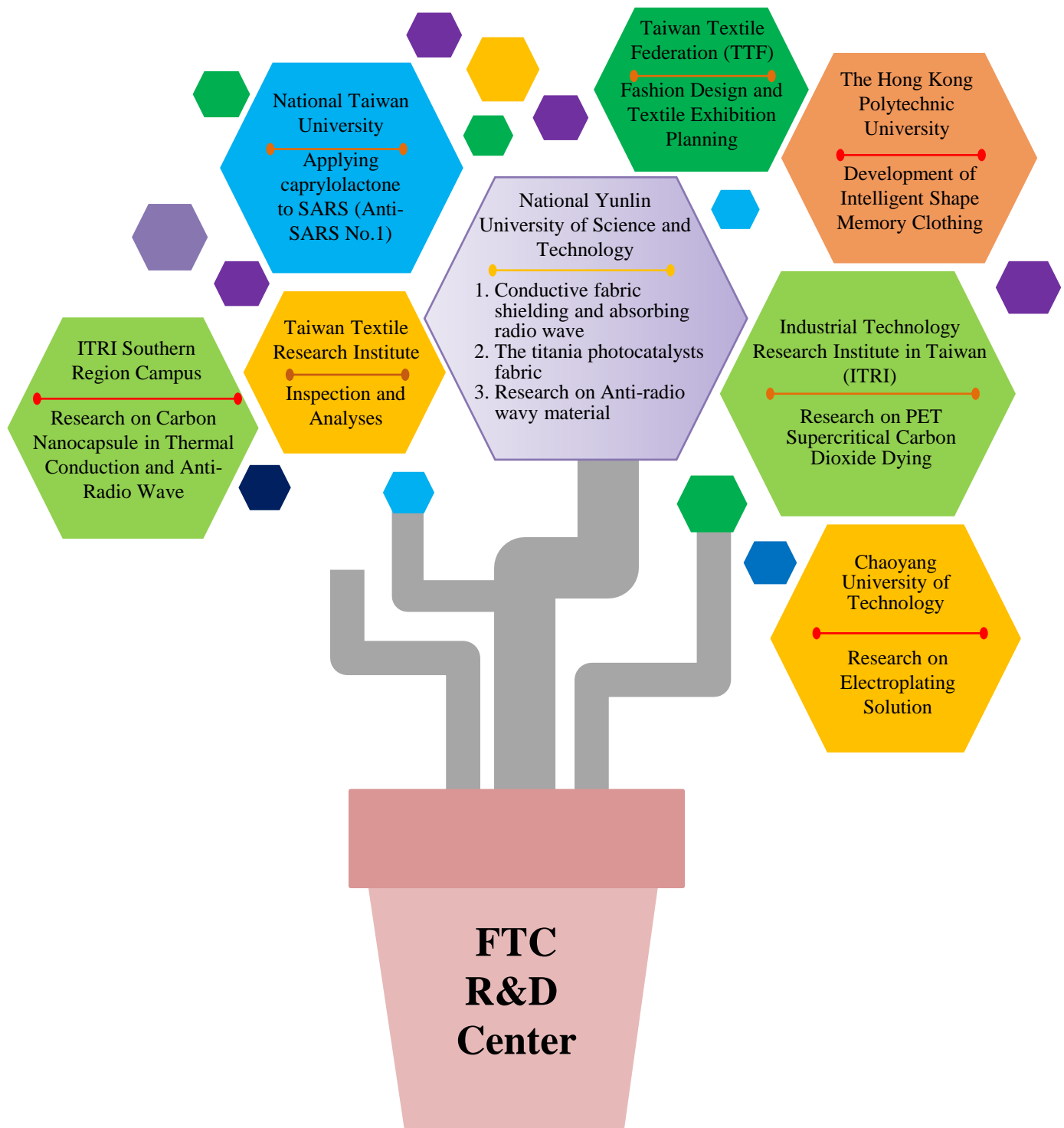


Sponsorship for Women's Soft Tennis Team of Dou Liou Junior High School



### iii. External Industry, Academic, and Research Cooperation Projects in Previous Years

We engage in joint planning with some academic institutions and industrial associations to enhance our levels of techniques, production capacity, and management, strengthen our innovation capability, develop high value-added products with market potential (or state-of-the-art products), and promote the growth of strategic businesses. The following is the status of cooperation.





Cooperative Partners	Project	Amount (NT\$)	Number of Participants
Department of Applied Chemistry, Chaoyang University of Technology	Monitoring method of electroless plating process and development of Conductive Adhesives	25	2019~2020
	Composition analyses and formula development of stability reagents and chelating agents of electroless nickel plating solution	25	2014~2017
Department of Chemical and Materials Engineering, National Yunlin University of Science and Technology	Research on high functionality fabric coating technology and optimum production processes	25	2014~2015
	Research on water-repellent functionality of fabric by atmospheric pressure plasma and coating technology after fluorine-free water-repellent processing	30	2015~2017
Department and Graduate School of Visual Communication Design, National Yunlin University of Science and Technology	Application design of woven fabrics	20	2014~2016
National Chung Hsing University	Development of conducting textiles	35	2019~2020
Taiwan Textile Federation	Planning of garment design and textile exhibition	55	2014~2016
Taiwan Textile Research Institute	Testing and development of functional fabrics and protective fabrics	50	2014~2016

Over the recent five years, FTC has contributed nearly NT\$ 30 million to collaboration among Industry-Government-Academy. Not only does it help the academy to apply research and development to the industry but also assist the Company to produce new products. For example, Independent development of formula for electroless plating solution could reduce the purchase cost for auxiliary and improve the process rate.

#### iv. Participation in External Associations

On top of effort for upgrading technology and competitiveness, the Company has also joined several industrial associations and taken part in major domestic and overseas seminars to keep up with the latest global development, promote interactions between FTC and association members and create cooperative opportunities.

Participating Associations	Qualification
<ul style="list-style-type: none"> <li>Chinese Association for Industrial Technology Advancement</li> <li>Society for the Advancement of material and Process Engineering</li> <li>Textile Information Partnership</li> <li>Taiwan Technical Textiles Association</li> <li>Textile NET in Taiwan</li> <li>Cradle to Cradle Platform</li> <li>Taiwan Silk &amp; Filament Weaving Industrial Web</li> </ul>	Member



(v) The Company attends international exhibition 10-20 times per year.



ISPO WINTER 2019



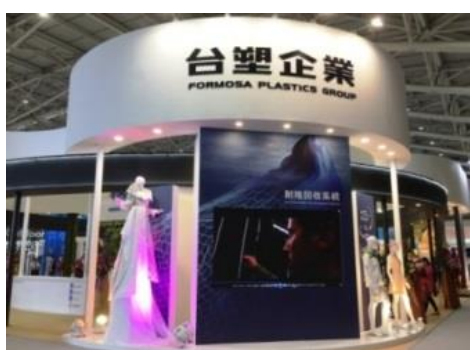
OR SUMMER 2019



PanTextiles Osaka 2019



OUTDOOR by ISPO 2019



TITAS (Taipei Innovative Textile Application Show 2019)



Intertextile Shanghai

# Appendix





## Appendix I GRI Standard Index

GRI Standard	Disclosure	Page and/or URL	Note
<b>Universal Standards</b>			
<b>GRI 102 : General Disclosures</b>	<b>Organizational profile</b>	102-1 Name of the organization	15
		102-2 Activities, brands, products, and services	18-19,109-112
		102-3 Location of headquarters	15
		102-4 Location of operations	15-16
		102-5 Ownership and legal form	15
		102-6 Markets served	18
		102-7 Scale of the organization	15-16,19-20, 74-77
		102-8 Information on employees and other workers	74-77
		102-9 Supply chain	28-33
		102-10 Significant changes to the organization and its supply chain	19
		102-11 Precautionary Principle or approach	22-27
		102-12 External initiatives	Commitment to CDP's initiatives by responding to its questionnaire
		102-13 Membership of associations	100
	<b>Strategy</b>	102-14 Statement from senior decision-maker	3-6
	<b>Ethics and integrity</b>	102-16 Values, principles, standards, and norms of behavior	1-6
	<b>Governance</b>	102-18 Governance structure	17,21
	<b>Stakeholder engagement</b>	102-40 List of stakeholder groups	10
		102-41 Collective bargaining agreements	- None
		102-42 Identifying and selecting stakeholders	10
		102-43 Approach to stakeholder engagement	10
	<b>Reporting practice</b>	102-44 Key topics and concerns raised	10-12
		102-45 Entities included in the consolidated financial statements	16
		102-46 Defining report content and topic Boundaries	10,12
		102-47 List of material topics	12
		102-48 Restatements of information	19,20,55
		102-49 Changes in reporting	- No obvious changes on topics and boundaries
		102-50 Reporting period	9
		102-51 Date of most recent report	9
		102-52 Reporting cycle	9
		102-53 Contact point for questions regarding the report	9
		102-54 Claims of reporting in accordance with the GRI Standards	9
		102-55 GRI content index	104-108
		102-56 External assurance	114-115

GRI Standard	Disclosure	Page and/orURL	Note
<b>Topic-specific Standards</b>			
<b>GRI 200 : Economic</b>			
<b>Economic Performance</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	19-20	
	103-2 The management approach and its components	19-20	
	103-3 Evaluation of the management approach	19-20	
<b>GRI 201 : Economic Performance</b>	201-1 Direct economic value generated and distributed	19-20	
	201-3 Defined benefit plan obligations and other retirement plans	Annual Report 113-114	
	201-4 Financial assistance received from government	19-20	
<b>Procurement Practices</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	29	
	103-2 The management approach and its components	29-33	
	103-3 Evaluation of the management approach	29-33	
<b>GRI 204: Procurement Practices</b>	204-1 Proportion of spending on local suppliers	29-31	
<b>GRI 300: Environmental</b>			
<b>Materials</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	32-33	
	103-2 The management approach and its components	32-33,60-65	
	103-3 Evaluation of the management approach	32-33	
<b>GRI 301 : Materials</b>	301-2 Recycled input materials used	33	
<b>Energy</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	56	
	103-2 The management approach and its components	43-44,56	
	103-3 Evaluation of the management approach	56-58	
<b>GRI 302 : Energy</b>	302-1 Energy consumption within the organization	56-58	
	302-3 Energy intensity	56-58	

GRI Standard	Disclosure	Page and/or URL	Note
<b>Water</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	49	
	103-2 The management approach and its components	49	
	103-3 Evaluation of the management approach	49,58	
<b>GRI 303 : Water</b>	303-1 Interactions with water as a shared resource	50	
	303-3 Water withdrawal	50-52	
<b>Emissions</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	43-44	
	103-2 The management approach and its components	43-44	
	103-3 Evaluation of the management approach	43-47,58	
<b>GRI 305 : Emissions</b>	305-1 Direct (Scope 1) GHG emissions	45-47	
	305-2 Energy indirect (Scope 2) GHG emissions	45-47	
	305-4 GHG emissions intensity	45-47	
	305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	45	
<b>Effluents and Waste</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	49,53-54	
	103-2 The management approach and its components	49,53-54	
	103-3 Evaluation of the management approach	52,55	
<b>GRI 306 : Effluents and Waste</b>	306-1 Water discharge by quality and destination	51	
	306-3 Significant spills	-	None

GRI Standard	Disclosure	Page and/or URL	Note
<b>Supplier Environmental Assessment</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary		Assessment is omitted in that main raw materials, including gasoline/diesel oil, polyamine/polyester filament, polyethylene, carbon fiber, wafers, and coal, etc., are entirely supplied by affiliates of Formosa Plastics Groups, all of which are listed firms with publication of CSR reports and rigorous management of sustainability targets. As for the auxiliary materials, they are mostly chemicals, supplied by small and medium enterprises. "Passing Bluesign Certification is a Positive." seminar was held on September 5, 2017, and 36 suppliers were invited to attend. The growth in the proportion of Bluesign-certified products was not pretty obvious—from 52.2% in 2018 to 73.5% in 2019—, which can mainly attribute to protracted process and high cost for certification. Since January of 2019, suppliers are required to sign the Letter of Compliance with Corporate Social Responsibility Requirements for Suppliers and Subcontractors, which covers labor and human rights, health and safety, and environment protection and so on. 70 suppliers have already signed the commitment since Sep., 2019. FTC is going to start the assessment on main suppliers in Taiwan based on industrial classification from the second half of 2020.
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
<b>GRI 308 : Supplier Environmental Assessment</b>	308-1 New suppliers that were screened using environmental criteria	-	
<b>GRI 400: Social</b>			
<b>Employment</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its Boundary	73-74	
	103-2 The management approach and its components	73-74	
	103-3 Evaluation of the management approach	74-77,88-89	
<b>GRI 401: Employment</b>	401-1 New employee hires and employee turnover	74-75,88-89	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	89-90	



GRI Standard	Disclosure	Page and/or URL	Note
<b>Occupational Health and Safety</b>			
<b>GRI 103: Management Approach</b>	103-1 Explanation of the material topic and its Boundary	78-79	
	103-2 The management approach and its components	78-87	
	103-3 Evaluation of the management approach	78,82-87	
<b>GRI 403: Occupational Health and Safety</b>	403-1 Occupational health and safety management system	78	
	403-2 Hazard identification, risk assessment, and incident investigation	86	No injury and work-related fatalities for all workers (excluding employees)
	403-3 Occupational health services	79-80,82-83	
<b>Training and Education</b>			
<b>GRI 103 : Management Approach</b>	103-1 Explanation of the material topic and its Boundary	91-92	
	103-2 The management approach and its components	87,91-92,96	
	103-3 Evaluation of the management approach	91-96	
<b>GRI 404: Training and Education</b>	404-3 Percentage of employees receiving regular performance and career development reviews	87	

## Appendix II Main Brands

Product Name	Usage/Features
 <p><b>abletex®</b> Microporous Breathable Water-proof Fabric</p>	<p>abletex® is a high-performance, breathable, and water-proof laminated fabric. Our Company uses the combination of high-tech micro-porous breathable water-proof PU membrane and various materials to create a durability that offers a new generation of high-performance, breathable, and water-proof fabric. The abletex® collection has high water-proof rating of 10,000 mm H<sub>2</sub>O and high breathability of 6000 g/m<sup>2</sup>/24hr (by JIS L1099-A1) or more. The fabric can keep you dry and comfortable under any weather conditions and thus is the best choice for cloth used in outdoor activities and leisurewear.</p>
 <p><b>BOOMETEX™</b> Next Generation of Green Products</p>	<p>Under globalization and resource depletion, the Company feels responsible for environmental protection and is thus committed to developing various eco-friendly fabrics with the concept of recycling and environmental protection. Using PET bottles or recycled polyester materials to make polyamide and polyester fiber products helps reduce resource and energy consumption, as well as CO<sub>2</sub> emissions, and is regarded as the next generation of green eco-friendly products. The extreme delicate texture combined with various special rework processes, e.g. PFOA/PFOS Free water repellent, complies with EU 2006/122/EC standards, including functions like water-proof, wind-proof, down-proof, breathable, quick-dry, etc.</p> <p>Applications: Athletic and leisurewear, e.g. windbreakers, raincoats, and down jackets.</p>
 <p><b>Caladans™</b> Cloudy Dyed Fabric</p>	<p>Caladans™ fabrics are produced via a special technique resulting in shadowy prints simulating a "cloud-dye" effect. They can be treated with a crinkle finish to enrich the texture and touch, thus rivaling expensive fabrics. Airy, soft, lightweight, and stylish, Caladans™ fabrics can be applied to diverse design styles, from high-end fashion to sportswear, acting like the icing on the cake.</p>
 <p><b>FONEWR Nano®</b> Super Durable Water Repellent Fabric</p>	<p>Produced by Nano technology, FONEWR Nano® fabric features super durable, water repellent, oil repellent, self-cleansing, and anti-staining properties with a Nano surface structure. The preliminary water repellent rating can reach 100(AATCC-22) and the oil repellent rating to 4 degrees (AATCC-118); even after 100 washes, the water repellent rating still reaches 80, and the oil repellent rating reaches 3 degrees, thus showing excellent dry-clean durability. The fabric can work with microfiber materials with a double weave to create an easy care feature. Regardless of the activity, users can stay clean, dry, and comfortable. It can even work with other processes, such as antibacterial or UV-protection processing, to further increase the fabric's value.</p>
 <p><b>Microfeel®</b> Microfeel Fabric</p>	<p>Microfeel® fabric is made from polyamide or polyester microfibers. The thickness of such fiber is less than 1/100 of the diameter of a human hair, which provides a fine touch and soft texture thanks to the extremely fine thickness of the fabric. With the excellent capillary action of the microfiber, it is a superb breathable and quick-drying material when coordinated with the wicking process.</p>

Product Name	Usage/Features						
 <p><b>Nanodermis*</b> Santiny and Skin Friendly Fabric</p>	<p>Made by the Company's latest special processing technology, Nanodermis* products can provide Nano-structure to fabric, creating a delicate and soft touch and a fabric surface that looks like natural materials. The processing technology can be applied to a variety of polyamide and polyester fabrics – especially on ultra-fine fiber fabrics to provide a more delicate touch. Key applications: Jackets, down apparel, sleeping bags, clothing for dust-free/sterile room, etc.</p>						
 <p><b>PERMACOOL™</b> Cooling Fabric</p>	<p>In recent years, we have all been facing worsening global warming and greenhouse effects with extreme cold and hot weather on the rise. Cooling and energy conservation fabrics have been widely promoted among eco-friendly fabrics, which provide wearers the full coolness and comfort of the fabric. Our cooling fabric is made from special cooling fiber materials with a textured design using high-level post-processing technology. This series of products will generate an instant cooling feeling (Q-max) of 0.17 W/m<sup>2</sup> or more when contacting the skin. The water-absorbing and quick-dry properties can transmit sweat quickly from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture-absorbing, and sweat-releasing functions even in scorching hot weather.</p>						
 <p><b>PERMADRY®</b> Quick-drying Fabric</p>	<p>PERMADRY® adopts a special cross section synthetic fiber or ultra-fine fiber, which is made using high-level processing technology. This series of products can absorb moisture and dry quickly. It has high permeability and launderability, which is an excellent quick-drying and durable material. When doing sports or leisure activities, the water-absorbing and quick-dry properties can quickly transmit sweat from the skin's surface to outside the fabric through capillary action and diffusion. It provides consumers with dry, comfortable, moisture absorbing, and sweat releasing functions even in scorching hot weather.</p>						
 <p><b>SmarYa™</b> Memory Smart Fabric</p>	<p>SmarYa™ fabric is different from general fabrics in that SmarYa™ will maintain its shape even after being washed in hot water or dried by home dryers. Wrinkled fabrics will also be able to restore their original shape using the above method. If the fabric was originally creased, then the creases will also be maintained. Thanks to the Thermally Induced Shape Memory property of the product, the fabric offers the convenience of easy care.</p> <p>Product properties:</p> <table border="0"> <tr> <td>1. Form memory</td><td>4. Launderability</td></tr> <tr> <td>2. Size invariability</td><td>5. Pilling resistant</td></tr> <tr> <td>3. Excellent touch and moisture absorption</td><td>6. Shape retention (memory)</td></tr> </table>	1. Form memory	4. Launderability	2. Size invariability	5. Pilling resistant	3. Excellent touch and moisture absorption	6. Shape retention (memory)
1. Form memory	4. Launderability						
2. Size invariability	5. Pilling resistant						
3. Excellent touch and moisture absorption	6. Shape retention (memory)						
 <p><b>SUN-ECO®</b> Nano Photocatalytic Antimicrobial &amp; Deodorizing Fabric</p>	<p>SUN-ECO® is a special functional fabric resulting from the TiO<sub>2</sub> photocatalyst dual deodorant mechanism, which contains both deodorant and anti-bacteria effects. It can effectively absorb the odors of ammonia, hydrogen sulfide, ammonia trimethyl, methyl mercaptan, cigarettes, and 2-norenal and further decompose them into H<sub>2</sub>O and CO<sub>2</sub> with more anti-bacteria effect. After multiple washes, the fabric will still maintain its antibacterial and deodorizing effects. SUN-ECO® is an eco-friendly fabric with the longest effectiveness and most safety.</p>						

Product Name	Usage/Features
 <p><b>Trans-Uno<sup>®</sup></b> One-way Moisture Transfer Fabric</p>	<p>The polyester/polyamide one-way moisture transfer fabric can quickly diffuse sweat to outside of the fabric from the skin's surface and reduce the viscous sense between the wet clothes and skin, as well as the uncomfortable feeling of cold skin, so that the wearer can continuously feel dry and comfortable for a long time. Furthermore, the sweat is transmitted to outside of the fabric one-way so the air drying time can be shortened.</p>
 <p><b>Warmth Retaining Fabric</b></p>	<p>Our Company has leveraged far infrared material to design and develop the lightweight far infrared functional fabric, with the emissivity of far infrared reaching as high as 80%. The fabric can absorb the energy of visible light and short waves emitted from the human body, convert it into the far infrared, emit the "living light" (4~14 μm in wavelength), which is the most beneficial light to the human body, and possess the warmth retaining function. Applications: Sports apparel, down apparel, sleeping bags, and lining cloth.</p>
 <p><b>Eco-friendly Coating Fabric</b></p>	<p>Our water-soluble PU &amp; Acryl coating fabrics do not include the organic solvent that may cause harm to the environment. Instead, it uses a C6 water repellent agent without PFOS or PFOA. It is an eco-friendly concept product that can be used in umbrellas, down-proof leisure apparel, and snow clothing.</p>
 <p><b>PERMAWARM</b></p>	<p>Our Company uses forward-looking processing technology to develop new and soft thermal insulation fabric. Its compound structure (trace metal element + carbon material) will turn environmental energy and body temperature into heat energy to achieve real thermal insulation. It is the best new technological material for warm clothing in cold winters.</p>
 <p><b>e-decay<sup>™</sup></b> 耐久性抗靜電織物</p>	<p>Our Company uses advanced durable high-specialty anti-static fibers to develop fabric that can effectively reduce static accumulation. It can be coordinated with water repellent processing, and the friction voltage will still remain under 1000 Volt after multiple washes. The fabric does not easily absorb dust caused by static while being worn in dry weather, thus reducing that uncomfortable feeling while taking off the clothes. Major applications include sports and leisure clothing, down apparel, jackets, various garment linings, etc.</p>
 <p><b>UVoutex<sup>®</sup></b></p>	<p>Wearing the UVoutex<sup>®</sup> series of fabric can effectively protect the skin from harmful ultraviolet rays. The fabric has launderability properties, and its protection is not affected by color or times of washing. Its UPF rating can be as high as 30+ (AS/NZS 4399:1996). Applications: Sportswear, leisure jackets, sun umbrellas, hats, etc.</p>
 <p><b>Sansquito<sup>™</sup></b></p>	<p>Sansquito<sup>™</sup>-Mosquito repellent processing fabrics are produced by special post processing technology. The natural pyrethrin extract can effectively repel mosquitoes. Sansquito<sup>™</sup> fabric will not cause skin allergies or serious reactions and is a safe mosquito repellent processed fabric. Mosquito repellent effect remains even after being washed 25 times.</p>

Product Name	Usage/Features				
	<p>Hi-Sett* refers to products where our Company uses microfibers with a high-end weaving process and excellent dyeing and finishing techniques to give the fabric high-performance waterproof functions without coating. The fabric contains soft, breathable, UV resistance, and windbreaker features. It is a high-quality and eco-friendly fabric.</p>				
	<p>M2PTEx®e adopts electroless plating technology to deposit metals like copper and nickel on polyester and polyamide fabrics. It is a metalized conductive fabric with excellent softness and flexibility and outstanding anti-electromagnetic interference capacity. The M2PTExe conductive woven fabric line has passed RoHS (2002/95/EC) standard, and its shielding capacity of 50dB+ has been certified by an internationally recognized inspection organization.</p> <table border="0"> <thead> <tr> <th data-bbox="587 766 766 797">Product Series:</th><th data-bbox="1008 766 1158 797">Applications</th></tr> </thead> <tbody> <tr> <td data-bbox="619 801 963 1187"> <ul style="list-style-type: none"> <li>- Conductive woven fabric with various plastic surface colors</li> <li>- Plastic-coated, colored conductive fabric</li> <li>- Thermal adhesive conductive fabrics</li> <li>- Single/double-sided fire retardant conductive fabric &amp; flame-resistant thermal adhesive conductive fabric (UL-94V0)</li> </ul> </td><td data-bbox="1040 801 1385 1218"> <ul style="list-style-type: none"> <li>- Anti-electromagnetic interference for precision instruments</li> <li>- PC EMI shielding material</li> <li>- Conductive gasket</li> <li>- Conductive tape</li> <li>- Anti-electro detection</li> <li>- OA work suit</li> <li>- Architectural shielding material/curtain</li> <li>- Anti-electromagnetic interference for communication equipment</li> </ul> </td></tr> </tbody> </table>	Product Series:	Applications	<ul style="list-style-type: none"> <li>- Conductive woven fabric with various plastic surface colors</li> <li>- Plastic-coated, colored conductive fabric</li> <li>- Thermal adhesive conductive fabrics</li> <li>- Single/double-sided fire retardant conductive fabric &amp; flame-resistant thermal adhesive conductive fabric (UL-94V0)</li> </ul>	<ul style="list-style-type: none"> <li>- Anti-electromagnetic interference for precision instruments</li> <li>- PC EMI shielding material</li> <li>- Conductive gasket</li> <li>- Conductive tape</li> <li>- Anti-electro detection</li> <li>- OA work suit</li> <li>- Architectural shielding material/curtain</li> <li>- Anti-electromagnetic interference for communication equipment</li> </ul>
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	<p>To provide clients with products made from eco-friendly, energy conserving, low-carbon emission, and environmentally friendly production processes, the Company has introduced supercritical CO<sub>2</sub> water-free dyeing processes and procured relevant equipment and integrated it into the production process, which was officially utilized in 2014.</p> <p>The benefits of products made from the supercritical CO<sub>2</sub> water-free dyeing processes are:</p> <ol style="list-style-type: none"> <li>1. Zero water resource consumption</li> <li>2. Zero wastewater discharge</li> <li>3. Reduced CO<sub>2</sub> emissions</li> <li>4. Auxiliary agents are no longer required</li> <li>5. Energy conservation (Reduced thermal consumption in dyeing and drying)</li> </ol>				
 Polyamide Mechanical Stretch	<p>Mechanical Stretch is with excellent elasticity and comfortable hand-feel even without covered yarn. Multiple products with various fabric specifications have been introduced and received a lot of praise, and “Comofit™” is given as the name for these products of this series.</p>				



### Appendix III Major Award-Winning Record

The received awards are summarized below:

Award	Awarding Organization	Awarded Unit	Award Description
Top Exporter/Importer of 2018	Bureau of Foreign Trade, Ministry of Economic Affairs	FTC	Top 500 Exporter/Importer of 2018
Global Material Quality Summit	Adidas	FTC	Outstanding quality of fabrics
Bronze medal award of Taiwan Aerospace Industry A-Team 4.0 League for outstanding member in KPI performance	The Aerospace Industrial Development Corporation (AIDC)/ Taiwan Aerospace Industry A-Team 4.0 League	FTC	Outstanding member in KPI performance
Certificate of Appreciation for Sponsoring NCKU ME Racing	the Department of Mechanical Engineering at National Cheng-Kung University	Industrial Material Business Division	Sponsoring National Cheng-Kung University for NCKU ME Racing
Certificate of Appreciation for Sponsoring the 27th National College Energy-Efficient Car Contest (DNA)	The Department of Vehicle Engineering at National Taipei University of Technology	Industrial Material Business Division	Sponsoring Taipei University of Technology for the 27th National College Energy-Efficient Car Contest (DNA)



Global Material Quality Summit



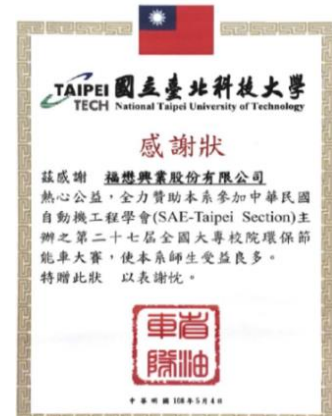
Certificate of Appreciation for Sponsoring NCKU ME Racing



Bronze medal award of Taiwan Aerospace Industry A-Team 4.0 League for outstanding member in KPI performance



Top Exporter/Importer of 2018



Certificate of Appreciation for Sponsoring the 27th National College Energy-Efficient Car Contest (DNA)



## ASSURANCE STATEMENT

### **SGS TAIWAN LTD.'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE FORMOSA TAFFETA CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2019**

#### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by Formosa Taffeta Co., Ltd. (hereinafter referred to as FTC) to conduct an independent assurance of the Corporate Social Responsibility Report for 2019 (hereinafter referred to as CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the sampled text, and data in accompanying tables, contained in the report presented during on-site verification (2020/3/16~2020/5/8). SGS reserves the right to update the assurance statement from time to time depending on the level of report content discrepancy of the published version from the agreed standards requirements

The information in the FTC's CSR Report of 2019 and its presentation are the responsibility of the management of FTC. SGS has not been involved in the preparation of any of the material included in FTC's CSR Report of 2019.

Our responsibility is to express an opinion on the report content within the scope of verification with the intention to inform all FTC's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) 101: Foundation 2016 for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured using our protocols for:

- AA1000 Assurance Standard (2008) Type 1 evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008) at a moderate level of scrutiny; and
- evaluation of the report against the requirements of Global Reporting Initiative Sustainability Reporting Standards (100, 200, 300 and 400 series) claimed in the GRI content index as material and in accordance with.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, superintendents, CSR committee members and the senior management in Taiwan; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts and greenhouse gas emissions have not been checked back to source as part of this assurance process.

#### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from FTC, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, ISO 50001, SA8000, RBA, QMS, EMS, SMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SRA Assurance service provisions.

#### **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within FTC's CSR Report of 2019 verified is accurate, reliable and provides a fair and balanced representation of FTC sustainability activities in 01/01/2019 to 12/31/2019.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders. We believe that the organisation has chosen an appropriate level of assurance for this stage in their reporting. In our opinion, the contents of the report meet the requirements of GRI Standards in accordance with Core Option and AA1000 Assurance Standard (2008) Type 1, Moderate level assurance.

#### **AA1000 ACCOUNTABILITY PRINCIPLES (2008) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

##### **Inclusivity**

FTC has demonstrated a good commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts such as survey and communication to employees, customers, investors, suppliers, CSR experts, and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns.

##### **Materiality**

FTC has established effective processes for determining issues that are material to the business. Formal review has identified stakeholders and those issues that are material to each group and the report addresses these at an appropriate level to reflect their importance and priority to these stakeholders.

##### **Responsiveness**

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback.

#### **GLOBAL REPORTING INITIATIVE REPORTING STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

The report, FTC's CSR Report of 2019, is adequately in line with the GRI Standards in accordance with Core Option. The material topics and their boundaries within and outside of the organization are properly defined in accordance with GRI's Reporting Principles for Defining Report Content. Disclosures of identified material topics and boundaries, and stakeholder engagement, GRI 102-40 to GRI 102-47, are correctly located in content index and report. For future reporting, it is recommended to explain the mechanisms for evaluating the effectiveness of the management approach specifically. More descriptions about the performance against goals, including key successes and shortcomings, and specific actions aimed at improving performance are also encouraged.

**Signed:**

**For and on behalf of SGS Taiwan Ltd.**



**David Huang**  
**Senior Director**  
**Taipei, Taiwan**  
**4 June, 2020**  
**WWW.SGS.COM**



**AA1000**  
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**000-8**





福懋興業股份有限公司  
FORMOSA TAFFETA CO., LTD.

640 台灣雲林縣斗六市榴中里石榴路317號

317, Shuliou Rd., Douliou City,

Yunlin County 640, TAIWAN

886-5-5573966轉9

<http://www.ftc.com.tw>

2020年 06 月 編印

